APIC أيبك

Annual Report

2009

Table Of Contents:

We Are APIC:

Palestine Automobile Company LTD. (PAC) - HYUNDAI

Siniora Food Industries

Sky Advertising, Public Relations and Event Management Company

National Aluminum & Profile Company (NAPCO)

Palestine Electric Company

Unipal General Trading Company

Millennium Energy Industries-Palestine

Medical Supplies and Services (MSS)

ULTIMIT Advanced Turnkey Solutions Company

The Arab Palestinian Shopping Centers Company PLC (PLAZA)

APIC - Headquarter
P.O. Box 941489 Amman 11194, Jordan
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Palestine Branch
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apic@apic.com.jo www.apic.ps

APIC's Board Members:

Tarek Omar Aggad

Chairman and Chief Executive Officer

Khaled Osaily

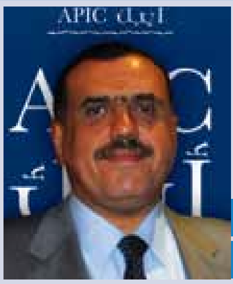
Vice Chairman

Dr. Mohammad Mustafa

Board Member

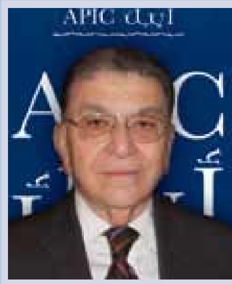
Bassam Aburdene

Board Member



Dr. Mazen Hassouneh

Board Member



Munir Khoury

Board Member

Fuad Kattan

Board Member

Nabil Alatari

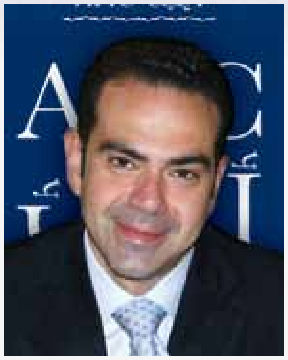
Board Member

Management Team:

Tarek Omar Aggad	Ali Aggad	Tareq Abbas
Chairman and Chief Executive Officer (CEO)	Chief Operation Officer (COO)	Vice President of Business Development

Imad Shoubaki	Lina Al-Hadweh
Chief Financial Officer (CFO)	Internal Control and Systems Development Director

Letter From The Chairman:



Dear Shareholders,

For APIC, the past year was full of unexpected challenges, which tested our company's resilience in the marketplace. Nonetheless, the final outcome demonstrates that our buoyant internal structure can turn obstacles into opportunities.

Against the backdrop of the global financial slowdown and the continued siege of Gaza, which has impacted our bottom line, APIC faced company-specific challenges. One of the most significant events in all of APIC's history occurred in May, when a devastating fire broke out at the Siniora Food Industries plant in Jerusalem. Thankfully, there were no human casualties; however, our entire production capacity was destroyed.

Recovering from the fire required resolve and ingenuity from Siniora's management team as well as unanticipated expenditures from APIC. While rebuilding, Siniora was forced to produce at third-party factories for seven months at a significantly higher cost and with a limited product portfolio, if only to maintain its market presence, albeit at a reduced rate. Moreover, although the factory was insured, the settlement barely covered a small portion of the costs of re-building the facility and outfitting it with new machinery.

I am proud to announce that the Siniora plant in Palestine is now fully operational again, using top-of-the-line machinery. At a cost of $7 million, APIC rebuilt the entire factory in a record eight months, an outstanding achievement by any measure. In October, the new Siniora factory in Amman, Jordan, was completed and launched at a cost of $6 million, and two new sales subsidiaries of Siniora were established in Saudi Arabia and Algeria.

Looking at the company as a whole, APIC continues to grow and looks forward to more opportunities in Palestine and abroad. As a positive indication of growth, APIC's top-line revenue increased 15.6 percent, from $237 million in 2008 to $274 million in 2009. In addition, our total asset base grew to $166 million from $132 million over the previous year.

Net income, however, decreased to $3.8 million from its 2008 level of $4.7 million. Recovery from the Siniora fire alone is estimated to have cost us over $2 million because of lost sales and increased production costs. APIC also incurred another one-time book loss in excess of half a million dollars due the voluntary liquidation of its former subsidiary, Jericho Mineral Water Company, following a sale of its assets to the National Beverage Company. Furthermore, the continued barring of essential raw materials by the occupying forces have resulted in the ongoing closure of two key production lines in NAPCO's aluminum plant in Nablus.

Moving forward, PLAZA added three branches to its network of Bravo supermarkets in the West Bank and is currently in the process of opening three more to service the northern cities of Nablus, Tulkarem and Jenin.

As to our goal of listing APIC on the Palestine Stock Exchange, I am pleased to report that this year we have moved forward on several significant fronts. Issue management and financial consulting agreements have been signed with Ithmar Invest and Lotus Financial Investments, respectively, paving the way for our transformation into a public company and our subsequent IPO. A full financial evaluation is expected to be completed by the end of the third quarter 2010. The actual listing will be timed according to favorable market conditions in order to maximize shareholder value.

I would like to take this opportunity to thank all of our employees, who stand today as a family of over 950 individuals. Without their commitment, loyalty and exceptional performance we could not have made it through some of the most difficult challenges we have been faced with this year. In addition and on behalf of my fellow board members, I would like to thank our shareholders for your invaluable and continued support.

Kindest regards,
Tarek Omar Aggad
Chairman and CEO

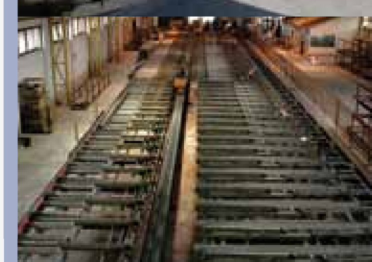
Vision:

To provide superior products and services of quality and value, leaving a positive and lasting impact in the region. As a result, consumers will reward our capital investments with market command, allowing our employees, our investors and the communities in which we work to prosper.

Mission:

Achieving business and financial success by investing in market-leading companies, thereby elevating the community through resource, talent and economic development.

- Providing superior quality products and services.
- Employing capable and experienced personnel and ensuring that they are supplied with opportunities for growth and improvement.
- Continuously applying efficient work systems to all aspects of the business cycle.
- Maintaining a solid financial base that drives further growth.
- Partnering with key stakeholders in the region to effect real change in the Palestinian community.



Partners:

JANSSEN-CILAG
head&shoulders
PHILIP MORRIS
HYUNDAI
Tide
similac
Heinz
Pampers
ANTONIO BANDERAS
Gillette
NIVEA
Golf
FAIRY
8x4
Abbott A Promise for Life
ginsana
PANTENE PRO-V
Group sanofi aventis Because health matters
Rejoice
CORSODYL
ALOKA illuminate the change
Cialis
asdaa
Burson-Marsteller
kiddi
labello
eppendorf
PRINGLES
اريال
ABBOTT DIAGNOSTICS
Herbal essences
Alldays
XL Energy Drink
GIVENCHY
NIHON KOHDEN
Crest
Lilly
FERRING PHARMACEUTICALS
always
الفاخر AL FAKHER
Oral-B
P&G
KRAFT
BRAUN
Abbott Laboratories
BONUX
B BRAUN SHARING EXPERTISE
HARIBO
Dior
ADC
Panadol
gsk GlaxoSmithKline Consumer Healthcare
BOSS HUGO BOSS
DURACELL
Stago
Abbott Diabetes Care
Pharmaton
Trisa OF SWITZERLAND
TUMS Calcium Carbonate
WELLA

APIC's Four-Tier Strategy:

APIC bases its business model around four proven strategies that provide our customers and shareholders with optimum outcomes.

A. Strategy For Existing Businesses

APIC adds value to its subsidiaries and the group as a whole through its Parenting Characteristics, which have been cultivated by a team of top managers.

1. Manufacturing proficiency.
2. Market-demand planning.
3. Quality assurance systems.
4. Effectual management selection.
5. Financial master plan.
6. Fast-moving consumer goods (FMCG) distribution and marketing execution.
7. Strong relations with the Palestinian Authority.
8. Established track record and extensive ties with multinational suppliers.

B. Strategy For Growth

APIC seeks out opportunities where it can achieve top-line growth while delivering bottom-line results. APIC's strategy for growth and business development is based on four fundamental principles.

1. Focus on long-term investments with tactical advantage in the marketplace .
2. Thorough assessment of new investment opportunities in line with APIC's parenting characteristics.
3. Investment decisions based compatibility between the new business and APIC .
4. Once a business match is identified and validated, APIC will progressively increase its share.

C. Strategy For Promoting Synergy

APIC continually strives to build a team based on the core values and principles of knowledge, power and cooperation.

D. Strategy For Operational Environments

APIC will develop and update the organization's operational structure through the following evaluation mechanisms:

1. Salary curve reviews.
2. Comprehensive IT master plan.
3. HR corporate software.
4. Career-path benchmarks.

Internal Culture:

Building an internal culture that motivates and rewards performance and integrity in a complex business environment demands high governance standards. APIC's commitment to a culture of integrity begins with an independent and experienced board of directors and a carefully selected management team with a mandate to continuously bring out the best of its employees. With team spirit, the company has developed value-driven policies and procedures to guide everyday interactions and its vision.

Our internal culture can be best described in a four-tier model:

1. Commitment To Excellence

APIC's cultural values rest on the belief that all employees are equally important, differing only in their level of responsibilities and commitment to the team. The company values and rewards those who challenge their capabilities and think outside the box.

2. Engaging Our People

The foundation of APIC is built on its people, and to empower them is an investment in the company. The company's decision-making structure is one that embraces consulting and sharing, enabling each individual to be fully engaged and acknowledged in all aspects of the work process.

3. Rewarding Our People

APIC believes that the motivation for promotion comes from within the individual and should be fostered by the company's practices and values. Forward thinkers are given additional incentives and are promoted based on their leadership characteristics and outstanding performances.

4. Motivating Our People

APIC's corporate values are based upon team spirit and cooperation between different departments and subsidiaries, capitalizing and benefiting from the experiences of all team members.

APIC emphasizes efficiency and knowledge from its people. The company sets tangible goals, which are fulfilled through agreement and team unity in a suitable working environment. Those values are divided into three categories:

1. Focus on innovation, thinking and problem solving. 2. Promote leadership and teamwork. 3. Emphasize discipline and flexibility.

Billion-Dollar Strategy:

The positive financial success across all its subsidiaries has led APIC to set a greater vision for growth. APIC aims to achieve $1 billion in gross revenues within a decade.

The impetus for this goal coincides with the beginning of a new era, moving from establishing the foundations to gaining momentum on initial investments.

Although ambitious, requiring an annual growth rate of 16 percent for the next ten years, the $1 billion target is a clear, compelling and inspiring organizational goal, one that APIC believes it can meet. This year, despite the heavy costs incurred from the Siniora fire, APIC still met its growth mark across the board.

The billion-dollar benchmark is not just an objective; it is a long-term strategy that will strengthen the company's fundamentals.

As a parent company to a growing family of businesses, APIC intends to achieve the $1 billion target by promoting synergy among its subsidiaries while establishing the essential conditions for the success of each company and the group as a whole. In 2009, the company launched a series of seminars designed to expound the supporting values of the Billion-dollar Strategy, and the role each individual in the organization plays in its implementation and ultimate realization.

Corporate Social Responsibility And Sponsorships:

As part of our commitment to the community, we are striving to create a new paradigm, one that contributes to a bountiful society where every individual matters. APIC follows a corporate social responsibility and sponsorship program that guarantees an effective contribution to society through our products, services and ethical business practices.

Internally, and since its establishment, APIC has adopted policies and programs that promote the empowerment of women within the organization, also making consistent efforts towards environmentally-friendly practices in daily operations. Moreover, the company supports all talented and outstanding individuals within its team through the annual CEO Award, which focuses on innovation, thinking and problem solving, leadership and teamwork, and emphasizes discipline and flexibility. Also supports the children of its employees through the University Scholarship Award for extraordinary academic achievement.

In the public sphere, in 2009, APIC delivered food packages to over one thousand families in the Gaza Strip, in coordination with Cooperative Housing Foundation (CHF) International, supporting them in coping with the extraordinarily difficult living situation caused by the siege. APIC is also one of the major sponsors of INJAZ Palestine, which aims to unlock the potential of young leaders and business entrepreneurs in Palestinian schools and universities, benefiting around 13,000 students in Palestine. Also, APIC is a leading sponsor in "PACES" program, providing healthy, safe and structured after school sports programs for girls and boys, considering the specific nature of children's issues in Palestine.

APIC

APIC أيبك

UNIPAL يونيبال

Sky Advertising

HYUNDAI

NAPCO نابكو

Siniora سنيورة

PLAZA Shopping Center

MSS

2009 Accomplishments

2009 Accomplishments

Manufacturing

Siniora Food Industries

The year 2009 was full of challenges and achievements for Siniora Food Industries. Most notably, a devastating fire in the company's Jerusalem factory caused great financial losses and an estimated reduction of 50 percent in the production capacity for seven months. While pressing ahead with building a new plant, our dedicated and focused team, Siniora was able to offset some of the losses by using the facilities of third-party factories. I am proud to report to our shareholders that within a record eight months, our new factory was fully operational.

During the same period, Siniora inaugurated its second factory in Amman, Jordan, enabling the introduction of new luncheon product lines. The new state-of-the-art facilities require the strengthening of the staff's technical competencies, which will met through a series of courses and training programs. These developments, although demanding in the short term, will certainly create the foundation of future growth and high standard production capacity and quality.

The same year, the Jordan Securities Commission approved the transformation of the legal status of Siniora into a publically-listed company. This decision rested on the grounds that, in the past years, there has been a steady improvement in the performance of the company in the Jordanian markets. Siniora Food Industries also began its regional expansion and the actual completion of the establishment of sales subsidiaries in Algeria and Saudi Arabia.

The company recorded sales levels of JD 16,961,291 million compared with 2008, which recorded then JD 17,416,471 million despite the devastating fire accident. Also as a result of the fire accident, or profit decreased to JD 767,977 comparing it with JD 2,312,472 in 2008. As for the shareholders equity, it reached JD 13,410,853 million comparing it with JD 14,629,827 million in 2008.

We are on target to achieving outstanding results and we are confident that Siniora Food Industries will remain one of the leading food industrial companies and the fastest growing company in the region.

Best regards,
Majdi Sharif
Chief Executive Officer

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Siniora Food Industries Company
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P.O. Box 132 Jerusalem, West Bank, Palestine
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2009 Accomplishments

Manufacturing

The National Aluminum And Profiles Company (NAPCO)

For the third consecutive year, NAPCO continues its focus on technical aspects as well as organizational ones. These efforts are in line with the Billion-dollar Strategy that was launched by our holding company, APIC, in 2008.

Since 2001, NAPCO has been facing the ban of essential raw materials, by Israeli occupation that has hindered the company's technical development and market breakthrough. In 2009, the total standstill of the Anodizing and Powder-Coating lines made NAPCO's challenges even more pronounced. Moreover, the world economic crisis caused a tremendous drop in London Metal Exchange prices, which also impacted the year-end results.

Despite the difficulties NAPCO faced in 2009, it had major achievements that can be summarized as follows:

Sales increased by 45 percent in tonnage, and around 10 percent in revenue.

The reduction in the extrusion line's scrap rate from 18 percent to 12.3 percent translated into 25 more tons of aluminum profiles ready for sale each month.

The activation of the Cast House provided an additional source of raw aluminum material for the plant, reflecting a savings of $165,000.

All the plant's chemical waste is neutralized and disposed according to environmental requirements.

The completion of a new administrative building, a cafeteria and a clinic for employees, which fosters the company's human factor, the most important element of NAPCO's success.

The rebranding of the company with a new logo, product catalogs, website and sales policy.

The initiation of an updated and comprehensive safety plan for the plant.

Our concentration on efficiency and internal development has been necessitated by this period of crisis caused by the Israeli restrictions, yet it promises to take the company to a market-commanding position once the blockade has ended.

Best regards,
Anan Anabtawi
General Manager

The National Aluminum and Profiles Company - NAPCO
Nablus, Palestine P.O. Box 178
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napco@napco.com.ps www.napco.com.ps

MSS

Medical Supplies And Services (MSS)

The company remains solidly committed to an aggressive strategy of exploration, development and growth. We may be living in uncertain times, however, the two facts that give me a solid belief in the future of our company are that the majority of our customers appreciate the benefits of our products and services, and MSS's strong organization and team make it unique in our market.

MSS had a solid performance in 2009, with high margins and record sales of $28.5 million. The company's strong financial position enables us to pursue strategic opportunities and maintain a market-leading position in the health sector. It is currently investigating the expansion of its line of business in alignment with APIC's long-term vision of reaching $1 billion in annual sales. To that end, extensive market research has been conducted and the findings will soon be reported to the board of directors.

Improving our services remains one of MSS's major points of strengths; therefore, we have introduced a loyalty program in all local pharmacies. This has enabled us to further strengthen our relationship with our customers, whom we consider to be the main asset of our company.

To improve our efficiency and ensure customer satisfaction, MSS has opened its third branch in East Jerusalem in order to guarantee proper coverage and distribution.

My special thanks go out to every employee for their continued commitment and loyalty to our organization.

Best regards,
Samer Kreitem
General Manager

Medical Supplies and Services
Ramallah, Palestine P.O. Box 1909
Tel: +972 2 298 1060, Fax:+972 2 295 9375
info@msspal.com www.msspal.com

2009 Accomplishments

Distribution

UNIPAL يونيبال

Unipal General Trading Company

The year 2009 was marked with growth driven by operational excellence on all levels despite the ongoing political and market challenges. Unipal achieved its targets through the introduction of new brands and products and the development of its market infrastructure, while continually exceeding customer expectations.

The company enlarged its current portfolio of XL Energy Drink and Kraft Foods, as well as expanded distribution of Ülker Golf Ice Cream in both Palestine and Jordan. It acquired the distribution rights for Wataniya Mobile's prepaid cards as well as Heinz, Haribo and Givenchy perfumes. The introduction of these leading brands into an already robust line of products strengthened Unipal's position as the top FMCG distributor in Palestine.

Our leading growth brands were Philip Morris, Procter & Gamble and XL Energy Drink, which helped Unipal achieve a new sales record of $164 million, up 10 percent from 2008. These results are the outcome of proper planning, efficient in-market activities and strong relationships with trade channels and other stakeholders. Unipal opened additional trade channels and absorbed new business lines within its operations while maintaining synergy, sustaining an effective cost structure and assuring steady growth volume for future projections. The company also put in place essential infrastructure to expand distribution of tobacco products in the beginning of 2010.

Unipal has also taken significant steps in building the organization's human resources through training and development programs, with an emphasis on quality assurance, standard operating procedures, communication skills and leadership.

Investing in its core capabilities and logistics infrastructure, the company redesigned its centralized distribution and storage center in accordance with its planning horizon. The center is now equipped with the latest technology, including advanced inventory control management systems that provide logistical arrangements for long-term use. The company is investing in a new enterprise resource planning solution and sales force automation system to optimize performance and efficiency required to support future business expansion.

Best regards,
Imad Khoury
General Manager

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info@unipalgt.com www.unipalgt.com

2009 Accomplishments

Distribution

The Arab Palestinian Shopping Centers Company (Plaza)

Surpassing our growth target as set by the Billion-dollar Strategy, Plaza had an outstanding year, with a 30 percent increase in sales and revenues reaching $23 million.

Plaza, a publicly-traded subsidiary (PSE: PLAZA) of APIC, and a member of the Middle East and International Council of Shopping Centers and the International Food Marketing Institute, continues to maintain its position as the first and largest shopping and entertainment chain in Palestine.

In 2009, Plaza opened three new locations of Bravo Supermarkets in the cities of Ramallah, El-Bireh, and Hebron. And also signed three new locations that will open in early 2010 in the northern cities of Nablus, Jenin and Tulkarem, adding to our chain of six multi-complex retail facilities (Bravo Supermarkets). Plaza also made significant steps in solidifying and strengthening the internal operational capacity of its bids and key accounts departments. A new lateral retail division in catering was established and promises to create a healthy line of revenue in the future. In line with Plaza's policy of offering shoppers a quality experience, the company completed a full-store renovation of Bravo 2, its second store in Ramallah.

Plaza signed several commercial agreements in 2009, which will draw in customers, supporting our base-line businesses. The first agreement was signed with Sbitany Home to open the first electronics and computer megastore in the country, covering 1,200 square meters in Plaza's flagship shopping center in Ramallah. Plaza also contracted a children's entertainment company to install its annual summer funfair facilities at the Ramallah shopping center.

Strongly committed to community involvement, Plaza sponsored a full day of free testing for diabetes, as well as held a fair for physically disabled children at The Jungle. Plaza's team also participates regularly in the Injaz mentorship program for Palestine's schoolchildren.

Best regards,
Zuhair Osaily
Chief Executive Officer

The Arab Palestine for Shopping Centers – Plaza
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Tel: +972 2 242 8581, Fax: +972 2 242 8582
info@plaza.com www.plaza.com

2009 Accomplishments

Distribution

Palestine Automobile Company (PAC)

In a year that witnessed a series of crises in the automotive industry, for PAC it was marked by success and great achievements. On the financial level, PAC posted a growth of 107 percent in total profits over last year, an unprecedented and record-breaking achievement. Overall revenues topped 52 percent growth versus last year primarily due to the sale of 941 vehicles, making this the largest year-on-year increase in the company's history. With a market share of 33 percent, PAC is the number-one car company in Palestine.

An additional stream of revenue stemmed from the continued development of after-sales services and increased number of service centers throughout the country. Our customers enjoy high standards of service, leading to brand loyalty and an impeccable reputation.

In 2009, our marketing department implemented creative strategies to drive sales and maintain our market lead by offering improved warranties and free maintenance promotions.

We are confident that our service and sales team has both the determination and the skills to achieve our goals. We believe that our strategy, our market leadership position and the commitment of our employees are what make PAC a company in which we are all proud.

Best regards,
Ayman Sonnoqort
General Manager

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pac@pac-pal.com www.hyundai.ps

Sky Advertising, Public Relations And Event Management Company

Sky is one of the largest and most progressive advertising, public relations and event management companies in Palestine. It specializes in strategic planning, media and crisis management, copywriting, networking, institutional research services and corporate social responsibility events. In addition, the company organizes exhibitions and creates logos, brands and other promotional materials.

In 2009, the company created and directed the launch campaign of Wataniya Mobile in the West Bank. Simultaneously, Sky handled the accounts for Palestinian and international category leaders, including the Palestinian Investment Fund, Samsung, Bank of Palestine, Bank of Jordan and the Housing Bank, distinguishing our clients through traditional media, in-store, digital, direct marketing and packaging concepts. We also develop innovative advertising strategies that fuel profitable and synergetic relationships between APIC's subsidiaries and their customers.

The company established a new line of revenue this year by importing advertising and promotional materials, ranging from Ultravision billboards that offer high-impact outdoor advertising media for clients to corporate giveaway packages. Sky provided its clients with sponsorship opportunities through a series of new and exciting programs on local television channels. Sky also introduced SMS and IVR systems to elevate participation in television and radio competitions sponsored by our clients.

Sky continued to cultivate internal rules and mechanisms for the effective implementation of long-term work plans, with a particular focus on training and enriching our team's skills and talents.

Best regards,
Tareq Abbas
General Manager

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Tel: +972 2 298 6878, Fax: +972 2 298 6879
info@sky-adv.com www.sky.ps

2009 Accomplishments

Palestine Electric Company (PEC)

The sole provider of electricity in the Gaza Strip, the Palestine Electric Company is the first independent power plant in the Palestinian Territories.

Palestine Electric Company
www.pec.ps

Millennium Energy Industries

One of the leading providers of solar-energy solutions, Millennium is distinguished by its superior engineering expertise and highly qualified staff as well as its close affiliation to the largest solar-energy company in the Middle East.

Millennium Energy Industries- Palestine
www.millenniumenergy.co.uk

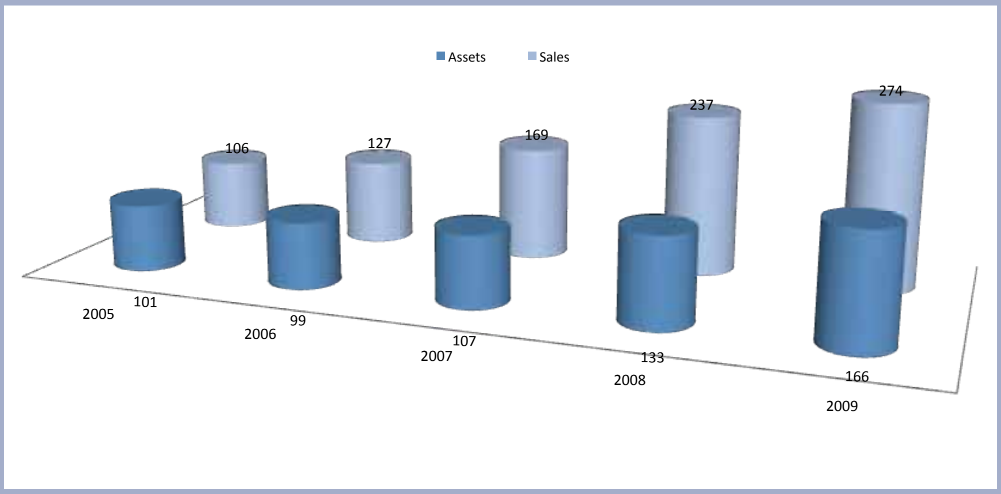
ULTIMIT Advanced Turnkey Solutions

An advanced information-technology (IT) company, ULTIMIT provides state-of-the-art tailored business IT solutions.

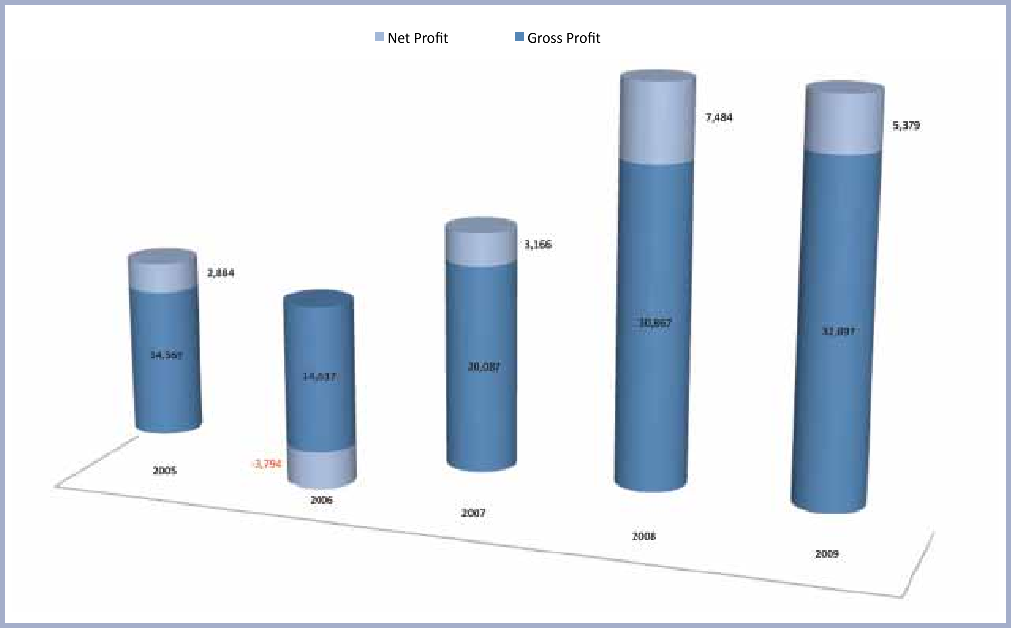
ULTIMIT Advanced Turnkey Solutions Company
www.ultimitats.com

Charts:

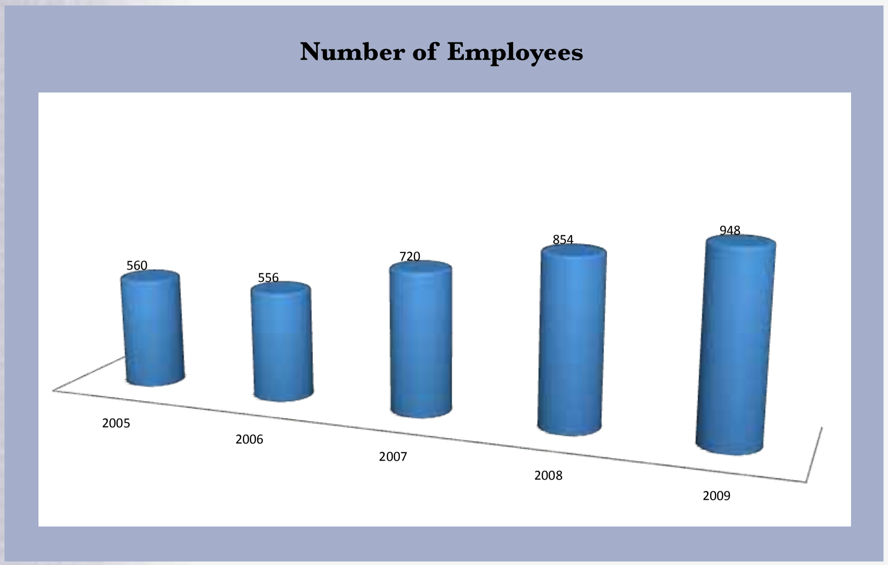
Net Sales and Assets
(Million US Dollars)

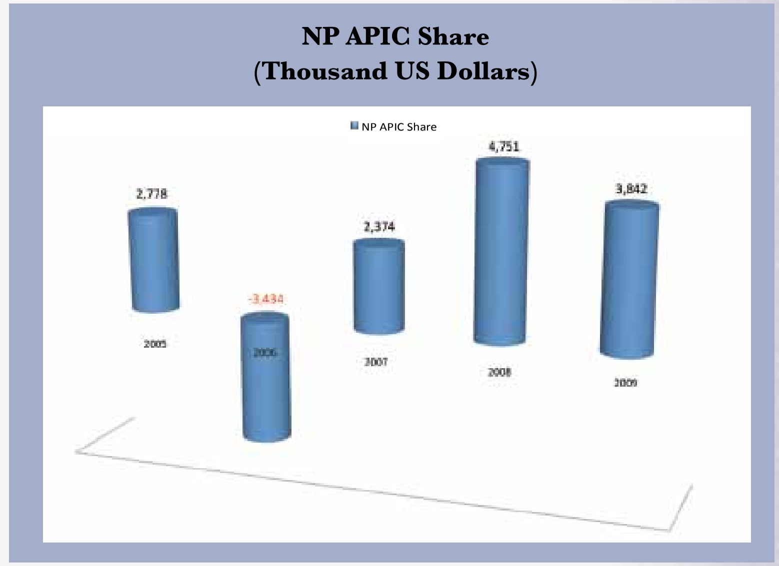


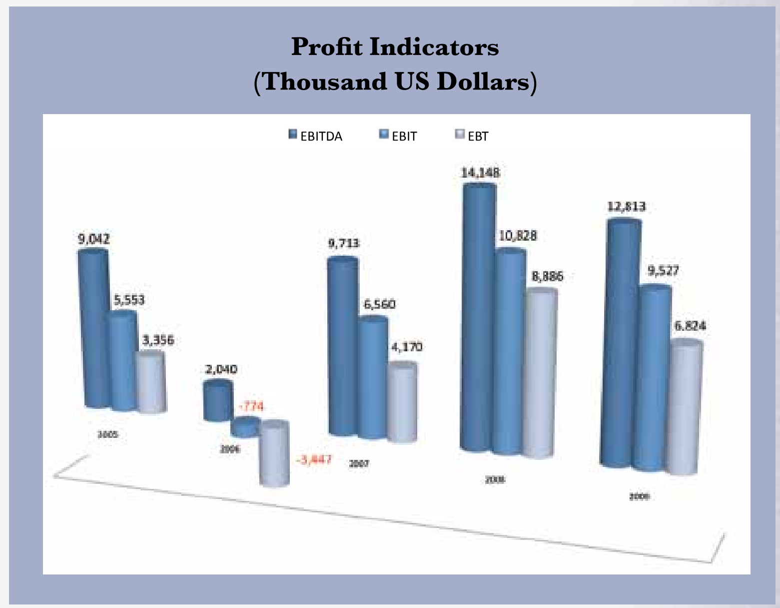
Net and Gross Profit Development
(Thousand US Dollars)



Charts:


Number of Employees
560
556
720
854
948
2005
2006
2007
2008
2009


NP APIC Share
(Thousand US Dollars)
NP APIC Share
2,778
-3,434
2,374
4,751
3,842
2005
2006
2007
2008
2009


Profit Indicators
(Thousand US Dollars)
EBITDA
EBIT
EBT
9,042
5,553
3,356
2,040
-774
-3,447
9,713
6,560
4,170
14,148
10,828
8,886
12,813
9,527
6,824

Independent Auditor’s Report

Independent Auditor's Report:

AM/30667

To the Shareholders
Arab Palestinian Investment Company (Holding Company)
British Virgin Islands

We have audited the accompanying consolidated financial statements of Arab Palestinian Investment Company (Holding Company), which comprise of the consolidated statements of financial position as of December 31, 2009, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in owners' equity and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Palestinian Investment Company (Holding Company) as of December 31, 2009, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

The accompanying financial statements are a translation of the statutory financial statements in the Arabic language to which reference should be made.

Amman - Jordan — Saba & Co.

Arab Palestinian Investment Company (Holding Company)
British Virgin Islands

Consolidated Statements Of Financial Position

Assets	Note	December 31, 2009 USD	December 31, 2008 USD
Current Assets:			
Cash on hand and at banks	5	6,325,342	5,179,962
Accounts receivable - net	6	35,785,714	22,999,206
Inventory - net	7	36,468,557	30,848,666
Due from related parties	8	270,075	1,033,183
Financial assets at fair value through the statement of income	9	42,158	31,920
Insurance claims	32	1,950,000	-
Other debit balances	10	10,157,537	8,171,001
Total Current Assets		90,999,383	68,263,938
Long-term checks under collection	11	378,083	302,957
Deferred tax assets	31	814,322	829,135
Available-for-sale investments	12	5,587,939	4,987,550
Investment in affiliates	13	296,914	463,006
Investment in lands	14	1,324,364	1,324,364
Goodwill-net	15	5,653,903	4,286,532
Fixed Assets :			
Fixed assets at cost		72,103,904	72,096,502
Less: Accumulated depreciation		(24,692,912)	(26,310,239)
Provision for the impairment in value of a plot of land		(126,600)	(126,600)
Net Book Value of Fixed Assets	16	47,284,392	45,659,663
Projects under construction	17	13,971,754	6,675,157
Total Assets		166,311,054	132,792,302

Liabilities	Note	December 31, 2009 USD	December 31, 2008 USD
Current Liabilities:			
Due to banks	23	15,696,186	12,016,048
Accounts payable		22,649,596	17,475,663
Notes payable maturing within one year	18	797,364	959,650
Postdated checks	24	6,033,745	4,597,383
Loan installments maturing within one year	19	17,682,018	12,088,933
Short - term commitments against financial lease contract	21	14,450	-
Other credit balances	20	9,505,661	4,841,719
Tax provision	31	1,879,106	1,975,292
Total Current Liabilities		74,258,126	53,954,688
Provision for employees end-of-service indemnity	25	4,034,218	3,471,324
Long - term commitments against financial lease contract	21	57,176	-
Long-term loan installments	19	18,366,576	9,220,256
Total Liabilities		96,716,096	66,646,268
Owners' Equity			
Authorized capital (70,000,000 shares, $1 par value per share)		70,000,000	70,000,000
Shareholders:			
Paid-up capital	B/1	43,536,570	42,887,460
Retained earnings		3,982,356	2,200,737
Cumulative change in fair value		262,762	(387,627)
Revaluation surplus of fixed assets	26	2,668,909	2,332,647
Foreign currency translation differences		(17,801)	-
Total Shareholders' Equity		50,432,796	47,033,217
Non - controlling interests	22	19,162,162	19,112,817
Total Liabilities And Owners' Equity		166,311,054	132,792,302

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them.

Arab Palestinian Investment Company
(Holding Company)
British Virgin Islands

Consolidated Statements Of Income

	Note	For The Year Ended December 31, 2009	2008
		USD	USD
Services Revenue			
Less: Cost Of Services		4,706,921	3,819,556
Net Services Revenue		928,113	1,069,950
Net Sales		268,527,070	232,222,253
Less: Cost Of Sales		236,558,092	202,425,456
Sales Gross Income	27	31,968,978	29,796,797
General And Administrative ExPenses	28	17,144,794	15,440,134
Selling And Distribution Expenses	29	5,866,417	5,382,108
Income From Operations		9,885,880	10,044,505
Gain From Sale And Revaluation Of Financial Assets		13,114	704,528
Bank Interest And Expenses		(2,703,328)	(1,942,455)
Impairment In Available For-Sale-Investments		(50,000)	(50,000)
Company's Share From Affiliates (Losses)		(96,836)	(136,994)
Other(Expenses) Revenues - Net	30	(225,049)	266,083
Income For The Year Before Income Tax		6,823,781	8,885,667
Provision For Income Tax - Subsidiary Companies		(1,444,424)	(1,381,463)
Prior Years' Income Tax Paid - Subsidiary Companies		-	(20,555)
Income For The Year		5,379,357	7,483,649
Relate To:			
Company's Shareholders		3,841,951	4,750,714
Non - Controlling Interests	22	1,537,406	2,732,935
Profit Per Share For The Company's Shareholders	39	0/09	0/11

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them.

Arab Palestinian Investment Company (Holding Company)
British Virgin Islands
Consolidated Statements Of Comprehensive Income

	For the Year Ended December 31,	
	2009	2008
	USD	USD
Income for the Year	5,379,357	7,483,649
Comprehensive income items:		
Change in fair value - available-for-sale financial assets	650,389	(387,627)
Revaluation surplus of fixed assets	-	1,756,154
Foreign currency translation differences	(19,042)	-
Total Comprehensive Income for the Year	6,010,704	8,852,176
Total Comprehensive income relate to:		
Company's shareholders	4,927,297	5,440,911
Non - controlling interests	1,083,407	3,411,265
	6,010,704	8,852,176

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them.

Arab Palestinian Investment Company (Holding Company)
British Virgin Islands
Consolidated Statements Of Changes In Owners' Equity
For The Year Ended December 31, 2009 And 2008

	Paid -Up Capital	Retained Earnings/ Accumulated (Losses) *	Cumulative Change In Fair Value	Revaluation Of Fixed Assets Reserve	Foreign Currency Translation Differences	Total Shareholders' Equity	Non - Controlling Interests	Total Owners' Equity
Year 2009	USD	USD	USD	USD	USD	USD	USD	USD
Balance - Beginning Of The Year	42,887,460	2,200,737	(387,627)	2,332,647	-	47,033,217	19,112,817	66,146,034
Cumulative Change In Fair Value Of Available - For - Sale Financial Assets	-	-	650,389	-	-	650,389	-	650,389
Foreign Currency Translation Differences	-	-	-	-	(17,801)	(17,801)	(1,241)	(19,042)
Income For The Year	-	3,841,951	-	-	-	3,841,951	1,537,406	5,379,357
Comprehensive Income	-	3,841,951	650,389	-	(17,801)	4,474,539	1,536,165	6,010,704
Capital Increase (Note 1b)	649,110	-	-	-	-	649,110	-	649,110
Dividends Distribution**	-	(2,176,828)	-	-	-	(2,176,828)	-	(2,176,828)
Net Change In Non-Controlling Interests ***	-	116,496	-	336,262	-	452,758	(1,486,820)	(1,034,062)
Balance - End Of The Year 2009	43,536,570	3,982,356	262,762	2,668,909	(17,801)	50,432,796	19,162,162	69,594,958
Year 2008								
Balance - Beginning Of The Year	61,267,800	(21,020,487)	-	1,344,993	-	41,592,306	16,230,357	57,822,663
Cumulative Change In Fair Value Of Available - For - Sale Financial Assets	-	-	(387,627)	-	-	(387,627)	-	(387,627)
Revaluation Reserve (Note 26)	-	90,170	-	987,654	-	1,077,824	678,330	1,756,154
Income For The Year	-	4,750,714	-	-	-	4,750,714	2,732,935	7,483,649
Comprehensive Income	-	4,840,884	(387,627)	987,654	-	5,440,911	3,411,265	8,852,176
Amortization Of Accumulated Losses ****	(18,380,340)	18,380,340	-	-	-	-	-	-
Net Change In Non - Controlling InteRests ***	-	-	-	-	-	-	(528,805)	(528,805)
Balance - End Of The Year 2008	42,887,460	2,200,737	(387,627)	2,332,647	-	47,033,217	19,112,817	66,146,034

* Accumulated profit includes an amount of USD 814,322 as of december 31, 2009, representing deferred tax benefits relating to subsidiary companies (USD 829,135 as of december 31, 2008).
** the general assembly, in its ordinary and extraordinary meeting held on may 28, 2009, approved the recommendation of the board of directors to distribute dividends to shareholders at 5 % of capital from retained earnings.
*** This item represents the net change in non-controlling interests resulting from the increase or the decrease in the non - controlling interests share of some subsidiaries' capitals during the years 2009 and 2008.
**** As mentioned in note (1b), the company's general assembly, in its extraordinary meeting dated june 26, 2008, resolved to decrease the company's capital by amortizing a portion of accumulated losses amounting to usd 18,380,340 through decreasing the share's nominal value from usd 100 to usd 70, whereby the company's capital became usd 42,887,460. moreover, approval from the regulatory authorities of the british virgin islands was obtained on october 22, 2008.

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them.

Arab Palestinian Investment Company (Holding Company)
British Virgin Islands
Consolidated Statements Of Cash Flows

	For The Year Ended December 31,	
	2009	2008
Cash Flows From Operating Activities:	USD	USD
Income For The Year	5,379,357	7,483,649
Adjustments For:		
Loss From The Sale Of Fixed Assets	574,995	20,587
Depreciation Of Fixed Assets	3,378,854	2,702,745
(Gains) Losses From Revaluation Of Financial Assets At Fair Value Through The Statement Of Income	(10,238)	364,752
Impairment In Available-For-Sale Investments	50,000	50,000
Provision For Doubtful Debts	243,104	564,868
Provision For Slow-Moving Inventory	159,515	88,338
Company>S Share From Affiliates (Losses)	96,836	136,994
Provision For Employees End-Of- Service Indemnity	1,006,908	1,171,737
Cash Flows From Operating Activities Before Changes In Working Capital	10,879,331	12,583,670
(Increase) In Accounts Receivable And Other Debit Balances	(15,001,335)	(7,310,084)
(Increase) In Inventory	(5,779,406)	(9,388,104)
Decrease (Increase) In Due From Related Parties	763,108	(622,290)
Decrease In Financial Assets At Fair Value Through The Statement Of Income	-	2,115,581
(Increase) In Insurance Claims	(1,950,000)	-
(Increase) Decrease In Long-Term Checks Under Collection	(75,126)	210,214
Increase In Accounts Payable And Other Credit Balances	9,741,689	2,562,383
Net Cash Flows (Used In) From Operating Activities Before Staff End-Of-Service Indemnity Paid	(1,421,739)	151,370
Employees End-Of-Service Indemnity Paid	(444,014)	(369,534)
Net Cash (Used In) Operating Activities	(1,865,753)	(218,164)
Cash Flows From Investing Activities:		
Available-For-Sale Investments	-	(1,395,627)
Goodwill	(1,367,371)	-
Investment In Affiliates	69,256	(600,000)
Purchases Of Fixed Assets - Net	(5,578,578)	(7,258,002)
Projects Under Construction	(7,296,597)	(4,799,793)
Net Cash (Used In) Investing Activities	(14,173,290)	(14,053,422)
Cash Flows From Financing Activities:		
Increase In Due To Banks	3,680,138	6,493,390
Loans, Checks And Notes Payable	16,013,481	7,430,939
Dividends Distribution	(2,176,828)	-
Lease Commitments	71,626	-
Capital Increase	649,110	-
Foreign Currency Translation Differences	(19,042)	-
Net Change In Non - Controlling Interests	(1,034,062)	149,525
Net Cash Flows From Financing Activities	17,184,423	14,073,854
Net Increase (Decrease) In Cash	1,145,380	(197,732)
Cash On Hand And At Banks-Beginning Of The Year	5,179,962	5,377,694
Cash On Hand And At Banks- End Of The Year	6,325,342	5,179,962

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them.

1. General

a. Arab Palestinian Investment Company (Holding Company) was established on September 20, 1994, and registered in the British Virgin Islands under number (128626), with an authorized capital of USD 100 million divided into 1,000,000 shares at USD 100 per share.

b. According to the General Assembly's resolution in its extraordinary meeting dated June 26, 2008, the Company's capital was decreased by a portion of accumulated losses amounting to USD 18,380,340 through decreasing the nominal value of the share from USD 100 to USD 70, whereby the Company's capital became USD 42,887,460. Moreover, approval from the regulatory authorities of the British Virgin Islands was obtained on October 22, 2008. According to the resolution of the Company's General Assembly, in its extraordinary meeting held on May 28, 2009, the Company's paid – up capital has been increased by USD 649,110 to become USD 43,536,570. Moreover, the share par value has been decreased from USD 70 to USD 1. The related approval from the Virgin Islands concerned authorities was obtained on July 14, 2009.

c. The Company's objectives include management of its subsidiary companies; participating in management of other investee companies; investing in shares, bonds, and securities as well as granting loans, guarantees, and cash funds to its subsidiaries.

d. The Company operates through its main office in Mecca Street, P.O. Box 941489 Amman 11194 – Jordan.

e. The General Assembly approved the Company's consolidated financial statements for the year 2009 on ---------------.

2. Basis of Consolidation

a. The consolidated financial statements include the Company's and the following subsidiaries' financial statements after eliminating intercompany balances and transactions:

	December 31,2009		December 31,2008			
	Paid-Up Capital	**Equity Share**	**Paid-Up Capital**	**Equity Share**	**Ownership Date**	**Main Business**
	USD	%	USD	%		
Arab Palestinian Storage Company	4,500,000	64/59	4,500,000	64/59	1997	Management of refrigerated stores
Medical Supplies And Services Company *	3,227,990	50	3,227,990	50	1998	Trading in medicine and medical supplies
Unipal General Trading Company	4,929,577	83/69	4,929,577	83/69	1998	General trade
National Aluminum And Profiles Company	16,197,183	71/89	14,163,570	71/96	1995	Manufacturing of aluminum
Palestine Automobile Company	5,600,000	100	5,600,000	100	1998	Trading in cars
Sky Advertising, Public Relations, And Event Managment Company**	845,068	100	845,068	77/3	2000	Advertising and publication
Siniora Food Industries Company ***	13,391,286	56/99	13,391,286	57/356	1996	Manufacturing food
Arab Palestinian Shopping Centers Company	9,877,240	68/91	7,365,079	58/31	1999	Establishing and owning commercial centers
Jericho Natural Mineral Water Factory Company	4,803,734	85	4,803,734	85	2001	Natural mineral water
Arab Palestinian Spare Parts And Vehicles Services Company	190,000	80	-	-	2008	Trading in cars and spare parts

- All subsidiary companies, excluding Siniora Food Industries Company operating in Jordan, have their facilities in the Palestinian Authority Territories.

* The Company has actual control over the Medical Supplies and Services Company through controling its Management Committee.
** During the year 2009, the Arab Palestinian Investment Company purchased 135,600 shares of Sky Advertising, Publication, and Promotion Company for an amount of USD 649,110. The investment contribution of the Arab Palestinian Investment Company in Sky Advertising, Publication, and Promotion Company became 100%.
*** According to the Ministry of Industry and Trade Letter # sh/232377/2890/ dated November 11, 2008, which includes the approval of the Minister of Industry and Trade on transforming the legal identity of Siniora Food Industries Company from a limited liability company to a public limited shareholding company, the General Assembly, in its extraordinary meeting dated February 4, 2009, approved the procedures used to transform the Company's legal identity from a limited liability company to a public limited shareholding company. Moreover, the Company has been registered as a public limited shareholding company in the Public Shareholding Companies Register under number (459) dated January 8, 2009.

3. Significant Accounting Policies

1. Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Standards Interpretation Committee.
- The reporting currency of the consolidated financial statements of the Company and its subsidiaries is the US Dollar, which is also their functional currency.

2. The accounting policies adopted in this year are consistent with those applied in the year ended December 31, 2008 except for the following:

- IFRS 7 'Financial Instruments: Disclosures'
  The IASB published amendments to IFRS 7 in March 2009, which became effective in 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the consolidated financial position or the consolidated comprehensive income of the Company and subsidiaries.
- IFRS 8 – Operating Segments. This standard, which replaced International Accounting Standard No. 14 "segment reporting", requires the adoption of the "management style in the presentation of internal reports" in the presentation of operating segments. This resulted in the presentation of additional operating segments. Moreover, these operating segments will be presented in a manner consistent with the internal reports presented to decision makers.
  The adoption of this standard has had no impact on the consolidated financial position or the consolidated comprehensive income of the Company and subsidiaries
- IAS 1 (2007) Presentation of Financial Statements (effective for annual periods on or after January 1, 2009). The amendment to IAS 1 has led to some changes including amended titles for the financial statements in addition to some changes in their presentation and disclosure. However, this standard has had no effect on the results of operations and financial position of the Company and its subsidiaries. This standard requires that all changes in non – equity holders' accounts within consolidated shareholders' equity (i.e. consolidated comprehensive income) be presented separately in the consolidated statement of comprehensive income.

The following are the most significant accounting policies adopted by the Company:

a. Financial Assets Stated at Fair Value through the Statement of Income

These assets represent investments in companies shares traded in active markets. The objective of holding these assets is to generate income from the short-term market price fluctuations or trade profit margin.
Financial assets at fair value through the statements of income are stated at cost at the date of acquisition and revalued to their fair values at year-end. The gain or loss resulting from changes in their fair values is taken to the consolidated statements of income.

b. Available-for-sale Investments

These represent financial assets which the Company does not intend to classify as financial assets stated at fair value through the statements of income or hold to maturity.
Available-for-sale investments are stated at cost at the date of acquisition, and revalued to their fair values at year-end. The resulting gain or loss is taken to a separate account in the consolidated statement of comprehensive income and in owners' equity. When these assets are fully or partially sold, or determined to be impaired, the income or loss is taken to the consolidated statement of income, including the related amounts previously booked within owners' equity. The impairment loss previously recorded in the consolidated statement of income can be recovered if it becomes objectively evident that the increase in fair value has occurred in a period subsequent to the recording of the impairment loss. Moreover, the impairment loss in the companies shares is recovered through the cumulative change in the fair value of debt instruments through the consolidated statement of income.
Investments the fair value of which cannot be reliably measured are stated at cost. If impairment in their value occurs, the impairment loss is taken to the consolidated statement of income.

c. Investment in Lands

Investment in lands is carried at cost while any gain or loss is recognized upon completion of sale and taken to the consolidated statement of income. Fair value is disclosed in the consolidated financial statements. Impairment in value is taken to the consolidated statement of income.

d. Inventory

- Finished goods and work in process are stated at cost or net realizable value, whichever is lower, net of a provision for slow-moving items. Cost includes raw materials, direct labor, and other manufacturing overheads.
- Raw materials are stated at the lower of cost or net realizable value. Finished goods and goods in process are stated at the lower of cost or net realizable selling price. Cost includes raw materials and the related direct and indirect manufacturing costs.
- Cars inventory is stated at the lower of cost or net selling value on the basis of the actual cost of each car. Moreover, cost consists of all expenses incurred until the inventory reaches the Company's stores and showrooms or its stores at port (bonded).
- Spare parts inventory is stated at the lower of cost or net realizable value based on the weighted average method.

e. Investments in Affiliates

An affiliate is an entity whereby the Company has significant influence over its financial and operating policies (but does not control it) and owns 20% - 50% of its voting rights. Moreover, the Company recognizes its share in the affiliate based on the equity method.

f. Sales and Service Revenues

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

1. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. It is probable that the economic benefits associated with the transaction will flow to the Company; and
4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognized when services are preformed and the related invoices are issued.

g. Fixed Assets:

1. Fixed assets are stated at cost and at revalued amounts for the two subsidiaries: Arab Palestinian Shopping Centers Company and Sky Advertising, Publication, and Promotion Company. Fixed assets (except for land) are depreciated according to their useful lives, using the straight-line method at annual rates ranging from 2% to 25%.
2. When the expected recoverable amount of any fixed asset is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is taken to the consolidated statement of income.
3. Fixed assets useful lives are reviewed at the end of each year; and if the expected useful life differs from the previous estimate, the difference is recorded in subsequent years as a change in accounting estimates.

h. Goodwill

Goodwill is recorded at cost, and represents the excess amount paid to acquire or purchase the investment in a subsidiary on the date of the transaction over the Company's share of the fair value of the net assets of the subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is booked as a separate item within intangible assets.

- Goodwill is distributed over the cash generating unit(s) for the purpose of testing the impairment in its value.
- The value of goodwill is tested on the date of financial statements. Goodwill value is reduced when there is evidence that it has declined or the recoverable value of the cash generating unit(s) is less than the book value. The decline in value is taken to the consolidated statement of income as an impairment loss.

i. Accounts Receivable

Accounts receivable are stated at net realizable value after booking a provision for doubtful debts. The provision is taken in the consolidated statement of income according to management's estimates of the recoverable amounts from receivables.

j. Bank Interest Revenue and Expenses

Bank interest is taken to the consolidated statement of income using the accrual basis.

k. Provision for Employees End-of-Service Indemnity

- Provision for employees end-of-service indemnity is computed according to the Company's internal regulations on the basis of one-month salary for each year of service.
- End-of-service indemnity paid to terminated employees is recorded in the end-of-service indemnity provision when paid. Moreover, the contingent provision booked for the end-of-service indemnity is recorded in the consolidated statement of income.

l. Income on Investments

Income on investments is taken to revenues when declared (i.e. upon approval by the General Assembly of the investee company).

m. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the subsidiary companies operate.
- Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the financial statements and the value on the basis of which taxable income is calculated. Moreover, deferred taxes are calculated according to the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets.
- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

n. Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated financial statements only when there are legal rights to offset the recognized amounts, or assets are realized and liabilities settled simultaneously.

o. Accounting Estimates

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities and to disclose all contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the fair value within statement of comprehensive income and owners' equity. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

Management believes that the estimates adopted in the consolidated financial statements are reasonable. The details are as follows:

- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs).
- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and International Financial Reporting Standards. Moreover, deferred tax assets and liabilities and the income tax provision are booked.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.
- A provision is taken for lawsuits raised against the Company. This provision is subject to an adequate legal study prepared by the Company's legal advisor. Moreover, the study highlights potential risks that the Company may encounter in the future. Such legal assessments are reviewed periodically.
- Management frequently reviews financial assets stated at cost to estimate any decline in their value. Impairment is taken to the consolidated statement of income for the year.
- Fair value hierarchy:

The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

4.a Standards affecting presentation and disclosure

The following new and revised standards have been adopted in these consolidated financial statements for the current period. The details of other Standards and Interpretations that have been adopted but that have had no effect on the consolidated financial statements are set out in section 4.b.

• IAS 1 (as revised in 2007) Presentation of Financial Statements	IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
• Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
• IFRS 8 Operating Segments	IFRS 8 is a disclosure standard that has resulted in re-designation of the Company's reportable segments.

4.b Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these consolidated financial statements of the Company. Their adoption has not had any significant impact on the amounts or disclosures reported in these consolidated financial statements but may affect the accounting for future transactions or arrangements.

• Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.
• IFRS 8 Operating Segments	IFRS 8 is a disclosure Standard that requires re-designation of the Company's reportable segments based on the segments used by the Chief Operating Decision Maker to allocate resources and assess performance. [There was no material impact of this Standard on the previous disclosures and reported results or the financial position of the Company since the business segments reported earlier as per the requirements of IAS 14 Segment Reporting are also used by the General Manager to allocate resources to the segments and to assess their performance.
• IFRS for SMEs Small and Medium-sized Entities	This Standard is available immediately but the adoption has to be decided by the jurisdiction of implementation
• Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
• IAS 23 (as revised in 2007) Borrowing Costs	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

• Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
• IFRIC 13 Customer Loyalty Programmes	The Interpretation provides guidance on how entities should account for customer loyalty programmes by allocating revenue on sale to possible future award attached to the sale.
• IFRIC 15 Agreements for the Construction of Real Estate	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognized.
• IFRIC 16 Hedges of a Net Investment in a Foreign Operation	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
• IFRIC 18 Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 Revenue.
• Improvements to IFRSs (2008)	Amendments to IFRS 3, 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from May and October 2008 Annual Improvements to IFRSs the majority of which is effective for annual periods beginning on or after January 1, 2009.

4.c Standards and Interpretations in issue not yet effective

At the date of authorization of these consolidated financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New Standards and amendments to Standards:

	Effective for annual periods beginning on or after
• IFRS 1 (revised) First time Adoption of IFRS and IAS 27 (revised) Consolidated and Separate Financial Statements – Amendment relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009
• IFRS 3 (revised) Business Combinations – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) Consolidated and Separate Financial Statements, IAS 28 (revised) Investments in Associates and IAS 31 (revised) Interests in Joint Ventures	1 July 2009

• IAS 39 (revised) Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items(such as hedging inflation risk and hedging with options)	1 July 2009
• IFRS 1 (revised) First time Adoption of IFRS – Amendment on additional exemptions for First-time Adopters	1 January 2010
• IFRS 2 (revised) Share-based Payment – Amendment relating to the Company cash-settled share-based payments	1 January 2010
• IAS 32 (revised) Financial Instruments: Presentation – Amendments relating to classification of Rights Issue	1 February 2010
• IAS 24 Related Party Disclosures – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government	1 January 2011
• IFRS 9 Financial Instruments: Classification and Measurement (intended as complete replacement for IAS 39 and IFRS 7)	1 January 2013
• Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 28, IAS 36, IAS 38 and IAS 39 resulting from April 2009 Annual Improvements to IFRSs.	Majority effective for annual periods beginning on or after 1 January 2010

New Interpretations and amendments to Interpretations:

	Effective for annual periods beginning on or after
• IFRS 17: Distributions of Non-cash Assets to Owners	1 July 2009
• IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
• Amendment to IFRIC 14: IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	1 January 2011
• Amendment to IFRIC 16: Hedges of a Net Investment in a Foreign Operation	1 July 2009
• Amendment to IFRIC 9 (revised): Reassessment of Embedded Derivatives relating to assessment of embedded derivatives in case of reclassification of a financial asset out of the 'FVTPL' category	1 January 2013

The Company's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Company in the period of initial application except for the following:

IFRS 9
The application of the current version of IFRS 9 would mainly result in applying different classification and measurement criteria for financial assets. The requirements of IFRS 9 apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which has its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

IFRS (3), IAS (27), (28), and (31) - Revised:
The application of these revised standards leads to the adoption of new policies relating to the Company's acquisition of new shares in associate and subsidiary companies, partial disposal of the Company's shares in subsidiary and associate companies and an increase in the investment in subsidiary and associate companies.

5. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
-	2009	2008
	USD	USD
Cash on hand	239,556	206,789
Current accounts	6,085,786	4,973,173
	6,325,342	5,179,962

6. Accounts Receivable - Net

This item consists of the following:

	December 31,	
-	2009	2008
	USD	USD
Trade receivables	29,242,882	19,373,563
* Cheques under collection	8,952,478	5,850,484
Employees receivable	346,836	629,952
	38,542,196	25,853,999
Less: Provision for doubtful debts	2,756,482	2,854,793
	35,785,714	22,999,206

* Cheques under collection mature during the year 2010.

- The movement on the provision for doubtful debts is as follows:

	2009	2008
	USD	USD
Balance - beginning of the year	2,854,793	2,686,069
Additions to the provision	243,104	564,868
Debts written off	(309,898)	(179,586)
Recoveries from provision for doubtful debts	(19,720)	(99,353)
Exchange difference	(11,797)	(117,205)
Balance - End of the Year	2,756,482	2,854,793

- The Company adopts the policy of dealing with only creditworthy counterparties with good market reputation so as to mitigate the financial losses from defaults. Moreover, the Company takes a provision for receivables not collected for more than 365 days. Due but unimpaired receivables amounted to USD 35,785,714 as of December 31, 2009 (USD 22,999,206 as of December 31, 2008). The following are the details of due but unimpaired receivables:

	December 31,	
	2009	2008
	USD	USD
Up to 90 days	24,716,626	13,739,721
91 days up to 180 days	4,617,647	5,861,839
181 days up to 365 days	6,451,441	3,397,646
	35,785,714	22,999,206

A provision for doubtful debts due for more than a year is taken in case of no related payments. Due and impaired receivable amounted to USD 2,756,482 as of December 31, 2009 (USD 2,854,793 as of December 31, 2008).

7. Inventory - Net

This item consists of the following:

	December 31,	
	2009	2008
	USD	USD
Finished goods	12,072,468	12,166,869
Medication	3,710,659	2,598,619
Medical materials	210,282	756,825
Consumable materials	5,972,053	3,626,323
Laboratory tools and materials	689,056	524,383
Medical equipment and machinery	411,248	757,186
Total Finished Goods	23,065,766	20,430,205
Raw materials	3,393,951	3,741,268
Scrap and other	398,951	507,141
Other materials	52,266	70,391
Cars and spare parts*	2,553,628	2,376,432
	29,464,562	27,125,437
Less: Provision for slow-moving inventory items**	338,261	365,734
Net Inventory	29,126,301	26,759,703
Goods in transit	1,219,874	865,600
Goods at bonded *	6,122,382	3,223,363
	36,468,557	30,848,666

* As stated in Note (19), finished goods include mortgaged vehicles in favor of banks against commercial loans.
** The movement on this provision is as follows:

	2009	2008
	USD	USD
Balance - beginning of the year	365,734	342,192
Additions during the year	159,515	88,338
Inventory written-off during the year	(186,988)	(64,796)
Balance - End of the Year	338,261	365,734

8. Due from Related Parties - Net

This item consists of the following:

	December 31,	
	2009	2008
	USD	USD
Due To Partners - (Siniora Food Industries Company)	-	663,794
Medical Supplies And Services Company – Iraq (Sister Company)	-	20,147
Due To The Shareholders – Subsidiary Companies	-	121,566
Aggad Investment Company – Major Investor	258,825	219,987
Millennium Company For Energy – Affiliate Company	11,250	7,689
	270,075	1,033,183

9. Financial Assets at Fair Value through the Statement of Income

This item consists of the following:

	December 31,	
	2009	2008
	USD	USD
Arab Palestinian Shopping Centers Company	42,158	31,920
	42,158	31,920

10. Other Debit Balances

This item consists of the following:

	December 31,	
	2009	2008
	USD	USD
Receivables and claims	509,474	417,829
Value added tax	1,418,227	958,390
Prepaid expenses	1,475,646	2,309,803
Refundable deposits against LGs',LCs and others	4,334,938	1,766,649
Accrued revenue	71,650	198,000
Korean Hyundai Company claims	114,019	3,895
Suppliers advance payment	1,823,764	1,581,091
Other debit balances	409,819	935,344
	10,157,537	8,171,001

11. Long-term Checks under Collection

This item consists of the following:

	December 31,	
	2009	2008
	USD	USD
Jericho Natural Mineral Water Factory Company	-	151,110
Palestine Automobile Company	378,083	129,847
Medical Supplies and Services Company	-	22,000
	378,083	302,957

- The maturities of long-term post-dated checks under collection extend to February 28, 2013.

12. Available-for-Sale Investments

This item consists of the following:

	Number of Shares	December 31, 2009	Number of Shares	December 31, 2008
		USD		USD
Listed Shares:				
Bank of Palestine Limited	442,237	1,658,389	360,000	1,008,000
		1,658,389		1,008,000
Unlisted Shares:				
Palestine Electricity Company *	3,654,550	3,654,550	3,654,550	3,654,550
Technology Acceladator Investment Company Limited	250,000	275,000	250,000	275,000
Harvest	100,000	-	100,000	50,000
		3,929,550		3,979,550
		5,587,939		4,987,550

* This item includes 250,000 shares restricted against membership of the Board of Directors.

13. Investment in Affiliate Companies

This item consists of the following:

	Contribution %	December 31, 2009 USD	Contribution %	December 31, 2008 USD
Ultimite for Complete Solutions Company *	30	150,000	-	75,000
Millennium Energy Industries - Palestine *	32/5	243,750	-	200,000
Unipal Cool Company	-	-	50	325,000
		393,750		600,000
Less: (Losses) Unipal Cool Company		-		-
(Losses) Ultimit		(35,161)		-
(Losses) Palestine Millenium for Energy		(61,675)		(136,994)
		296,914		463,006

* The investment as of December 31, 2009 is stated according to the equity method.

14. Investment in Lands

The market value of these plots of land as of December 31, 2009 amounted to USD 1,765,444. Moreover, some of these plots of land are mortgaged to a number of banks against credit facilities.

15. Goodwill-Net

This item consists of the following:

	2009 USD	2008 USD
Cost		
Balance – beginning of the year	11,165,757	11,165,757
Additions *	1,367,371	-
Balance – End of the Year	12,533,128	11,165,757
Provision for the Impairment in Goodwill		
Balance – beginning of the year	6,879,225	6,879,225
Impairment expense for the year	-	-
Balance – End of the Year	6,879,225	6,879,225
	5,653,903	4,286,532

* Additions to goodwill resulted from the Company's purchase of new shares at a value exceeding the book value of the share in some of its subsidiaries, whether through acquiring the shares of others or through subscribing for the increase in the capitals of some subsidiaries.

16. Fixed Assets

a. This item consists of the following:

2009	Lands	Buildings and Constructions	Furniture and Fixture	Computers	Vehicles	Leasehold Improvements	Machines and Equipment	Tools	Total
Cost:	USD	USD	USD	USD	USD	USD	USD	USD	USD
Beginning balance	9,297,821	21,894,804	3,851,010	942,429	3,827,822	1,491,531	29,214,326	1,576,759	72,096,502
Additions	4,370	1,106,495	636,019	817,602	2,632,543	240,764	2,351,022	368,943	8,157,758
Disposals	(147,798)	(2,891,460)	(441,890)	(9,069)	(281,122)	-	(4,145,962)	(233,055)	(8,150,356)
Ending Balance	9,154,393	20,109,839	4,045,139	1,750,962	6,179,243	1,732,295	27,419,386	1,712,647	72,103,904
Accumulated Depreciation:									
Beginning balance	-	7,768,969	2,382,098	490,484	1,694,747	349,768	12,215,190	1,408,983	26,310,239
Additions	-	696,890	351,933	144,316	557,725	87,750	1,430,105	110,135	3,378,854
Disposals	-	(1,103,034)	(349,608)	(8,044)	(196,839)	-	(3,149,549)	(189,107)	(4,996,181)
Ending Balance		7,362,825	2,384,423	626,756	2,055,633	437,518	10,495,746	1,330,011	24,692,912
Provision for the impairment in the value of the land (f)	(126,600)	-	-	-	-	-	-	-	(126,600)
Net Book Value as of December 31, 2009	9,027,793	12,747,014	1,660,716	1,124,206	4,123,610	1,294,777	16,923,640	382,636	47,284,392
2008									
Cost:									
Beginning balance	5,533,983	20,743,053	3,529,979	709,948	3,366,745	1,205,582	27,676,725	1,578,650	64,344,665
Additions	3,779,999	1,167,888	489,987	282,198	790,381	288,184	1,672,679	92,355	8,563,671
Disposals	(16,161)	(16,137)	(168,956)	(49,717)	(329,304)	(2,235)	(135,078)	(94,246)	(811,834)
Ending Balance	9,297,821	21,894,804	3,851,010	942,429	3,827,822	5311,491,	29,214,326	1,576,759	72,096,502
Accumulated Depreciation:									
Beginning balance	-	6,964,955	2,171,165	427,988	1,578,935	304,139	11,367,709	1,356,005	24,170,896
Additions	-	810,432	322,099	111,628	347,625	46,625	969,306	95,030	2,702,745
Disposals	-	(6,418)	(111,166)	(49,132)	(231,813)	(996)	(121,825)	(42,052)	(563,402)
Ending Balance	-	7,768,969	2,382,098	490,484	1,694,747	349,768	12,215,190	1,408,983	26,310,239
Provision for the impairment in the value of the land (f)	(126,600)	-	-	-	-	-	-	-	(126,600)
Net Book Value as of December 31, 2008	9,171,221	14,125,835	1,468,912	451,945	2,133,075	1,141,763	16,999,136	167,776	45,659,663
Annual Depreciation Rates %	-	2 - 4	6 - 15	15 - 25	20	15 - 25	10 - 20	6 - 10	

b. Part of the subsidiaries' fixed assets is mortgaged against bank facilities (Note 19).

c. Part of the subsidiaries' buildings is constructed on lands leased from others.

d. At the end of the year 2006, Sky Advertising, Publication, and Promotion Company revalued its external equipment and vehicles. This resulted in a surplus of USD 219,990 as of December 31, 2009 (USD 336,486 as of December 31, 2008) recorded in the revaluation reserve within owners' equity.

e. Arab Palestinian Shopping Centers Company revalued the plot of land owned by the Company, stated it in the financial statements at its fair value, and recorded the difference of USD 3,553,793 as of December 31,2009 and 2008 in the revaluation reserve within owners' equity.

f. Jericho Natural Mineral Water Factory Company revalued the plot of land owned by the Company and took the resulting impairment in the value of the land of USD 126,600 to the consolidated statement of income for the year 2006 within other revenues (expenses) - net.

17. Projects under Construction

This item represents costs of works relating to constructing and equipping the production facilities and administration offices of the National Aluminum and Profiles Manufacturing Company (subsidiary) and Siniora Food Industries Company which was not yet completed as of December 31, 2009.

The movement on the projects under construction is as follows:

	2009	2008
	USD	USD
Balance - beginning of the year	6,675,157	1,875,364
Additions	8,979,520	6,248,515
Transferred to fixed assets	(1,682,923)	(1,448,722)
Balance - End of the Year	13,971,754	6,675,157

18. Notes Payable Maturing within One year

This item represents notes payable in the following companies:

	December 31	
	2009	2008
	USD	USD
Unipal General Trading Company	797,364	959,650
	797,364	959,650

19. Loans

a. The details of this item are as follows:

	Short-term	Long-term	Short-term	Long-term
	December 31,2009		December 31,2008	
	USD	USD	USD	USD
Bank of Palestine loans / Arab Palestinian Investment Company (holding company)	2,000,000	8,000,000	-	-
Jordan Ahli Bank loan / Arab Palestinian Investment Company (holding company)	600,000	300,000	600,000	900,000
Arab Islamic Bank Loan/ Arab Palestinian Investment Company (holding company)	-	-	1,500,000	-
Bank of Jordan Loan / Siniora Food Industries Company	245,333	-	-	-
Audi Bank Loan/ Siniora Food Industries Company	55,980	-	-	-
Bank of Palestine Loan/ Siniora Food Industries Company	588,236	4,411,764		
The Housing Bank for Trade and Finance Loan/Siniora Food Industries Company	999,347	2,739,938	597,791	3,526,473
Jordan Ahli Bank loans/National Aluminum and Profiles Company	2,320,473	-	548,617	369,827
Arab Islamic Bank Loan / National Aluminum and Profiles Company	2,934,641	-	2,980,323	-
Cairo Amman Bank loans/Palestine Automobile Company	295,667	887,000	295,667	1,182,668
Rafah Bank loan / Palestine Automobile Company	2,188,005	271,088	972,603	147,707
Palestinian Commercial Bank Loan/Palestine Automobile Company	186,459	-	-	-
Palestine Banking Corporation Loan /Palestine Automobile Company	177,625	-	-	-
Arab Egyptian Land Bank loan / Palestine Automobile Company	2,153,243	-	-	-
Al Quds Bank loan / Palestinian Automobile Company	1,653,098	-	-	-
Arab Islamic Bank loans/Arab Palestinian Shopping Centers Company	105,551	173,143	489,400	1,723,046
Palestinian Commercial Bank Loan/Arab Palestinian Shopping Centers Company	52,083	447,916	-	-
The Housing Bank for Trade and Finance loans/Arab Palestinian Shopping Centers Company	202,962	627,788	-	-
Jordan Ahli Bank loan / Palestine Automobile Company	848,315	282,939	862,729	320,948
Cairo Amman Bank Loan / National Aluminum and Profiles, Company	75,000	225,000	700,000	-
HSBC loan/Medical Supplies and Services Company	-	-	80,833	-
Arab Islamic Bank loans/Palestine Automobile Company	-	-	2,420,970	1,049,587
HSBC loan / Arab Palestinian Shopping Centers Company	-	-	40,000	-
	17,682,018	18,366,576	12,088,933	9,220,256

b. The following schedule shows the necessary information on these loans:

	Loan Value USD	**Last Installment Maturity Date**	**Payment Method**	**Guarantee**
Bank of Palestine Loans / Arab Palestinian Investment Company (holding company)	10,000,000	October 14, 2014	20 quarterly installments	Company's guarantee + first grade mortgage on plot of land + No. 203 pledging 16/ of the shares in Arab Palestinian Shopping centers Company
Jordan Ahli Bank loan / Arab Palestinian Investment Company (holding company)	900,000	June 30, 2011	6 quarterly installments	Mortgage of the factory land and building of the National Aluminum profiles Company + Company's guarantee
Bank of Jordan loan / Siniora Food Industries Company	423,000	April 19, 2010	one payment	Guarantee of Arab Palestinian Investment Company (holding company)
Audi Bank loan / Siniora Food Industries Company	635,000	April 1, 2010	One payment	Guarantee of Arab Palestinian Investment Company (holding company)
Bank of Palestine loan / Siniora Food Industries Company	5,000,000	During 2014	4 quarterly installments	Guarantee of Arab Palestinian Investment Company (holding company) + hypothecation of machinery and equipment to be purchased + assignment of insurance compensations on fire accident
The Housing Bank for Trade and Finance loan / Siniora Food Industries Company	5,250,000	May 1, 2013	17 quarterly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Jordan Ahli Bank Loans / National Aluminum and Profiles Company	2,500,000	During 2010	Quarterly	Guarantee of Arab Palestinian Investment Company (holding company) + mortgage of factory land and building + consignment of checks
	695,000	During 2010	Quarterly	Mortgage of land and factory building + hypothecation of factory equipment
	800,000	During 2010	Quarterly	Mortgage of factory land and building + hypothecation of factory equipment + guarantee of Arab Palestinian Investment Company (holding company)
Arab Islamic Bank loan/ National Aluminum and Profiles Company	3,500,000	July 6, 2010	8 monthly installments	Company's guarantee + guarantee of Arab Palestinian Investment Company (holding company)
Cairo Amman Bank Loans/ Palestine Automobile Company	1,774,002	During 2013	Quarterly	Company's guarantee + guarantee of Arab Palestinian Investment Company (holding company)
Rafah Bank loan / Palestine Automobile Company	78,000	July 1, 2010	4 quarterly installments	Mortgage of vehicles and endorsement of the vehicles insurance policies to the favor of the Bank
	500,000	During 2012	36 monthly installments	Mortgage of vehicles and endorsement of the insurance policy to the bank
	2,000,000	During 2010	One Payment	Guarantee of Arab Palestinian Investment Company (holding company)

Palestine Commercial Bank Loan / Palestine Automobile Company	500,000	During 2010	6 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Palestine Banking Corporation Loan/ Palestine Automobile Company	500,000	During 2010	One payment	Guarantee of Arab Palestinian Investment Company (holding company)
Arab Egyptian Land Bank Loan / Palestine Automobile Company	3,000,000	During 2012	3 payments	Guarantee of Arab Palestinian Investment Company (holding company) + Ministry of Finance transfer to the Bank
Al Quds Bank Loan/ Palestine Automobile Company	2,000,000	August 17, 2010	7 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Arab Islamic Bank Loans/ Arab Palestinian Shopping Centers Company	400,000	During 2012	Yearly	Guarantee of Arab Palestinian Investment Company (holding Company)
Palestinian Commercial Bank Loan / Arab Palestinian Shopping Centers Company	500,000	July 1, 2014	48 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
The Housing Bank for Trade and Finance Loans / Arab Palestinian Shopping Centers Company	848,000	January 1, 2014	48 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Jordan Ahli Bank Loan / Palestine Automobile Company	600,000	April 19, 2010	36 Installments at maximum	Guarantee of Arab Palestinian Investment Company + mortgage of to-be-financed vehicles to the favor of the Bank + endorsement of the comprehensive vehicles insurance policy to the Bank
	900,000	During 2012	Monthly Installments	Guarantee of Arab Palestinian Investment Company (holding company) + mortgage of vehicles related to the LC + depositing checks covering 100% of the finance value + mortgage of the to be financed cars + endorsement of the cars insurance policy to the Bank
Cairo Amman Bank Loan/ National Aluminum and Profile Company	1,700,000	During 2010	12 monthly Installments	Guarantee of the Company and Arab Palestinian Investment Company (holding company)

- The average interest rates on the loans granted to the Arab Palestinian Investment Company (holding company) and its subsidiaries are as follows:

Jordanian Dinar	4.75% - 8%
US Dollar	LIBOR + 1.5% - LIBOR + 3%
Israeli Sheikel	prime + 2% - prime + 2.5%

20. Other Credit Balances

This item consists of the following:

	December 31,	
	2009	2008
	USD	USD
Accrued expenses	3,097,057	2,550,817
Accrued interest	284,803	24,317
Unearned revenues	430,893	321,537
Accrued salaries and bonuses	553,800	537,356
Accrued vacations	363,122	355,387
Social security deposits	22,307	13,554
Sales tax deposits	168,404	204,225
Income tax deposits – employees	77,195	69,889
Customers advances *	3,264,596	429,068
Other	1,243,484	335,569
	9,505,661	4,841,719

* This item includes payments made by the Palestinian Ministry of Health amounting to USD 3,160,309 as of December 31, 2009, equivalent to 50% of the value of the contract signed by the Medical Services and Supplies Company (subsidiary) with both the Palestinian Ministry of Health and Glascow Smith Cline Company. According to the Contract, the Company will supply the Palestinian Ministry of Health with the swine flu vaccine.

21. Commitments against Financial Lease Contracts

Unipal General Trading Company (a subsidiary) purchased 3 cars through a financial lease agreement. The lease will be paid in 60 monthly installments starting from May 2009. The average imputed interest rate in the lease contracts is 8.25% annually. Moreover, Unipal General Trading Company has the right to purchase these cars against a certain amount at the end of the contracts term. The interest rates are fixed at the contract date. This exposes the Company to the interest rate fair value risk. All lease contracts are prepared on the basis of a fixed payment. Additionally, no arrangements are made as to the probable lease payments. The fair value of the Company's liabilities arising from the lease are nearly equivalent to the recorded value. The liability is related to the lessor's ownership of the leased cars.

The Company's liabilities as per the financial lease contracts are guaranteed against the lessor's ownership of the leased assets.

	2009	
	Minimum lease payments	Present value of minimum lease payments
	USD	USD
Credit Amounts According to the Financial Lease:		
During one year	20,360	14,450
From two years to five years (inclusive)	67,866	57,176
	88,226	71,626
Less: Future Financial Expenses	16,600	-
	17,626	71,626
Less: Amount due for payment during 12 months (Current liabilities)		14,450
Amount due for payment after 12 months		57,176

22. Non - controlling Interests

This item represents minority interest in the net shareholders' equity of the following subsidiaries. The details are as follows:

Company's Name	Minority Interest Share as of December 31, 2009	Paid-up Capital	Assets Revaluation Reserve	Statutory Reserve	Voluntary Reserve	Foreign Currency Translation Differences	(Accumulated Losses) Retained Earnings	(Loss) Profit for the Year	Total Shareholders' Equity	December 31, 2009 Non - Controlling Interests	December 31, 2009 Non - Controlling Interests Share from Profit (Loss) for the Year	December 31, 2008 Minority Interest	December 31, 2008 Minority Interest Share from Profit (Loss) for the Year
	%	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Arab Palestinian Storage Company	35/ 4	4,500,000	-	-	-	-	(4,294,935)	(166,024)	39,041	11,279	(58,796)	60,988	(99,950)
Medical Supplies and Services Company	50	3,227,990	-	349,080	-	-	463,233	1,622,148	5,662,451	2,831,226	811,074	2,270,599	644,127
Unipal General Trading Company	16/ 3	4,929,577	-	1,530,582	-	-	(298,928)	3,150,492	9,311,723	1,524,778	253,468	1,363,225	579,430
National Aluminum and Profiles Manufacturing Company	28/ 1	16,197,183	-	1,998,651	22,410	-	(6,615,186)	73,121	11,676,179	3,282,708	20,558	2,652,242	10,600
Palestinian Automobile Company	-	5,600,000	-	258,570	-	-	(288,366)	1,606,548	7,176,752	-	-	-	-
Siniora Food Industries Company	43	13,391,286	-	1,029,348	3,438,193	(17,801)	(17,041)	1,088,164	18,912,149	8,137,511	463,061	8,875,370	1,402,890
Arab Palestinian Shopping Centers Company	31 /1	9,877,240	3,553,793	71,604	-	-	(3,175,165)	425,067	10,752,539	3,342,748	132,153	3,258,227	121,302
Sky Advertising, Publication and Promotion Company	-	845,068	219,990	378,255	-	-	116,496	35,565	1,595,374	-	-	554,142	85,780
Jericho Natural Mineral Water Factory Company	15	4,803,734	-	-	-	-	(4,283,574)	(591,325)	(71,165)	(10,675)	(88,699)	78,024	(11,244)
Arab Palestinian Spare Parts and Vehicles Services Company	20	190,000	-	-	-	-	-	22,937	212,937	42,587	4,587	-	-
		63,562,078	3,773,783	5,616,090	3,460,603	(17,801)	(18,393,466)	7,266,693	65,267,980	19,162,162	1,537,406	19,112,817	2,732,935

23. Due to Banks

a. This item consists of credit facilities granted to the following companies:

	December 31,	
	2009	2008
	USD	USD
Siniora Food Industries Company	3,707,526	592,719
National Aluminum and Profiles Company	524,748	557,480
Medical Supplies and Services Company	4,927,582	2,192,578
Palestine Automobile Company	-	55,940
Unipal General Trading Company	6,308,615	8,153,153
Arab Palestinian Investment Company	227,715	464,178
	15,696,186	12,016,048

b. The following schedule shows the necessary information about creditor banks:

	Nature of Credit Facilities	Credit Facilities Ceiling	Guarantee
* Credit Facilities Granted to Siniora Food Industries Company			
- Arab Bank	Overdraft	Sheikel 1,400,000	Guarantee of Siniora Food Industries Company
- Jordan Ahli Bank	Overdraft	Sheikel 1,500,000	Guarantee of Siniora Food Industries Company and Arab Palestinian Investment Company (holding company)
- Al Quds Bank	Overdraft	USD 500,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Bank of Palestine	Overdraft	Sheikel 1,500,000	Guarantee of Arab Palestinian Investment Company (holding company)
- The Housing Bank for Trade and Finance	Overdraft	Sheikel 423,000	Guarantee of Arab Palestinian Investment Company (holding company)
- The Housing Bank for Trade and Finance	Overdraft	USD 390,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Bank of Jordan	Overdraft	USD 500,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Audi Bank	Overdraft	USD 150,000	Guarantee of Arab Palestinian Investment Company (holding company)
* Credit Facilities Granted to National Aluminum and Profiles Manufacturing Company			
- Jordan Ahli Bank	Overdraft	Sheikel 4,000,000	Guarantee of Arab Palestinian Investment Company (holding company) + mortgage of factory land and building + mortgage of factory equipment

* Credit Facilities Granted to Medical Supplies and Services Company			
- Cairo Amman Bank	Overdraft + Letters of credit	Up to USD 350,000	Retention of USD 289,049
- Bank of Jordan	Overdraft + Letters of credit	From USD 250,000 to USD 2,000,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Arab Islamic Bank	Letters of credit	From USD 1,000,000 to USD 2,000,000	Guarantee of Arab Palestinian Investment Company (holding company) + endorsement of fire and burglary insurance policy on the stores to the favor of the Arab Islamic Bank for USD 667,000
- HSBC Bank	Letters of credit	250,000	Retention of USD 12,500
- The Housing Bank for Trade and Finance	Overdraft + Letters of credit	From USD 500,000 to USD 5,755,000	Guarantee of Arab Palestinian Investment Company (holding) + endorsement of the fire and borglary insurance policy to the favor of the bank for USD 1 million + retention of cash margin of USD 3,067,700

* Credit Facilities Granted to Unipal General Trading Company			
- Cairo Amman Bank	Overdraft	From USD 2,000,000 to USD 3,500,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Bank of Jordan	Overdraft + Letters of credit	From USD 1,000,000 to USD 2,000,000	Guarantee of Arab Palestinian Investment Company (holding company) + Shareholders personal guarantees
- HSBC Bank	Overdraft + Letters of credit	From USD 250,000 to USD 1,850,000	Guarantee of Arab Palestinian Investment Company (holding company)
- The Housing Bank for Trade and Finance	Overdraft + Letters of credit	From USD 2,000,000 to USD 3,000,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Palestine Commercial Bank	Overdraft	Shekel 2,000,000	Guarantee of Arab Palestinian Investment Company (holding company)

* Arab Palestinian Shopping Centers Company			
- Arab Islamic Bank	Sales Credit Limit	USD 200,000	Guarantee of Arab Palestinian Investment Company (holding company)

The average interest rates on the credit facilities granted to the Companies mentioned above as follows:

Jordanian Dinar	6% - 9%
US Dollar	LIBOR + 1/5% - LIBOR + 2/5%
Israeli Sheikel	prime + 2% - prime + 3%.

24. Postdated Checks

This item consists of the following:

	December 31,	
	2009	2008
	USD	USD
National Aluminum and Profiles Company	1,198,449	696,642
Arab Palestinian Shopping Centers Company	1,339,262	704,540
Siniora Food Industries Company	461,687	550,824
Medical Supplies and Services Company	3,034,347	2,645,377
	6,033,745	4,597,383

- The maturities of postdated checks extend to December 31, 2010.

25. Provision for Employees End-of-Service Indemnity

This item consists of end-of-service indemnity provision balances in the following companies:

	December 31,	
	2009	2008
	USD	USD
Arab Palestinian Storage Company	31,251	27,166
Medical Supplies and Services Company	699,490	584,544
Unipal General Trading Company	1,006,509	884,823
National Aluminum and Profiles Company	276,011	182,861
Palestine Automobile Company	468,866	386,130
Arab Palestinian Shopping Centers Company	274,050	271,625
Arab Palestinian Investment Company (holding company)	273,393	294,388
Sky Advertising, Public Relations, and Event Management	386,747	320,800
Siniora Food Industries Company	617,901	518,987
	4,034,218	3,471,324

The movement on the employees end-of-service indemnity provision is as follows:

	2009	2008
	USD	USD
Balance - beginning of the year	3,471,324	2,669,121
Additions	1,006,908	1,171,737
Paid from the provision	(444,014)	(369,534)
Balance - end of the Year	4,034,218	3,471,324

26. Revaluation Surplus of Fixed Assets

This item consists of the following:

	December 31,					
	2009				2008	
	Revaluation Surplus	Ownership	Company's Share	Minority Interest Share	Company's Share	Minority Interest Share
	USD	%	USD	USD	USD	USD
Arab Palestinian Shopping Centers Company *	3,553,793	68/91	2,448,919	1,104,874	2,072,206	1,481,587
Sky Advertising, Public Relations, and Event Management **	219,990	100	219,990	-	260,441	76,045
	3,773,783		2,668,909	1,104,874	2,332,647	1,557,632

*** Arab Palestinian Shopping Centers Company**

In their meeting held on April 17, 2006, the General Assembly of the Company approved the revaluation of the plot of land owned by the Company and its presentation in the financial statements at fair value. The land was revalued by two licensed real estate assessors at a price ranging from USD 480 to USD 500 per square meter. Accordingly, the Board of Directors resolved to adopt 75% of the lower assessed value. The revaluation difference is shown in the revaluation surplus account within owners' equity at USD 1,771,313.

According to International Financial Reporting Standards, the plot of land has been revalued as of December 31, 2008, as the price per meter was revalued from USD 660 to USD 680. Moreover, 90% of the lower valuation was taken and the accounting treatment was effected according to IAS (8), whereby the difference amounting to USD 592,299 was recorded in the consolidated changes in owners' equity. The revaluation difference as of the date of the financial statements stated in owners' equity amounted to USD 3,553,793. Additionally, the Company reassessed the value of the plot of land as of December 31, 2009 with no change in the fair value as of that date.

**** Sky Advertising, Publication, and Promotion Company**

In their extraordinary meeting held on December 31, 2006, the General Assembly of the Company approved the Board of Directors' resolution to revalue fixed assets representing external posters and vehicles. The revaluation conducted by an independent and approved expert resulted in a surplus of USD 591,394 registered in a separate item within owners' equity. Moreover, at the end of the year 2006, Sky Company sold those assets to Propaganda, Advertising and Publication Company, (subsidiary). The amounts resulting from the sale transaction have been eliminated from the consolidated financial statements of Sky Company and its subsidiary. During the years 2009, 2008 and 2007, the revaluation reserve of fixed assets used by the Company was reduced by USD 116,496, USD 166,496 and USD 138,412, representing the annual depreciation expense of these assets for the years 2009, 2008 and 2007, respectively according to International Financial Reporting Standards.

27. Sales gross income

This item consists of the following:

Company's Name	Sales	Finished Goods at the Beginning of the Year	Purchases	Cost of Production/ Operation	Finished Goods at the End of the Year	Cost of sale	Sales Gross Income	
							2009	2008
	USD	USD	USD	USD	USD	USD	USD	USD
Medical Supplies and Services Company	28,312,828	4,552,135	23,897,710	-	5,338,202	23,111,643	5,201,185	4,517,451
Unipal General Trading Company	161,492,505	11,651,555	154,525,026	-	13,411,481	152,765,100	8,727,405	8,390,068
National Aluminum and Profiles Company	13,198,366	1,593,231	8,143,282	2,380,661	810,168	11,307,006	1,891,360	2,067,690
Palestine Automobile Company	23,372,027	-	-	18,603,068	-	18,603,068	4,768,959	3,152,871
Siniora Food Industries Company	20,651,430	1,107,229	-	13,313,716	962,798	13,458,147	7,193,283	9,133,855
Arab Palestinian Shopping Centers Company	21,417,517	1,526,055	18,112,671	-	2,374,916	17,263,810	4,153,707	2,534,862
Arab Palestinian Spare Parts and Vehicles Services Company	82,397	-	217,519	-	168,201	49,318	33,079	-
	268,527,070	20,430,205	204,896,208	34,297,445	23,065,766	236,558,092	31,968,978	29,796,797

28. General and Administrative Expenses

This item consists of the following:

	2009	2008
	USD	USD
Salaries and wages	6,353,238	6,296,396
Employees benefits	721,824	535,772
Provision for employees end-of-service indemnity	883,222	1,041,376
Rents	962,228	504,003
Stationery and printing	199,269	175,796
Maintenance and cleaning	301,178	293,043
Communication	512,890	426,131
Entertainment	294,364	219,550
Donations	216,863	146,466
Transportation and travel expenses	547,042	513,198
Consultation, legal and professional expenses	1,017,050	915,099
Subscriptions, governmental expenses and fees	263,984	188,196
Board of Directors' expenses	129,056	180,648
Bank expenses	3,743	2,013
Insurance	24,583	40,635
Vehicles expenses	461,793	385,564
Health insurance	39,212	27,690
Water and electricity	752,144	695,463
Advertising	84,534	90,401
Depreciation	1,636,675	923,438
Provision for doubtful debts	243,104	564,868
Goods storage expenses	175,017	118,519
Provision for slow-moving inventory items	159,515	88,338
Training	151,506	93,180
Other	1,010,760	974,351
	17,144,794	15,440,134

29. Selling and Distribution Expenses

This item consists of the following:

	2009	2008
	USD	USD
Salaries and wages	2,476,279	2,334,086
Social security contributions	121,814	28,808
Advertising	273,835	447,103
Sales bonuses and commissions	308,413	263,017
Car and fuel expenses	933,258	790,210
Water and electricity	9,810	17,946
Communication	80,489	80,146
Insurance	89,849	70,821
Depreciation	290,877	160,059
Maintenance	64,274	72,513
Marketing	152,900	183,632
Transportation and travel	77,670	73,215
Export expenses	145,650	147,652
Provision for employees end-of-service indemnity	121,540	129,655
Governmental expenses	4,961	16,278
Portage expenses	315,260	318,005
Entertainment	1,903	325
Rent	84,771	15,000
Other	312,864	233,637
	5,866,417	5,382,108

30. Other Revenues - Net

This item consists of the following:

	2009	2008
	USD	USD
(Losses) from sale of fixed assets	(574,995)	(20,587)
Dividends income	330,000	92,819
Currency exchange differences	(125,419)	129,234
Recovered from provision for doubtful account	19,720	99,353
Discounting long-term checks under collection to their present value	-	28,890
Other revenues (expenses)	125,645	(63,626)
	(225,049)	266,083

31. Income Tax – Subsidiary Companies

- Deferred Tax Assets
This item includes the following:

Accounts Included Assets	2009					2008
	Beginning Balance	Released Amounts	Additions	Ending Balance	Deferred Tax	Deferred Tax
	USD	USD	USD	USD	USD	USD
Provision for doubtful debts	1,826,884	226,558	187,250	1,787,576	245,390	255,407
Provision for slow-moving inventory items	365,735	166,081	138,607	338,261	49,062	54,860
Provision for employees end-of-service indemnity	2,646,109	227,159	647,864	3,066,814	413,680	357,992
Prior years' losses	759,249	151,850	88,164	695,563	104,334	113,887
Lawsuits provision	313,258	300,000	-	13,258	1,856	46,989
	5,911,235	1,071,648	1,061,885	5,901,472	814,322	829,135

- Deferred tax assets for some subsidiary companies have not been booked as they are immaterial and management is uncertain to benefit from them in the future.
- Income tax provision

The movement on income tax provision is as follows:

	2009	2008
	USD	USD
Balance - beginning of the year	1,975,292	1,008,864
Paid income tax	(1,525,797)	(574,127)
Accrued income tax	1,429,611	1,540,555
	1,879,106	1,975,292

- The Arab Palestinian Investment Company (holding company) has concluded a final settlement with the Income Tax Department up to the end of the year 2008.

The following schedule shows the tax status of the subsidiary companies :

Company's Name	Final Settlement up to Year
Unipal General Trading Company	2008
Sky Advertising, Public Relations, and Event Management	2008
Medical Supplies and Services Company	2008
National Aluminum and Profiles Company	2007
Palestine Automobiles Company	2008
Arab Palestinian Storage Company	2005
Arab Palestinian Shopping Centers Company	2007
Siniora Food Industries Company (Jordan-Palestine)	2005- 2008
Jericho Natural Mineral Water Factory Company	Exempted
Arab Palestine Spare Parts and Vehicles Services Company	Establish on November 16, 2008

32. Insurance claims

Siniora Food Industries Company Factory – Palestine at Ezeriah caught fire, on May 15, 2009, due to an electric contact, that destroyed the production line completely and caused considerable damage to the building accommodating the production line. Moreover, management of the Company obtained an insurance policy on its assets from Al-Mashriq Insurance Company for a sum of USD 7,940,000 with reinsurance at international insurance companies, in addition to obtaining insurance against loss of profit at USD 250,000.

Due to fire, the Company incurred losses of USD 2,488,937, representing the book value of the assets damaged by fire. Moreover, the Company's management claimed compensation from the insurance company for the fire damages and foregone profit covered by the insurance policy estimated at USD 3,153,909 based on the report of the loss assessor dated August 24, 2009 and the loss of profit policy appendix which stated that the main cause to the fire was the electric contact and that the insurance policy covers all losses to which the subsidiary company was exposed.

Subsequent to the fire incident date, the Company's management took all the necessary measures to claim financial compensation from the insurance company. Moreover, the Company entered into production contracts with competitive local companies to produce all types of products produced by the Company at these Companies' factories. Consequently, the Company's management was able to maintain its production and to supply the market with its products continuously.

Furthermore, Siniora Food Industries Company – Palestine obtained a loan from a local bank in Palestine to finance the acquisition of new equipment and machinery and to rebuild and reoperate the factory, and consequently, resume production as soon as possible.

On November 23, 2009, the Company signed a settlement agreement with the insurance company for USD 1,950,000, which is included in the consolidated statement of financial position as final compensation for the losses on the machinery, goods, and buildings damaged in varying degrees by fire. The final settlement included the Company's right to retain all the fire – damaged machinery as part of its equity. Moreover, the Company repaired some machinery damaged by fire at book value plus the amounts incurred by the Company for requalifying the machinery for production congruent with the new production line of USD 861,550. The paid amount was capitalized while keeping a surplus of USD 143,483 within accrued expenses to face any probable additional expenses in connection with the requalified machinery.

33. Contingent Liabilities

First: As of the date of the financial statements, the Company was contractually liable for the following:

1. Sale of fixed assets of Jericho Natural Mineral Water Factory Company

The shareholders of Jericho Natural Mineral Water Factory Company (excluding the Ahlia Insurance Group Company – owns 15% of the Company's Capital-which objected against the sale by holding a reserved position on the decision) resolved, in their extraordinary meeting held on October 24, 2005, to sell the Company's assets (production line, trade marks, and trade name) to the Palestinian Soft Drinks Company (private shareholding company). On December 19, 2005, a sale – purchase agreement between the Company (Jericho Natural Mineral Water Factory Company) and The National Beverage Company was signed. According to the agreement, the Company sold and transferred ownership title of the Company's assets defined in the agreement appendix. Moreover, the assets represent the production line, trade marks, and fixed assets that are free from any mortgage, lien, legalities, or rights to any third party (except for the land and building erected on it). The assets were sold for an amount of USD 900,000 to be repaid over 5 calendar years in 5 installments of USD 180,000 each to be paid annually effective from December 30, 2006 up to December 30, 2010. Moreover, they are shown at their net present value in the accompanying financial statements. The seller is committed to issue a tax invoice to the purchaser for the amount plus the value added tax.

The agreement states, among other things, the following:

a. The seller declares the land on which the factory is erected as a common ownership property. Moreover, the seller is committed to compensate the purchaser for any damages or work downtime due to common ownership of the land for a maximum of USD 90,000. The compensation is to be calculated on a monthly basis by dividing the amount over twelve months.

b. The purchaser is committed to obtain an insurance policy for the real estate at a ceiling of USD 750,000. The policy covers insurance against fire, theft, earthquakes, storms, wind forces, floods, vehicle accidents, aircraft accidents, explosion of pipes, and explosions whereby the seller is the only beneficiary from the policy. As long as the cost of the assets has not been fully repaid, the purchaser is committed to obtain an insurance policy that covers insurance against theft, fire, and natural catastrophes whereby the purchaser is the only beneficiary from the policy and the seller benefits through the purchaser up to the limit of the remaining balance as per the agreement.

c. If the seller decides to sell the real estate within five years from the date of signing the agreement, priority is given to the purchaser.

d. The related fixed assets are not shown in the accompanying consolidated financial statements.

e. The Company's future plan represents selling its production line of water bottling, trade marks, trade name and other assets. This is to be performed in a manner that insures the incurrence of the least losses in light of the study of the available alternatives prepared by executive management in relation to the Company's financial status and profitability during the upcoming five years and the utilization of the positive cash flows to repay the Company's debts owed to banks and suppliers, in addition to benefiting from the available resources and investing in other profitable economic activities.

Therefore, management laid down a detailed plan to resume its activities in a manner congruent with the opportunities available in the Palestinian market. Accordingly, management is currently engaged in feasibility studies relating to the needs of the local agricultural community in Jericho, particularly in light of the expected withdrawal of the Israeli troops from the agricultural settlements surrounding Jericho Governorate. Consequently, new investment opportunities in the field of manufacturing agricultural products shall become available. Moreover, the Company revalued the buildings and plots of land, and the revaluation showed no significant differences between the values of the assets stated in the Company's financial statements and the values reported by the assessor. On the other hand, management is presently approaching certain parties such as the Palestinian Agricultural Relief Organization to set up a comprehensive plan to achieve the above-mentioned points.

2. Sale of the factory building of Jericho Natural Mineral Water Factory Company:

In this extraordinary meeting held on June 21, 2009, the shareholders of Jericho Natural Mineral Water Factory Company decided to sell the factory and land on which the factory is erected Plot # 15 Basin # 11 Amara Site at Nweimeh Village, Jericho). On July 14, 2009, a purchase – sale agreement was signed between the Company (Jericho Natural Mineral Water Factory Company) and the National Drinks Company. According to the agreement, the Company sold the factory building and land on which the factory is erected and conceded their ownership at the Land Registry Department in Jericho. Moreover, the real estate is free from any mortgages and / or liens and / or legal restrictions against USD 860,000 as full and final payment of the real estate value. The seller is obliged to issue a tax invoice to the buyer for the amount excluding value added tax the Company is committed to pay until the following matters are decided:

a . The buyer has obtained all the necessary approvals and decisions from his Board of Directors and Extraordinary General Assembly.

b. The person authorized to sign the agreement has obtained all the necessary approvals and decicisions.

c. The buyer is obliged to settle any dues to the Municipality and to obtain a clearance from it relating to the property.

d. The buyer is responsible for all dues on electicity and water subscription contracts in connection with the factory erected on the plot of land.

3. During August 2008, the metal poles of a major production line (withdrawal line) of the National Aluminum and Profiles Company suddenly broke, resulting in production termination for 86 days. The Company claimed compensation from the related insurance company for the direct damages of the metal poles as well as fees for repairing the damages and re-assembling the poles, in addition to claiming compensation for the loss of profits resulting from the termination of production.

On March 12, 2009, the Company reached a final settlement with the insurance company including recognition of an amount of Sheikel 211,548 (equivalent to USD 35,254) for the direct damages and an amount of USD 100,000 for the loss of profit recovered during the year 2009.

Second: As of the statement of financial position date, the Company was contingently liable for the following:

	December 31,	
	2009	2008
	USD	USD
Letters of credit	11,064,937	3,291,575
Bank guarantees	9,852,224	9,264,581
Outstanding bills	1,069,682	471,076
Bills of collection	-	2,818
Contractual liabilities –projects under construction and others	1,083,977	2,716,403

34. Lawsuits

a. Siniora Food Industries Company

The lawsuits against Siniora Food Industries Company amounted to JD 3,100. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

b. Arab Palestinian Shopping Centers Company

The lawsuits against Arab Palestinian Shopping Centers Company amounted to USD 15,907, representing labor claims. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

c. Jericho Natural Mineral Water Factory Company

During the year 2008, the shareholder owning 15% of the Company's capital "Ahli Group Insurance Company" raised a lawsuit against Mr. Ali Al-Aqqad himself and against him as a chairman of Jericho Natural Mineral Water Factory Company and against the Arab Palestinian Investment Company (APIC) as a shareholder and a board member in Jerico Natural Mineral Factory Company, represented by Mr. Tarek Omar AL-Aqqad, claiming an amount of USD 721,577, representing the prosecutor's shares in the Company's capital. Moreover, the prosecutor objected against the Company's management which incurred losses as well as against its previous sale contract of the Company's assets.

In the opinion of the Company and its lawyer, the Company stands on solid ground regarding this case as the resolution objected to has been documented and is available at the Companies Controller's Office.

35. Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

· Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
· Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
· Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31,2009	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Trading financial assets				
Available-for-sale financial assets	1,658,389	3,979,550	-	5,637,939
	1,658,389	3,979,550	-	5,637,939

36. Related Parties

a. During the year 2009 and 2008, the Company carried out the following transactions with related parties:

Year 2009	**Nature of Transaction**	Amount
		USD
Al-Aqqad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	258,825

Year 2008	**Nature of Transaction**	Amount
		USD
Al-Aqqad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	219,987

b. The salaries, bonuses, and other benefits of the executive management of the holding company and its subsidiaries amounted to USD 2,663,425 for the year 2009 (USD 2,454,770 for the year 2008).

37. Segmental Analysis

The following is information on the Company's business sectors according to activities:

	Industrial	Trade	Service	Other	Total 2009	Total 2008
	USD	USD	USD	USD	USD	USD
Total revenues	33,921,030	234,677,274	5,635,034	488,479	274,721,817	238,677,598
Less: Cost of sales and services	24,836,387	211,792,939	4,706,921	-	241,336,247	206,245,012
Gross Profit	9,084,643	22,884,335	928,113	488,479	33,385,570	32,432,586
Less: Expenses not allocated to sectors					26,561,789	23,546,919
Income before tax					6,823,781	8,885,667
Less: Income tax					1,444,424	1,402,018
Income for the Year					5,379,357	7,483,649

Other information						
Sector assets	57,861,412	94,322,199	2,301,654	-	154,485,265	111,836,398
Assets not allocated to sectors	-	-	-	11,825,789	11,825,789	20,955,904
	57,861,412	94,322,199	2,301,654	11,825,789	166,311,054	132,792,302

Sector's liabilities	27,135,176	57,509,829	344,111	-	84,989,116	63,062,543
Liabilities not allocated to sectors	-	-	-	11,726,980	11,726,980	3,583,725
	27,135,176	57,509,829	344,111	11,726,980	96,716,096	66,646,268

38. Risk Management

a. Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and to maximize the return to stakeholders through achieving an optimal balance between equity and debts. Moreover, no change in the Company's policy has occurred since the year 2007.

The following table shows the ratio of liabilities to equity as of December 31, 2009 and 2008:

	December 31,	
	2009	2008
	USD	USD
Due to banks	15,696,186	12,016,048
Accounts payable	22,649,596	17,475,663
Notes payable maturing within a year	797,364	959,650
Post-dated checks	6,033,745	4,597,383
Loans installments maturing with a year	17,682,018	12,088,933
Short - term commitments against financial lease contract	14,450	-
Other credit balances	9,505,661	4,841,719
Tax provision	1,879,106	1,975,292
Total Current Liabilities	74,258,126	53,954,688
Provision for employees end-of-service indemnity	4,034,218	3,471,324
Long - term commitments against financial lease contract	57,176	-
Long-term loans installments	18,366,576	9,220,256
Total Liabilities	96,716,096	66,646,268
Total Owners' Equity	69,594,958	66,146,034
Ratio of Debt to Owners' Equity	139%	101%

b. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments. Moreover, the Company manages liquidity risk through maintaining adequate reserves and continuously monitoring forecast and actual cash flows, and matches the maturities of financial assets and financial liabilities.

c. Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with only creditworthy counterparties and obtaining adequate guarantees, as appropriate, to mitigate the risk of financial loss from defaults.

The Company's financial assets which consist mainly of accounts receivable, cheques under collection and cash and cash equivalent do not represent significant concentrations of credit risk as the debtors are spread widely among clients classifications and their geographic areas. Moreover, the Company maintains a strict credit policy by monitoring the credit limit for each client individually.

d. Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's major foreign currency transactions are denominated in Jordanian Dinar, Shekel and Euro. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the statement of financial position date are as follows:

	Assets		Liabilities	
	December 31,		**December 31,**	
	2009	2008	2009	2008
	USD	USD	USD	USD
Jordanian Dinar	23,329,290	25,105,660	4,740,608	2,477,832
Sheikel	33,293,730	26,085,897	28,565,155	24,765,086
Euro	5,382,017	659,269	4,793,792	1,049,798

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency for the years 2009 and 2008 that impacts the statement of income and owners' equity is as follows:

	+1%		-1%	
	2009	2008	2009	2008
Asset	USD	USD	USD	USD
Sheikel	322,937	260,859	(332,937)	(260,859)
Euro	53,820	6,593	(53,820)	(6,593)
Liabilities				
Sheikel	(285,562)	(247,651)	285,562	247,651
Euro	(47,938)	(10,498)	47,938	10,498

Management believes that there is no risk associated with the U.S. Dollar since the Jordanian Dinar is pegged to the U.S. Dollar.

e. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company manages its exposure to interest rate risk continuously and reassesses the various options such as refinancing, renewal of the current position, and alternative financing.

The sensitivity analysis below has been determined based on the exposure to interest rate risk for banks borrowings at the balance sheet date. The analysis is prepared assuming the amount of the liability outstanding at the statement of financial position date was outstanding for the whole year. An increase or decrease amounting to 1% is used which represents management's assessment of the probable and acceptable change in market interest rate:

	+1%		-1%	
	2009	2008	2009	2008
	USD	USD	USD	USD
Statement of income	(435,541)	(388,823)	435,541	388,823
Owner's Equity	(435,541)	(388,823)	435,541	388,823

f. Shares Prices Risk

Shares prices risk is a result of the change in the shares fair value. The Company manages this risk by diversifying its portfolio to different geographical areas and economic sectors. Most of the investments owned by the Company are listed on the Palestinian Stock Market.

	December 31, 2009	
	Change in Indicator	Effect on Statement of Income
Indicator	USD	USD
Palestinian Stock Market	- + 5%	- +85,027

	December 31, 2008	
	Change in Indicator	Effect on Statement of Income
Indicator	USD	USD
Palestinian Stock Market	- + 5%	- +49,876

g. Occupation and Sovereignty Risks

Occupation and Sovereignty risks are the risks to which the Palestinian Authority Territories (PATs) are exposed due to acts of invasion and violence stemming from the prevailing circumstances in those territories. These acts are coupled with curfew measures and suspension of work. Most of the operations of the subsidiary companies of Arab Palestinian Investment Company (holding company) are conducted in those territories, and therefore, are exposed to those risks.

The Subsidiary companies of Arab Palestinian Investment Company (holding company) and their managements work to mitigate those risks to reduce the related financial risks through distributing the entities, stores, and distribution channels all over the Palestinian Authority Territories. All of the PATs subsidiary companies are covered by insurance policies against all types of risks.

39. Earnings per Share for the Company's Shareholders

	For the Year Ended December 31,	
	2009	2008
	USD	USD
Profit for the year	3,841,951	4,750,714
Weighted average number of shares	43,317,702	42,887,460
Earnings per share for the year relating to the Company's shareholders	0/09	0/11

- As stated in Note (1b) the General Assembly of the Company resolved in its extraordinary meeting held on May 28, 2009 the Company paid-up capital has been increased by USD 649,110 to become USD 43,536,570. Moreover, the share par value has been decreased from USD 70 to USD 1. The related approved from the Virgin Islands concerned authorities was obtained on July 14, 2009. Best on that, the weighted average number of shares calculated for the current and prior year.

40. Geographical Distribution

The Subsidiary companies are concentrated in the Palestinian Authority Zone except for what is stated below for the years 2009 and 2008:

Company's Name	Geographical Area	December 31, 2009			
		Assets	Liabilities	Revenues	Expenses
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	28,310,024	11,187,324	14,709,360	13,814,408
Jordan Palestinian for Frozen Distribution Company	Jordan	581,659	693,406	696,739	949,530

Company's Name	Geographical Area	December 31, 2008			
		Assets	Liabilities	Revenues	Expenses
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	28,310,299	9,155,157	13,614,165	12,742,750

41. Comparative Figures

Some of the comparative figures for the year 2008 have been reclassified to correspond with the current year presentation. The reclassification has had no impact on the prior year's results of operations.