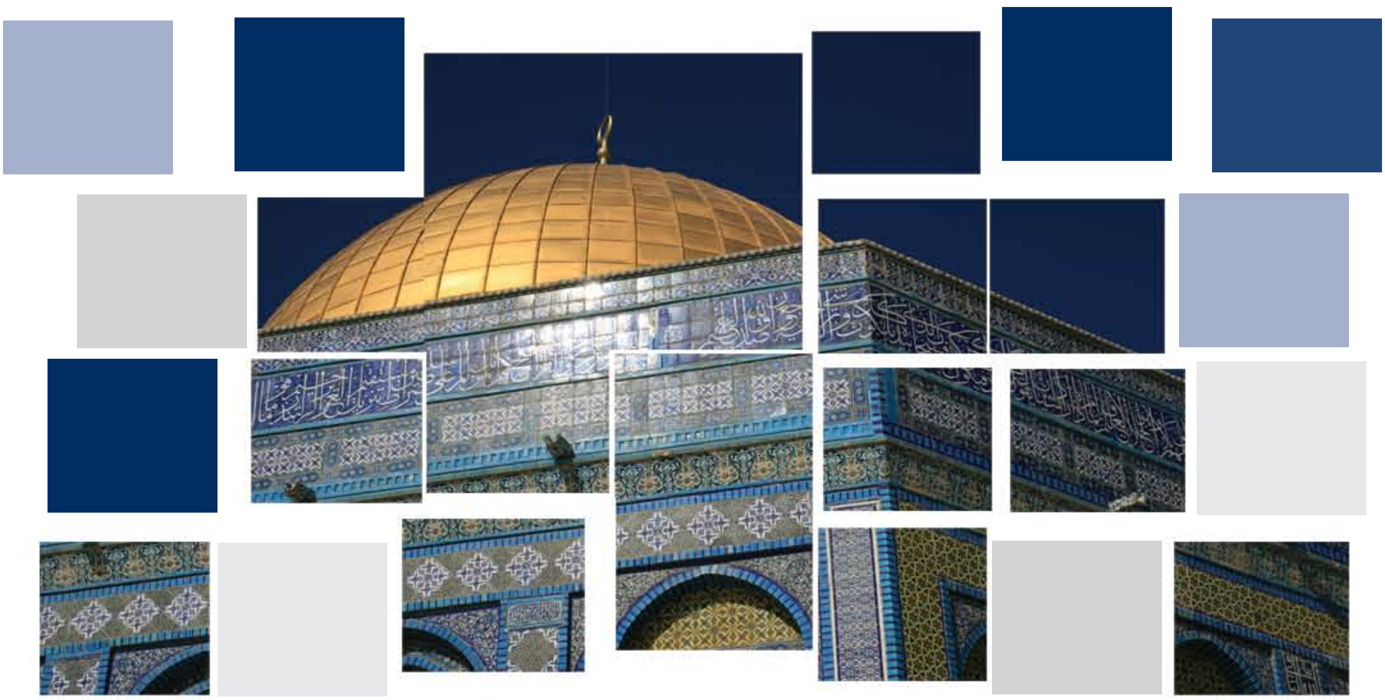
APIC أيبك



Annual Report 2008

APIC أيبك

Annual Report 2008

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Board of Directors

Tarek Omar Aggad

Chairman & 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

We Are APIC

Siniora Food Industries

Palestine Automobile Company LTD. (PAC) - HYUNDAI

National Aluminum & Profile Company

Sky Advertising, Public Relations and Evnent Management Company

Unipal General Trading Company

Palestine Electric Company

Medical Supplies and Services

Millennium Energy Industries-Palestine

The Arab Palestinian Shopping Centers Company PLC - PLAZA

ULTIMIT Advanced Turnkey Solutions Company

APIC
P.O. Box 941489 Amman 11194, Jordan
Tel: +962 6 556 2910, Fax: +962 6 556 2915
Palestine Branch
P.O. Box 2396 Ramallah, Palestine
Tel: +970 2 298 1060, Fax: +970 2 298 1065

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CEO Message

Dear Shareholders,

This past period has been marked by economic turbulence worldwide and a humanitarian disaster in Palestine. In December 2008, the people of Gaza, who have long suffered a crippling blockade, became victims of a devastating military assault that left over 1,500 Palestinians dead and more than 100,000 homeless. As I am writing this message, reconstruction efforts are being stalled by the occupation, which still refuses to allow even the most essential products to enter Gaza.

Although it is difficult to report good news while Palestinians are suffering, after 12 years of building the organization under constantly difficult circumstances, the Arab Palestinian Investment Company (APIC) continues its track record of growth.

In 2008, our consolidated revenues grew by 46 percent to $237 million, and the group's net income including minority interest grew by 211 percent to $7.613 million. I am also pleased to report that all APIC's operating companies are recognized as the market leaders in their specific fields.

Entering 2009, growth is expected to continue, albeit at a slower rate, mainly due to the world economic downturn and the ongoing crisis in Gaza, which is affecting one-third of our total addressable market.

Amid these economic uncertainties, APIC continues to find opportunities for growth and investment. In 2008, two new companies were launched, one in the alternative energy sector and one in IT systems. These initiatives have diversified our portfolio, taking the group into exciting future-growth industries, as well as complimenting our commercial and service subsidiary businesses. We have also grown our existing businesses by adding new product lines and signing four major exclusive distribution contracts with Kraft Foods, Heinz, XL Energy Drink and Ülker- Golf.

In our efforts to enhance shareholder value, in 2008 Siniora Food Industries was transformed into a public shareholding company and will be listed on the Amman Stock Exchange in the future. Procedures are already in place to have APIC listed as a holding company on the Palestinian Stock Exchange.

As a reflection of our culture of excellence, in April 2008, APIC subsidiary Unipal General Trading Company received a 100 percent mark on its Quality Assurance Key Element Rating System from global consumer-goods giant Procter & Gamble. Unipal is the first distributor in all of Central Europe, the Middle East and Africa to be awarded this rating.

Our internal policies, procedures and control systems have resulted in a fully transparent financial structure. In fact, it is now possible to obtain accurate measurement of actual achievements versus objectives and goals on most levels and almost in real time.

In the area of human resources, APIC's family of employees has grown to 850-strong. Our investment in building a set of group values that target entrepreneurship, efficiency and teamwork is bearing fruit. We continue to invest in training, as we believe in playing our part in developing Palestine's workforce. It is a source of pride to us that most of our senior staff, including subsidiary general managers, started with the group straight out of university in junior positions over 10 years ago.

APIC's vision is bound to the commitment of being a responsible and vital part of the Palestinian community. To this end, we are active supporters of numerous charitable organizations, including the child-mentoring programs Paces and Injaz Palestine. In our efforts to address the critical needs of Gaza's victims, APIC donated $250,000 in cash and kind. In the coming year, APIC intends to concentrate most of its social responsibility efforts on helping Gaza as the community tries to rebuild itself.

Our ongoing track record of growth as well as our confidence in our organization has driven us to set a higher goal, which has been shared and enforced with all our stakeholders and team: "To reach $1 billion in gross revenues within a ten-year time frame." In a market such as Palestine, this is no easy task and can even be considered audacious. However, translating it into an average growth rate of 16% each year makes APIC well positioned to meet this challenge.

I would like to thank APIC's shareholders for their continuous support, without which none of this would have been possible.

Best Regards,
Tarek Aggad
Chairman and CEO

Our Vision

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

Our Mission

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

- Provide superior quality products and services.
- Employ capable and experienced personnel and ensure that they are supplied with opportunities for growth and improvement.
- Continuously apply efficient work systems to all aspects of the business cycle.
- Maintain a solid financial base that drives further growth.
- To partner with key stakeholders in the region to effect real change in the Palestinian community.

Our Investments

APIC, a leading Palestinian investor, is made up of a group of subsidiary companies that offer a wide range of products and services. APIC's strategic investments in key sectors include trade, distribution, manufacturing and services. Its subsidiaries have established their leadership and commitment to the national economy through transparency and high performance standards.

Investments

Manufacturing

Distribution

Services

Other Investments

The Siniora Meat Processing Factories are the region's leader in its field since its establishment in 1920.

The Siniora Meat Processing Factories of Jerusalem are the region's leader in its field since its establishment in 1920. APIC seized the opportunity to acquire Siniora in Jordan, and in Palestine in 1996, under the name Siniora Food Industries, Ltd.

Siniora Food Industries, operational in both Jordan and Palestine, annually produces over nine thousand tons of fine turkey, beef and chicken products in over 70 varieties of processed, frozen, and fresh meat.

Siniora utilizes state-of-the-art technologies to offer quality and cost-effective products that exceed international hygiene, quality, and safety standards. All meat products are processed and cooked according to Islamic halal practices.

Siniora Food Industries holds different internationally-recognized standard certifications such: HACCP and ISO 9001:2001, which certify the products through regular inspections of all the company's processes. Siniora Food Industries- Palestine also received the Palestinian Standard Certificate (PS) for cold cuts and canned luncheon meats.

The company distributes and sells processed meat products, for the local Jordanian and Palestinian market as well as exporting to Saudi Arabia, the United Arab Emirates, Lebanon, Oman, Qatar and North Africa.

Siniora Food Industries
Amman, Jordan
King Abdullah II Industrial Estate Sahab
P.O. Box 191, Amman 11512 Jordan
Tel: +962 6 422 3772, Fax: +962 6 422 3773

Siniora Food Industries Company
Jerusalem, Palestine
P.O. Box 132 Jerusalem, West Bank, Palestine
Tel: +972 2 279 6804, Fax: +972 2 279 9088
www.siniorafood.com

National Aluminum & Profile Company

The first and only manufacturing company of aluminum profiles in Palestine.

Situated in the city of Nablus, the National Aluminum and Profile Company (NAPCO) is the first and only manufacturing company of aluminum profiles in Palestine. Established in 1993, this public-shareholding company, boasting a 28,000-square meter facility, has a production capacity that exceeds 6,000 tons annually.

NAPCO's production lines include extrusion, anodizing, powder coating, wood effects and a cast house. Precision-engineered extrusion profile applications include windows, doors, curtain walls, kitchen cabinets, electrical and electronic cabinets, and architectural features. Aluminum profiles in mill, polyester-powder coated or anodized are available in matte and shiny finishes, as per individual configurations. NAPCO's plant is currently able to satisfy the entire Palestinian market and has substantial potential for regional export.

The APIC subsidiary employs sophisticated manufacturing equipment and efficient management systems to ensure that the production of quality profiles complies with the highest international standards and specifications. NAPCO's Quality Control Department is equipped to monitor each production phase to ensure compliance with accredited international standards and specifications.

As part of NAPCO's commitment to thr environment and people and in order to improve overall efficiency and reduce product waste, NAPCO operates its own aluminum recycling plant, water treatment and waste recycling units.

The National Aluminum and Profiles Company - NAPCO
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P.O. Box 178
Tel: +972 9 234 7222, Fax: +972 9 234 7616
napco@napco.com.ps www.napco.com.ps


ipal
يونيبال
ADMU 497694 7
ADMU 497501 0

Unipal General Trading Company

UNIPAL يونيبال

The leading fast-moving consumer goods (FMCG) distributor in Palestine.

Founded in 1994, Unipal is undoubtedly the leading fast-moving consumer goods (FMCG) distributor in Palestine; in fact, this year Unipal received a rating of 100 percent from Procter & Gamble's Quality Assurance Key Element rating system, the first distributor in all of Central Europe, the Middle East and Africa to be awarded this valuable distinction.

With an unparalleled track record of sales growth, Unipal's highly efficient distribution system delivers leading quality products and services that fulfill Palestinian consumer needs.

Unipal has sole distribution rights for multinationals such as Philip Morris International, Procter & Gamble, Kraft Foods, XL Energy marketing and Ulker- Golf among other well-known brands.

Unipal operates two main headquarters located in the West Bank cities of Ramallah and Hebron, with a branch in Gaza and seven depots around the country that ensure sufficient stock levels. This expansive distribution network in Palestine enables Unipal to effectively drive a product to a leading market position in a small timespan.

Contributing to the success of Unipal is an executive team that is both responsive and astute to fluctuations in market demand. The company has sustained a solid financial position with high liquidity and efficient cash cycles. Business has tripled in the last five years, despite political and economic challenges, and healthy growth rates are projected for the coming year.

PHILIP MORRIS

P&G

XL

Heinz

KRAFT

Golf

Unipal General Trading
Ramallah, Palestine
P.O. Box 2190
Tel: +972 2 298 1060, Fax: +972 2 298 1065
info@unipalgt.com www.unipalgt.com


kiddi
kiddi

MSS

Palestine's first and top company in the health-care products distribution field.

Medical Supplies and Services (MSS), was established in 1994, as one of the first Palestinian companies that offer health care solutions. MSS has delivered consistent increase sales record annualy.

MSS is the most diversified supplier in Palestine, distributing pharmaceuticals, medical and laboratory equipment, surgical and disposables items, and fast-moving consumer goods (FMCG) to over 900 pharmacies, private hospitals, NGOs, the Ministry of Health and major retail outlets.

MSS is the sole distributor and service provider for major multinationals including Abbott International, Abbott Diagnostic, Aloka, Aventis, Beiersdorf (Nivea), B. Braun, Boehringer Ingelheim, Eli Lilly, GlaxoSmithKline, Janssen-Cilag, Nihon Kohden, Pharmaton, Ferring, Eppendorf, Stago, Metdem and Trisa.

The company headquarters are located in the West Bank city of Ramallah with two branches in Gaza and Jerusalem. MSS has an extensive distribution network for its medical supplies and prides itself of the exemplarity delivery system.

Medical Supplies and Services
Ramallah, Palestine
P.O. Box 1909
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مركز پلازا للتسوق
PLAZA
Shopping Center

مركز پلازا للتسوق
PLAZA
Shopping Center

The Arab Palestinian Shopping Centers Company PLC - PLAZA

The first retail chain in Palestine.

The Arab Palestinian Shopping Centers Company (APSC) is a publicly-traded subsidiary (PSE: PLAZA) of APIC, offering the first modern shopping and entertainment complex of its kind in Palestine as well as a chain of supermarkets in the West Bank.

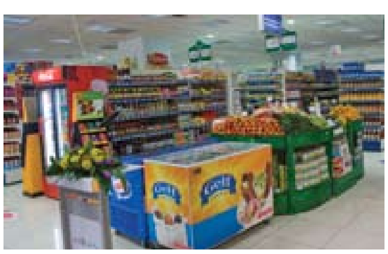
Opened in 2003, the $10.2 million project contains two company-run anchor stores, Palestine's largest supermarket called Bravo and The Jungle, an indoor play area for children, along with restaurants, kiosks and retail spaces. Based in the city of Al-Bireh, the facilities are an ideal location for shoppers from Jerusalem, Ramallah and the surrounding areas.

In 2005, Plaza acquired its second supermarket in Ramallah. In 2007, APIC also implemented the one-stop family Plaza Shopping Center concept in Hebron, with the vision to become the country's first shopping center and supermarket chain.
In 2008, APSC opened its fourth supermarket in Ramallah with the wholesale and retail concept in mind; Bravo Tawfeer was the first of its kind in Palestine.

In 2009, APSC opened its fifth supermarket in the Al-Tireh area, establishing a solid ground for the only chain in Palestine.

Our expectations are to reach seven Bravo Supermarkets by the end of 2009.

Plaza is a member of the Middle East Council of Shopping Centers and the International Food Marketing Institute (FMI).



The Arab Palestine for Shopping Centers – Plaza
Al Bireh, Palestine
P.O. Box 4185
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info@plaza.com www.plaza.com


الشركة الفلسطينية للسيارات
HYUNDAI
SANTA FE
Terracan
STAREX
SONATA

Palestine Automobile Company Ltd.
(PAC) - HYUNDAI

The sole distributor for the Hyundai Motor Company.

Founded in 1996, the Palestine Automobile Company (PAC) is the sole distributor for the Hyundai Motor Company's entire range of passenger cars, trucks and vans. Hyundai, manufactured in South Korea, enjoys the leading market position in Palestine.

PAC's guiding principle is to provide its customers with top-notch services, achieved through its large state-of-the-art parts and service facilities in both Ramallah and Gaza and staffing them with qualified technicians and mechanics.

The Palestinian Automobile Company- Hyundai
Ramallah, Palestine
P.O. Box 1919
Tel: +972 2 295 3943, Fax: +972 2 298 0662
pac@pac-pal.com www.hyundai.ps


Sky

Sky Advertising, Public Relations and Event Management Company

The pioneer advertising and public relations and event management company in Palestine.

Founded in 1996, Sky Advertising is a pioneer advertising and public relations company in Palestine.

Sky offers full-scale advertising and public relations campaigns, along with event management services that maximize clients' exposure, an integral part in the realization of their business objectives.

The company consists of five specialized departments. The graphic design and printing section offers full campaign advertisement materials and concept development. The public relations and event management departments develop communication strategies, handle media relations, conduct market research studies and organize seminars, exhibitions and road shows. Sky's media and outdoor advertising department conducts local and international media campaigns for clients.

Sky is part of ASDA'A public relations' regional network.

Sky Advertising, Public Relations and Event Management Company
Ramallah, Palestine
P.O. Box 19965, Jerusalem
Tel: +972 2 298 6878, Fax: +972 2 298 6879
info@sky-adv.com www.sky.ps

الشركة الفلسطينية للكهرباء م.ع.م
PALESTINE ELECTRIC COMPANY PLC

The first independent power plant in the Palestinian Territories.

APIC is one of the founders and major shareholders of the Palestine Electric Company (PEC).

The Palestine Electric Company (PAS: PEC) was established in November 1999, and operates under the mandate of being the sole provider of electricity to the Gaza Strip through an implementation agreement with the Palestinian National Authority and a power purchase agreement with the Palestinian Energy Authority.

PEC, which was formed in Gaza, was built on a build-operate-own basis and is the first independent power plant in the Palestinian Territories. PEC, which first began trading on the Palestinian Stock Exchange in May 2004, provides electricity to the Gaza Strip and sells electricity to the Palestinian National Authority.

The 140-megawatt combined cycle power plant is based on four gas turbine generators with two steam turbine generators.

Palestine Electric Company
www.pec.ps

Millennium Energy Industries- Palestine

One of the providers of solar- energy solutions for residential, commercial and industrial uses in the local market.

Founded in 2008, Millennium Energy Industries-Palestine (MEI) is an initiative of APIC, MEI-Jordan and Catalyst Private Equity. MEI-Palestine is one of the providers of solar-energy solutions for residential, commercial and industrial uses in the local market. Its high-quality products are competitively priced and come in a wide range of applications, including space heating and cooling as well as hot-water systems.

MEI-Palestine is distinguished from its competitors by its superior engineering expertise, it's highly qualified staff and its close affiliation to the largest solar-energy company in the Middle East region. After an extensive survey, MEI-Palestine entered the local market, offering integrated and custom-fit solar technology tailored to meet clients' needs.

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

ULTIMIT Advanced Turnkey Solutions Company

Specializes in software development and applications, professional technical training, IT consultancy and e-commerce solutions.

ULTIMIT, a limited-liability company established in 2008, is an advanced information technology (IT) company that provides state-of-the-art tailored business IT solutions.

The company specializes in software development and applications, professional technical training, IT consultancy and e-commerce solutions.

The team at ULTIMIT consists of software engineers, computer scientists, programmers, IT security specialists, networking specialists, Web designers, business analysts, quality assurance specialists and project managers.

ULTIMIT is affiliated with major software companies, including Microsoft, Oracle and MenaITech.

ULTIMIT Advanced Turnkey Solutions Company
www.ultimitats.com

Biographies

From top : Tareq Abbas, Lina Al-Hadweh, Zuhair Osaily, Majdi Al-Sharif, Ayman Sonnoqort, Samer Kreitem , Imad Khoury, Anan Anabtawi, Ali Aggad, Imad Shobaki, Tarek Aggad.

Meet APIC's growth leaders, who are driving the group's diverse range of interests. Regarded as leaders in their fields, each comes to the organization with a determination to realize a better future for Palestine through economic advancement.

TAREK O. AGGAD
Chairman and Chief Executive Officer - Arab Palestinian Investment Company (APIC)
Executive Director - Aggad Investment Company

As executive director of the Aggad Investment Company (AICO), Riyadh, Saudi Arabia, Mr. Aggad has been responsible for monitoring several of the group's existing businesses, establishing and managing a wide range of investments in Saudi Arabia, including the distribution of automotive vehicles, telecommunication equipment and computer software. AICO has become a leading Saudi diversified holdings firm. He holds board memberships in several manufacturing, distribution and service companies in Palestine, Jordan and Saudi Arabia.
In 1995, Mr. Aggad launched the Arab Palestinian Investment Company (APIC). The group established distribution and manufacturing operations in the fields of consumer goods, pharmaceuticals, cars, retail and construction. Today, APIC is considered one of the foremost investment groups in Palestine.
Mr. Aggad was appointed by H. E. President Mahmoud Abbas to serve as a board member of the Palestinian Investment Fund (PIF) in 2006, which is the investment and development arm of the Palestinian people and government, with assets under management in excess of $1 billion.
Mr. Aggad is a member of the board of trustees and board of directors of the King Hussein Cancer Foundation. He is also a member of the Young Presidents' Organization and was named a Global Leader of Tomorrow (GLT) by the World Economic Forum at Davos in 2001.
Mr. Aggad graduated with honors from Harvard University, Cambridge, Massachusetts, with a bachelor's degree in Economics.

ALI AGGAD
Vice President of Arab Palestinian Investment Co. (APIC)

Since June 2007, Mr. Aggad has been the vice president opperations for the Arab Palestinian Investment Company (APIC). He is responsible for setting the company's objectives, goals, and strategies to deliver operational targets and build a solid organization to ensure the sustainability of growth and profits. In addition, Mr. Aggad is the chairman of the board of the Arab Palestinian Shopping Centers (PLAZA) and a board member of Siniora Food Industries. As COO, Mr. Aggad represents APIC on boards of the company's subsidiaries.
Mr. Aggad leads APIC's corporate social responsibility efforts, is a founding board member of Injaz in Palestine, and is an active supporter of Paces, a sports-coaching program for children.
Prior to joining APIC, Mr. Aggad started his career with Procter and Gamble, Yemen, as a production engineer and was later promoted to quality assurance manager, laboratory manager, production manager, and finally operation manager. In 1999, Mr. Aggad moved to Palestine to work as chief executive officer for Al Hayat Food Production Company, one of APIC's subsidiaries. In 2001, he became the general manager of Unipal Trading Company, a post he held until 2007. Mr. Aggad received his Bachelor of Science degree in Chemical Engineering from the Jordan University Science & Technology in Amman, Jordan.

TAREQ ABBAS
Vice President of Business Development - Arab Palestinian Investment Company (APIC)
General Manager - Sky Advertising

Mr. Abbas is the vice president of business development for APIC as well as general manager of Sky Advertising, an APIC subsidiary, which he established in 1996. He is the vice chairman of the Arab Shopping Centers, president of the Palestinian Advertising Association, and a board member of Unipal Trading Company.
Mr. Abbas started his career in 1988 with Al Waha Investment Company Canada, as an administration officer. He then moved to Greece in 1989 to work with the Consolidated Contractors Company as an administration and finance officer. From 1990 to 1993, Mr. Abbas worked as a sales manager with DanaMal Trading Company in Tunis. He then joined the Abu Dhabi Investment Company as a senior credit officer in the United Arab Emirates until 1996. He has taken several courses in events management, public relations, advertising and media, leadership, negotiation skills and merchant banking from various international universities and institutions.
Mr. Abbas holds a Bachelor of Arts degree in Business Administration from Eastern Washington University, USA. He serves as a board member of the Birzeit Friends Association and is also a member of the Young Presidents' Organization.

Lina El-Hadweh
Internal Control and Systems Development Director
Arab Palestinian Investment Company (APIC)

Since February 2007, Ms. El-Hadweh has been the internal control and systems development director at APIC, where she is responsible for the regular internal audits for all APIC subsidiaries in Palestine and Jordan. Her role entails the provision of independent, objective assurance and consulting services to help the organizations accomplish their objectives through a systematic, disciplined approach to evaluate and develop the effectiveness of the internal control, governance processes and risk management. Ms. El-Hadweh began her career with APIC in 1995 with Unipal General Trading Company, where she occupied several positions including administrative assistant, assistant sales manager, purchasing and logistics manager as well as materials manager and human resources manager.
In 2005, she was promoted to the position of deputy general manager at Medical Supplies & Services Company, an APIC subsidiary
She is a board member of the Palestinian Shippers' Council (PSC) and has extensive practical knowledge in the import/export procedures, tariff duties and regulations, port and border-crossing operations and warehouse operations. Ms. El-Hadweh was born in Palestine. She graduated with a Bachelor's of Business Administration degree from Bethlehem University in Palestine, with a major in Business Administration and a minor in Marketing and Management.

MUTAZ QAWWAS
Chief Financial Officer - Arab Palestinian Investment Company (APIC)

Mr. Qawwas is the chief financial officer of APIC. He joined APIC in 1996 as the general manager for the Palestinian Automobile Company to launch Hyundai vehicles in Palestine. Before joining APIC in 1996, Mr. Qawwas worked as a financial and administrative manager for various Aggad Investment Company (AICO) subsidiaries in Saudi Arabia. Mr. Qawwas graduated with a Bachelor of Commerce degree in Accounting from Syria's Damascus University in 1978.

IMAD SHOBAKI
Acting Chief Financial Officer - Arab Palestinian Investment Company (APIC)

Since February 2009, Mr. Shobaki has been the acting chief financial officer of APIC. Mr. Shobaki joined APIC in March 2008, as the chief financial officer for the Arab Palestinian Shopping Centers (PLAZA). He began his career in 1995 with the Big 4 auditing firm Deloitte, where he spent 12 years as an audit manager. Mr. Shobaki holds an MBA in Fraud Detection and a bachelor's degree in Accounting from Birzeit University. In 2007, he was accredited as a Certified Fraud Examiner (CFE) from the Association of Fraud Examiners (ACFE) in the United States.

MAJDI AL-SHARIF
Chief Executive Officer – Siniora Food Industries

With more than 25 years of experience in management, planning and engineering, Mr. Al-Sharif joined Siniora Food Industries as the chief executive officer in 2005.Previously, he worked with Procter & Gamble Dubai for three years as a plant supply chain manager, and was responsible for establishing a new manufacturing plant in the Jebel Ali Free Zone.
From 1995 to 1999, he led the Dammam Plant expansion program as an operations module group manager. Mr. Al-Sharif then became the Dammam Plant Materials Management Group and Taiz Plant manager in Yemen. In 1984, Mr. Al-Sharif joined Procter & Gamble in Saudi Arabia as a utilities engineer and worked his way to become plant-engineering manager. From 1980 until 1984, he held the position of electrical engineer in the US-based Kuljian Corporation in Jordan.
Mr. Al-Sharif obtained his Bachelor of Science degree in Electrical Engineering in 1980.

ANAN ANABTAWI
General Manager - National Aluminum and Profiles Company (NAPCO)

Mr. Anabtawi is general manager of the National Aluminum and Profiles Company, where he manages the company's overall administrative and operational tasks. Mr. Anabtawi previously held the position of as a local project advisor for the German Technical Cooperation Agency (GTZ), where he was responsible for implementing the business start-up program.
Previously in Dusseldorf, Germany, he was a designer and quality control manager, during which time he was appointed as the client service manager for Arab countries.
Since the establishment of his career, Mr. Anabtawi has taken part in various training courses in the fields of management, client services, and implementation. He also serves as the resident representative of the delegate of German Industry and Trade in Palestine (DIHK/AHK).
Mr. Anabtawi received his Bachelor of Arts in Product Engineering from the University for Applied Studies in FH-Dortmund, Germany.

IMAD KHOURY
General Manager - Unipal General Trading Company

Mr. Khoury was appointed general manager of Unipal General Trading Company in July 2007. He was previously the company's chief operations officer as well as chief financial officer.
He joined APIC in 1997, holding several key positions within the group, including chief accountant and finance manager as well as financial controller for Jericho Mineral Water and Arab Palestinian Cold Storage Company.
He began his career in 1996 as an auditor with the accounting firm Coopers & Lybrand. He has taken part in various training seminars with multi-national companies in management, leadership, quality assurance, auditing and finance.
Mr. Khoury received his bachelor's degree in Accounting and Business Administration from Bethlehem University in 1996, and obtained a Certified Public Accountant credential from Delaware State, USA, in 1998. He is also a member in the American Institute for Certified Public Accountants and ICMA.

SAMER KREITEM
General Manager - Medical Supplies & Services (MSS)

For over a decade, Mr. Kreitem has held several positions in Medical Supplies & Services company, a subsidiary of APIC, most recently as general manager.
Previously, he was appointed sales manager for the company's five departments, after having served as the sales and marketing manager of the Lab and Medical Equipment Departments in 2003. Originally, Mr. Kreitem joined MSS as a biomedical engineer in 1997.
Mr. Kreitem has taken part in many domestic and international intensive sales, marketing, technical and managerial training seminars, giving him first-hand experience in pharmaceuticals, disposables, laboratories, medical equipment, and fast-moving consumer goods.
Mr. Kreitem has supervised seminars both domestically and internationally with a focus on application, technical skills and sales.
Mr. Kreitem obtained his Bachelor of Science in Electronics Engineering from Savannah State University, Georgia, USA.

ZUHAIR OSAILY
Chief Executive Officer - Arab Palestinian Shopping Centers

Since 2004, Mr. Osaily has been general manager for the Arab Palestinian Shopping Centers Company.
He started his career as a brand manager with Unipal General Trading, a subsidiary of the Arab Palestine Investment Company (APIC) in 1998.
In 2000, he was appointed as sales and marketing manager for Medical Supplies and Services (MSS), another subsidiary of APIC. He was responsible for designing and developing the company's market strategy. Mr. Osaily has enhanced his skills through various training courses in affiliation with multi-national companies such as BDF-Nivea and Procter & Gamble.
He serves on the board of directors of the Young Entrepreneurs Palestine and is a member of many Palestinian associations.
Mr. Osaily graduated with a degree in Business Administration from the University of Amman.

AYMAN RADWAN SONNOQORT
General Manager - Palestine Automobile Company

Since 2004, Mr. Sonnoqort has held the position of general manager with the Palestine Automobile Company.
Mr. Sonnoqort joined APIC in 2000, as an internal audit manager, having previously worked as acting group finance manager with the Saudi Arabian A. A. Turki Corporation, a group of 17 companies encompassing manufacturing, trading, engineering and contracting.
Mr. Sonnoqort's career started in 1988, with Abdul Rahman Al Gosaibi G.T.B. as a senior accountant. In 1991, he was promoted to accounting supervisor and again in 1994, promoted to internal audit manager.
Mr. Sonnoqort received his bachelor's degree in Business Administration and Accounting from the University of Jordan. In 1999, he received both the American and British Certified Public Accountant (CPA) degrees.

APIC from the Inside

Soon we will achieve the Billion

Structural Values

Cultural Values

The Values of Incentive

People Values

APIC أيبك

UNIPAL يونيبال

HYUNDAI

NAPCO نابكو

Sky Advertising

PLAZA Shopping Center

MSS

Siniora سنيورة

APS

APIC from the Inside

Internal Culture

Building an internal strategy 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.

Cultural Values

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, transforming obstacles into opportunities.

Structural Values

The foundation of APIC is built on its people, and to empower them is an investment in the company. APIC believes that the motivation for promotion comes from within the individual and should be fostered by the company's practices and values. The company's decision-making structure is one that embraces consulting and sharing, enabling each individual to be fully engaged and acknowledged.

The Values of Incentive

While stable employee performances are valued, within APIC forward thinkers are given additional incentives and are promoted based on their leadership characteristics and outstanding performances.

People Values

APIC emphasizes efficiency and knowledge from its people. The company creates a future vision by setting tangible goals, which are fulfilled through harmony and team unity in a suitable working environment.

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. Those values are also divided into three categories:

- Strength of Minds
- Strength of Individuals
- Strength of Efforts

"We are our company's main asset empowerd by our values"

Billion-Dollar Vision

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 ten years.

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

Although it is not easy, 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.

The $1 billion dollar vision is not just a goal, it is also a process that will strengthen the company's fundamentals. For instance, during the latest business reviews and internal audits, a clear weakness in information technology (IT) among all the subsidiaries was identified. With the recent acquisition of Ultimit, a company specialized in state-of-the-art tailored business IT solutions, steps are being taken to rectify the weakness in the group's IT capabilities while simultaneously develop a new, viable business line.

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.

Leaders & Learning

APIC believes that from continued learning come innovation, foundation and inspiration. Therefore, the company devotes significant resources to advancing the professional capacity of each employee through educational development, in the form of on-the-job training experiences, workshops and advanced seminars. Led by international experts in their fields, these learning opportunities are proven to translate into elevated job performances and higher efficiency levels across the board.

Awards & Distinctions

- In recognition of its excellence, in 2008 Procter & Gamble awarded APIC subsidiary, Unipal General Trading, a 100 percent mark on its Quality Assurance Key Element Rating System, the first distributor in all of Central Europe, the Middle East and Africa to receive this valuable distinction.
- As part of its corporate incentive program, APIC has created the CEO Award for Excellence, worth a total of $30,000, to be distributed to a group of employees with outstanding annual performance records.

APIC أيبك

جائزة الرئيس التنفيذي للتميز

قوة النشاط قوة الأشخاص قوة العقول

١. من لدية القدرة على المنافسة؟
٢. هل لدى فريقك المقدرة على بناء العمل والمنظمة؟

بحسب ما عودتنا إدارة شركات «ايبك» فإن الأفراد بكل إنجازاتهم هم الشريان النابض لهذه الشركة، بهم تكون ولهم تكبر... ولأننا على أعتاب حقبة جديدة بتاريخ هذه الشركة فقد أصبح من الضروري تقدير الجميع وخلق سبل تحفيز إضافية لمزيد من النجاح؛ ولذلك فإننا نذكركم اليوم بجوائز الرئيس التنفيذي للتميز والتي تمس نواحي التفوق المنهي الثلاث وهي قوة العقول، قوة الأشخاص، وقوة النشاط.

الجوائز:

أولاً:

قوة العقول:

وستعطى لمن قدم أفضل فكرة ناجحة خارج المألوف أو لمن لديه سجل واضح في الابتكار والمحاولة الدؤوبة للتفوق على المنافسة.

ثانياً:

قوة الاشخاص:

قوة الاشخاص: وستعطى لأفضل قائد مجموعة أثبت بناء روح التعاون بين أفراد فريقه بالإضافة إلى بناء مقدرتهم.

ثالثاً:

قوة النشاط:

قوة النشاط: وستعطى لأفضل شخص أثبت وباستمرار انضباطا مثالياً في العمل مع رغبة لا تنتهي في التطوير الذاتي ومواكبة التغيرات.

شروط الجائزة:

- كل موظف ماعدا (GRADE A) يسطيع المنافسة على الجائزة.
- على كل موظف إكمال النموذج المرفق ومصادقته من المدير العام قبل إرساله.
- ستقوم لجنة مكونة من الرئيس التنفيذي ونائبيه باختيار ثلاثة مرشحين لكل جائزة.
- وسيطلب من التسعة مرشحين تقديم إيجاز شفهي أمام لجنة الاختيار، ويفضل أن يكون مدعوماً بعرض الـ PPT
- قيمة كل جائزة عشرة آلاف دولار أميركي.
- آخر موعد لتقديم الطلبات وإرسالها إلى مكتب نائب الرئيس التنفيذي لشؤون العمليات هو ٢٠٠٨/١٢/٢٥ وسيتم الإعلان عن التسع متنافسين قبل ٢٠٠٩/٢/١.
- ستكون الجائزة سنوية.

Corporate Social Responsibility

APIC was born from the idea that investing in Palestine involves more than achieving financial results, it also means contributing positively to the local community.

In the aftermath of the assault on the Gaza Strip in December 2008 and January 2009, APIC immediately reached out to the hard-hit victims with a $250,000 donation, and intends to focus most of the coming year's corporate social responsibility (CSR) resources and efforts on the Strip.

This year, APIC donated archive rooms to the Palestinian Ministry of Health, as part of a broader campaign to heighten awareness to the problem of expired and corrupted food and medicine.

The APIC family is an active supporter and member of numerous charitable organizations, including the athletic program for children, Paces, and Injaz Palestine, an educational-empowerment program for youth. This year, APIC has also hosted and sponsored many community and corporate iftars, especially reaching out to university students and the group's network of distributors. APIC is also the official sponsor for Shabab Al Bireh football team, one of the leading teams in the Palestinian Football league

APIC believes that CSR begins within its family of more than 850 employees, from honoring employees' children who have achieved high results in their Tawjihi exams to offering iftars during Ramadan, as well as dinners during Christmas and Easter. APIC also organizes numerous staff retreats and distributes packages of goods to its employees during the holidays.

APIC has participated and sponsored several significant conferences; noteworthy among them are the second Capital Market Forum, the Palestine Investment Conference- North forum and Palestine Investment Conference- 2008, which was held with the presence of high profile local and international business and political figures.

Today, APIC measures its success through the positive difference it can make to the everyday lives of the people of its community.

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 balance sheets as of December 31, 2008, and the consolidated statements of 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 financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, 2008, 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
May 28, 2009

Saba & Co.

Member of
Deloitte & Touche Tohmatsu

Arab Palestinian Investment Company (Holding Company)

British Virgin Islands

Consolidated Balance Sheets

	December 31,	
	2008	2007
Assets	USD	USD
Current Assets:		
Cash on hand and at banks	5,179,962	5,377,694
Accounts receivable - net	22,999,206	19,201,721
Inventory - net	30,848,666	21,548,900
Due from related parties - net	1,033,183	410,893
Financial assets at fair value through the in come statement	31,920	2,512,253
Other debit balances	8,171,001	5,223,270
Total Current Assets	68,263,938	54,274,731
Long-term checks under collection	302,957	513,171
Deferred tax assets	829,135	670,043
Available-for-sale investments	4,987,550	4,029,550
Investment in affiliates	463,006	-
Investment property	1,324,364	1,324,364
Goodwill-net	4,286,532	4,286,532
Fixed Assets :		
Fixed assets at cost	72,096,502	64,344,665
Less: Accumulated depreciation	(26,310,239)	(24,170,896)
Provision for the impairment in value of a plot of land	(126,600)	(126,600)
Net Book Value of Fixed Assets	45,659,663	40,047,169
Projects under construction	6,675,157	1,875,364
Total Assets	132,792,302	107,020,924

	December 31,	
	2008	2007
Liabilities	USD	USD
Current Liabilities:		
Due to banks	12,016,048	5,522,658
Accounts payable	17,475,663	16,475,874
Notes payable maturing within one year	959,650	163,116
Postdated checks	4,597,383	3,296,505
Loan installments maturing within one year	12,088,933	8,677,770
Other credit balances	4,841,719	4,086,461
Tax provision	1,975,292	1,008,864
Total Current Liabilities	53,954,688	39,231,248
Provision for end-of-service indemnity	3,471,324	2,669,121
Long-term loan installments	9,220,256	7,297,892
Total Liabilities	66,646,268	49,198,261
Owners' Equity		
Authorized capital (1,000,000 shares, $100 par value)	70,000,000	100,000,000
Paid-up capital	42,887,460	61,267,800
Accumulated (losses)	2,200,737	(21,020,487)
Accumulated change in fair value	(387,627)	-
Revaluation surplus of fixed assets	2,332,647	1,344,993
Total Shareholders' Equity	47,033,217	41,592,306
Minority interest	19,112,817	16,230,357
Total Owners' Equity	66,146,034	57,822,663
Total Liabilities And Owners' Equity	132,792,302	107,020,924

The Accompanying Notes Constitute An Integral Part Of These Statements

And Should Be Read With Them.

Arab Palestinian Investment Company (Holding Company)
British Virgin Islands

Consolidated Statements Of Income

	For the Year Ended December 31, 2008 USD	For the Year Ended December 31, 2007 USD
Services revenue	4,889,506	4,289,204
Less: Cost of services	(3,819,556)	(3,459,708)
Net Services Revenue	1,069,950	829,496
Net sales	232,222,253	164,522,189
Less: Cost of sales	(202,425,456)	(145,265,070)
Sales Gross Income	29,796,797	19,257,119
General and administrative expenses	(17,389,463)	(13,384,216)
Selling and distribution expenses	(3,432,779)	(2,379,566)
Income from Operations	10,044,505	4,322,833
Gain from sale and revaluation of financial assets at fair value through the income statement - net	704,528	1,825,829
Provision for the impairment in goodwill	-	(43,418)
Bank interest and expenses	(1,942,455)	(2,389,849)
Impairment in available for-sale-investments	(50,000)	-
Company's share from affiliates (losses)	(136,994)	-
Other revenues - net	266,083	454,514
Income for the Year before Income Tax	8,885,667	4,169,909
Provision for income tax - subsidiary companies	(1,381,463)	(967,916)
Prior years' income tax paid - subsidiary companies	(20,555)	(36,353)
Income for the Year	7,483,649	3,165,640
Relate to:		
Company's shareholders	4,750,714	2,373,567
Minority interest	2,732,935	792,073
Profit per share for the Company's shareholders	7.75	3.87

The Accompanying Notes Constitute An Integral Part Of These 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, 2008 And 2007

	Paid -up Capital	Accumulated Profit / (Losses)	Accumulated Change in Fair Value	Revaluation of Fixed Assets Reserve	Total Shareholders' Equity	Minority Interest	Total Owners' Equity
Year 2008	USD	USD	USD	USD	USD	USD	USD
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	-	-	(387,627)	-	(387,627)	-	(387,627)
Revaluation reserve (Note 25)	-	90,170	-	987,654	1,077,824	678,330	1,756,154
Total Revenues and Expenses Recognized Directly in Owners' Equity	-	90,170	(387,627)	987,654	690,197	678,330	1,368,527
Income for the year	-	4,750,714	-	-	4,750,714	2,732,935	7,483,649
Total Revenues and Expenses	-	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	-	-	-	-	-
Change in minority interest - net ***	-	-	-	-	-	(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
Year 2007							
Balance - beginning of the year	61,267,800	(23,500,592)	-	1,451,531	39,218,739	10,750,487	49,969,226
Revaluation reserve (Note 25)	-	106,538	-	(106,538)	-	(31,874)	(31,874)
Total Revenues and Expenses Recognized Directly in Owners' Equity	-	106,538	-	(106,538)	-	(31,874)	(31,874)
Income for the year	-	2,373,567	-	-	2,373,567	792,073	3,165,640
Total Revenues and Expenses	-	2,480,105	-	(106,538)	2,373,567	760,199	3,133,766
Change in minority interest - net **	-	-	-	-	-	4,719,671	4,719,671
Balance - End of the Year 2007	61,267,800	(21,020,487)	-	1,344,993	41,592,306	16,230,357	57,822,663

* Accumulated profit includes an amount of USD 829,135 as of December 31, 2008, representing deferred tax benefits relating to subsidiary companies (USD 670,043 as of December 31, 2007).

** As mentioned in Note (13), the Company's General Assembly, in its extraordinary meeting dated June 26, 2008, decided to decrease 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 so as for capital to become USD 42,887,460. Moreover, the related approval from the regulatory authorities of the British Virgin Islands was obtained on October 22, 2008.

*** This item represents the net change in minority interest resulting from the increase (decrease) in the minority interest share of some subsidiaries' capitals during the years 2007 and 2008.

The Accompanying Notes Constitute An Integral Part Of These 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,	
	2008	**2007**
Cash Flows From Operating Activities:	USD	USD
Income for the year	7,483,649	3,165,640
Adjustments for:		
Losses (gains) from the sale of fixed assets	20,587	(27,884)
Depreciation of fixed assets	2,702,745	3,110,015
Provision for the impairment in goodwill	-	43,418
Losses (gain) from sale and revaluation of financial assets at fair value through the income statement	364,752	(704,323)
Impairment in available-for-sale investments	50,000	-
Provision for doubtful debts	564,868	483,468
Provision for slow-moving inventory	88,338	162,409
Company's share from affiliates (losses)	136,994	-
Provision for end-of- service indemnity	1,171,737	981,127
Cash Flows from Operating Activities before Changes in Working Capital	12,583,670	7,213,870
(Increase) in accounts receivable and other debit balances	(7,310,084)	(2,575,840)
(Increase) in inventory	(9,388,104)	(1,647,297)
(Increase) in due from related parties	(622,290)	(69,281)
Decrease in financial assets at fair value through income statement	2,115,581	2,512,502
Decrease in long-term checks under collection	210,214	1,495
Increase in accounts payable and other credit balances	2,562,383	5,787,523
Net Cash Flows from Operating Activities before End-of-Service Indemnity paid	151,370	11,222,972
End-of-service indemnity paid	(369,534)	(451,601)
Net Cash (used in) from Operating Activities	(218,164)	10,771,371
Cash Flows From Investing Activities:		
Available-for-sale investments	(1,395,627)	521,127
Goodwill	-	(213,706)
Investment property	-	(96)
Investment in affiliates	(600,000)	-
Fixed assets - net	(7,258,002)	(4,957,326)
Projects under construction	(4,799,793)	(1,551,497)
Net Cash (used in) Investing Activities	(14,053,422)	(6,201,498)
Cash Flows From Financing Activities:		
Increase (decrease) in due to banks	6,493,390	(3,251,667)
Loans and notes payable	7,430,939	(3,338,177)
Change in minority interest	149,525	4,687,797
Net Cash Flows (used in) from Financing Activities	14,073,854	(1,902,047)
Net (decrease) increase in Cash	(197,732)	2,667,826
Cash on hand and at banks-beginning of the year	5,377,694	2,709,868
Cash on Hand and at Banks- End of the Year	5,179,962	5,377,694

The Accompanying Notes Constitute An Integral Part Of These Statements And Should Be Read With Them.

Arab Palestinian Investment Company (Holding Company)

Notes To Consolidated Financial Statements

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 approval in its extraordinary meeting dated July 26, 2008, 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 so as for capital to become USD 42,887,460. Moreover, the related approval from the regulatory authorities of the British Virgin Islands was obtained on October 22, 2008.

c. The Company's objectives include management of its subsidiary companies, participation 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, Express Building (2), P.O. Box 941489 Amman 11194 – Jordan.

e. The General Assembly approved the Company's financial statements for the year 2008 on May 28, 2009.

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 31,2008		December 31,2007			
	Paid-Up Capital	Equity Share	Paid-Up Capital	Equity Share	Ownership Date	Main Business
	USD	%	USD	%		
Arab Palestinian Storage Company	4,500,000	64.586	4,500,000	64.586	1997	Management of refrigerated stores
Medical Supplies and Services Company *	3,227,990	50	3,750,000	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 Manufacturing Company	14,163,570	71.96	14,163,570	71.6	1995	Manufacturing of aluminum
Palestinian Automobile Company **	5,600,000	100	5,600,000	98.21	1998	Trading in cars
Siniora Food Industries Company ***	13,391,286	57.356	13,391,286	57.356	1996	Manufacturing food
Arab Palestinian Shopping Centers Company	7,365,079	58.31	7,353,279	56.14	1999	Establishing and owning commercial centers
Sky Advertising, Publication, and Promotion Company	845,068	77.3	845,068	77.3	2000	Advertising and publication
Jericho Natural Mineral Water Factory Company	4,803,734	85	4,803,734	85	2001	Natural mineral water

- 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 2008, the Arab Palestinian Investment Company purchased 50,000 shares of the Palestinian Automobile Company amounting to USD 72,305. The investment contribution of the Arab Palestinian Investment Company in the Palestinian Automobile Company became 100%.
*** According to the Ministry of Industry and Trade Letter # 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 financial statements of the Company and its subsidiaries is the US Dollar, which is also their functional currency.

2. The accounting policies for the current year are consistent with those used in the previous year. The details are as follows:

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

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 income statement 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 statement of income.

b. Available-for-sale Investments

These represent financial assets which the Company does not intend to classify as financial investments stated at fair value through the income statement 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 separate account in the consolidated statements of changes 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 statements of income, including the related amounts previously booked within owners' equity.

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 Property

Investment property 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.

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.

3. Significant Accounting Policies

e. Investments in Affiliates

An affiliate is an entity over which the Company has significant influence (but does not control) and whereby the Company 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. The amount of revenue can be measured reliably;
4. It is probable that the economic benefits associated with the transaction will flow to the Company; and
5. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 the 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 its value 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 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 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.

3. Significant Accounting Policies

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, income subject to tax 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 Company operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated balance sheet according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the balance sheet, 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 balance sheet 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 financial statements and the 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, and provisions. 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 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 accounting 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.

4. Adoption of New and Revised Standards

a. Standards and Interpretations effective in the current period

In the current year, the Company has adopted the following Standards issued by the International Accounting Standards Board and Interpretations, issued by the International Financial Reporting Interpretations Committee, which became effective for the current financial reporting period:

- IAS 39 (revised): Financial Instruments: Recognition and Measurement and IFRS 7 (revised) Financial Instruments: Disclosure – Reclassification of Financial Assets.
- IFRIC 11 : IFRS 2, Group and Treasury Transactions.
- IFRIC 12 : Service Concession Arrangements.
- IFRIC 14 : IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of these Interpretations has not led to any changes in the Company's accounting policies.

b. Standards and Interpretations in issue not yet adopted

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

- IAS 1 (revised): Presentation of Financial Statements : Effective for annual periods beginning on or after January 1, 2009
- IAS 1 (revised) Presentation of Financial Statements and IAS 32 (revised) Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation : Effective for annual periods beginning on or after January 1, 2009
- IAS 23 (revised): Borrowing Costs : Effective for annual periods beginning on or after January 1, 2009
- IAS 39 (revised): Financial Instruments: Recognition and Measurement – Eligible Hedged Items : Effective for annual periods beginning on or after July 1, 2009
- IFRS 1 (revised) First time Adoption of IFRS and IAS 27 (revised) Consolidated and Separate Financial Statements – Amendment relating to cost of an investment on first time adoption : Effective for annual periods beginning on or after July 1, 2009
- IFRS 1 (revised) First time Adoption of IFRS – Restructured version : Effective for annual periods beginning on or after January 1, 2009
- IFRS 2 (revised) Share-based Payment – Amendment relating to vesting conditions and cancellations : Effective for annual periods beginning on or after July 1, 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 : Effective for annual periods beginning on or after January 1, 2009
- IFRS 8 Operating Segments : Effective for annual periods beginning on or after July 1, 2008
- IFRIC 13: Customer Loyalty Programmes : Effective for annual periods beginning on or after January 1, 2009

- IFRIC 15: Agreements for the Construction of Real Estate : Effective for annual periods beginning on or after October 1, 2008
- IFRIC 16: Hedges of Net Investment in a Foreign Operation : Effective for annual periods beginning on or after July 1, 2009
- IFRIC 17: Distribution of Non-cash Assets to Owners : Effective for annual periods beginning on or after January 1, 2009
- Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from the May 2008 Annual Improvements to IFRSs : Effective for annual periods beginning on or after January 1, 2009

Management of the Company anticipates that each of the above Standards and Interpretations will be adopted in the preparation of the Company's financial statements by their effective dates mentioned above, and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Company in the period of initial application.

5. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2008	2007
	USD	USD
Cash on hand	206,789	157,863
Current accounts	4,973,173	3,254,083
Time deposits	-	1,965,748
	5,179,962	5,377,694

6. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2008	2007
	USD	USD
Trade receivables	19,373,563	16,868,735
Cheques under collection *	5,850,484	4,652,212
Employees receivable	629,952	366,843
	25,853,999	21,887,790
Less: Provision for doubtful debts	(2,854,793)	(2,686,069)
	22,999,206	19,201,721

* Cheques under collection mature during the year 2009.

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

	2008	2007
	USD	USD
Balance - beginning of the year	2,686,069	2,798,998
Additions to the provision	564,868	483,468
Debts written off	(179,586)	(694,526)
Returned from provision for doubtful debts	(99,353)	-
Exchange difference	(117,205)	98,129
Balance - End of the Year	2,854,793	2,686,069

6. Accounts Receivable - Net

- 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 22,999,206 as of December 31, 2008 (USD 19,201,721 as of December 31, 2007).

The following are the details of due but unimpaired receivables:

	December 31,	
	2008	**2007**
	USD	USD
Up to 90 days	13,739,721	11,437,860
91 days up to 180 days	5,861,839	4,574,592
181 days up to 365 days	3,397,646	3,189,269
	22,999,206	19,201,721

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 2,854,793 as of December 31, 2008 (USD 2,686,069 as of December 31, 2007).

7. Inventory - Net

This item consists of the following:

	December 31,	
	2008	**2007**
	USD	USD
Finished goods *	12,166,869	8,898,458
Medication	2,598,619	1,503,962
Medical materials	756,825	444,021
Consumable materials	3,626,323	2,915,959
Laboratory tools and materials	524,383	584,232
Medical equipment and machinery	757,186	259,629
Total Finished Good	20,430,205	14,606,261
Raw materials	3,741,268	3,046,025
Scrap and other	507,141	161,845
Other materials	70,391	124,533
Cars and spare parts	2,376,432	2,094,751
	27,125,437	20,033,415
Less: Provision for slow-moving inventory items	(365,734)	(342,192)
Net Inventory	26,759,703	19,691,223
Goods in transit	865,600	614,527
Goods at bonded	3,223,363	1,243,150
	30,848,666	21,548,900

* As stated in Note (19), finished goods include mortgaged vehicles in the favor of banks against commercial loans.

7. Inventory - Net

Provision for Slow-Moving Inventory Items:
The movement on this provision is as follows:

	2008	2007
	USD	USD
Balance - beginning of the year	342,192	459,339
Additions during the year	88,338	162,409
Inventory written-off against the provision during the year	(64,796)	(279,556)
Balance - End of the Year	365,734	342,192

8. Due from Related Parties - Net

This item consists of the following:

	December 31,	
	2008	2007
	USD	USD
Due to partners - (Siniora Food Industries Company)	663,794	32,691
Medical Supplies and Services Company – Iraq (sister company)	20,147	16,796
Due to the shareholders – subsidiary companies	121,566	124,739
Aqqad Investment Company – Major investor	219,987	236,667
Millennium Company for Energy – affiliate company	7,689	-
	1,033,183	410,893

9. Financial Assets at Fair Value through the Income Statement

This item consists of the following:

	December 31,	
	2008	2007
	USD	USD
Investment in Palestinian Telecommunication Company	-	1,625,155
Arab Bank	-	82,823
Palestine for Development and Investment Company	-	374,640
National Insurance Company – Palestine	-	351,282
Investments Union Company	-	33,183
Arab Palestinian Shipping Centers Company	31,920	45,170
	31,920	2,512,253

10. Other Debit Balances

This item consists of the following:

	December 31,	
	2008	2007
	USD	USD
Non-trade receivables and claims	16,273	343,724
Value added tax	958,390	434,927
Prepaid expenses	2,309,803	909,629
Refundable deposits	1,766,649	1,799,163
Accrued revenue	198,000	330,000
Korean Hyundai Company claims	3,895	8,681
Suppliers advance payment	1,581,091	547,058
Debit claims	401,556	222,469
Other debit balances	935,344	626,619
	8,171,001	5,223,270

11. Long-term Checks under Collection

This item consists of the following:

	December 31,	
	2008	2007
	USD	USD
Jericho Natural Mineral Water Factory Company	151,110	302,220
Palestinian Automobile Company	129,847	210,951
Supplies and Medical Services Company	22,000	-
	302,957	513,171

- The maturities of post-dated checks under collection extend to December 30, 2010. These checks are stated at their present value discounted at 5.35%.

12. Available-for-Sale Investments

This item consists of the following:

	Number of Shares	December 31, 2008	Number of Shares	December 31, 2007
		USD		USD
Listed Shares:				
Corps Exporting Company (under establishment)	100000	50,000	100000	100,000
Bank of Palestine Limited	360000	1,008,000	-	-
		1,058,000		100,000
Unlisted Shares:				
Palestine Electricity Company *	3654550	3,654,550	3654550	3,654,550
Technology Acceladator Investment Company Limited	250000	275,000	250000	275,000
		3,929,550		3,929,550
		4,987,550		4,029,550

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

13. Investment in Affiliate Companies

This item consists of the following:

	December 31,			
	Contribution	2008	Contribution	2007
	%	USD		USD
Unipal Cool Company	50	325,000	-	-
Ultimate for Complete Solutions Company *	30	75,000	-	-
Palestine Millenium for Energy *	45	200,000	-	-
		600,000		-
Less: (Losses) Unipal Cool Company		(136,994)		-
		463,006		-

* The investment is stated at cost, since this company is still under establishment.

14. Investment Property

The market value of these plots of land as of December 31, 2008 amounted to USD 1,658,872. 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:

	2008	2007
	USD	USD
Cost		
Balance – beginning of the year	11,165,757	10,952,051
Additions *	-	213,706
Balance – End of the Year	11,165,757	11,165,757
Provision for the Impairment in Goodwill		
Balance – beginning of the year	6,879,225	6,835,807
Impairment expense for the year	-	43,418
Balance – End of the Year	6,879,225	6,879,225
	4,286,532	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. Moreover, there were no additions as of the end of the year 2008 (against USD 213,706 as of December 31, 2007).

16. 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 not yet completed as of December 31, 2008.

The movement on the projects under construction is as follows:

	2008	2007
	USD	USD
Balance - beginning of the year	1,875,364	323,867
Additions	6,248,515	1,551,497
Transferred to fixed assets	(1,448,722)	-
Balance - End of the Year	6,675,157	1,875,364

17. Notes Payable Maturing within One year

This item represents notes payable in the following companies:

	December 31,	
	2008	2007
	USD	USD
National Aluminum and Profiles Manufacturing Company	–	47,048
Siniora Food Industries Company	–	35,560
Unipal for General Trade	959,650	80,508
	959,650	163,116

18. Loans

The details of this item are as follows:

	Short-term	Long-term	Short-term	Long-term
	December 31, 2008		**December 31, 2007**	
	USD	USD	USD	USD
Arab Islamic Bank / Arab Palestinian Investment	1,500,000	–	2,000,000	–
Company (holding company)HSBC loan / Arab Palestinian Investment Company (holding company)	–	–	1,000,000	–
Bank of Jordan / Siniora Food Industries Company	–	–	13,126	–
Bank Audi / Siniora Food Industries Company	–	–	34,020	–
Jordan National Bank loans/National Aluminum and Profiles Manufacturing Company	548,617	369,827	1,524,421	679,528
Jordan National Bank loans-Nablus (holding company) transferred from the National Aluminum and Profiles Manufacturing Company	600,000	900,000	300,000	1,500,000
HSBC loan/Medical Services and Supplies Company	80,833	–	161,667	80,833
Arab Islamic Bank / National Aluminum and Profiles Manufacturing Company	2,980,323	–	1,591,513	–
Cairo Amman Bank loans/Palestinian Automobile Company	295,667	1,182,668	295,667	1,478,335
Arab Islamic Bank loans/Palestinian Automobile Company	2,420,970	1,049,587	1,104,587	1,049,587
Jordan National Bank / Palestinian Automobile Company	862,729	320,948	98,581	160,000
Rafah bank loan / Palestinian Automobile Company	972,603	147,707	48,443	20,000
Arab Islamic Bank loans/Arab Palestinian Shopping Centers Company	489,400	1,723,046	384,030	2,222,942
HSBC loan / Arab Palestinian Shopping Centers Company	40,000	–	113,333	106,667
Palestinian Investment Bank / Jericho Natural Mineral Water Factory Company	–	–	8,382	–
Housing for Financing and Trading/Siniora Food Industries Company	597,791	3,526,473	–	–
Cairo Amman Bank loans / National Aluminum and Profiles Manufacturing Company	700,000		–	–
	12,088,933	9,220,256	8,677,770	7,297,892

19. Other Credit Balances

This item consists of the following:

	December 31,	
	2008	**2007**
	USD	USD
Accrued expenses	2,550,817	2,317,157
Accrued interest	24,317	50,602
Unearned revenues	321,537	341,804
Accrued salaries and bonuses	537,356	195,592
Accrued vacations	355,387	276,156
Social security deposits	13,554	9,233
Sales tax deposits	204,225	293,106
Income tax deposits – employees	69,889	90,450
Customers advances	429,068	294,405
Other	335,569	217,956
	4,841,719	4,086,461

20. Postdated Checks

This item consists of the following:

	December 31,	
	2008	**2007**
	USD	USD
National Aluminum and Profiles Manufacturing Company	696,642	744,544
Arab Palestinian Shopping Centers Company	704,540	552,196
Siniora Food Industries Company	550,824	591,493
Medical Services and Supplies Company	2,645,377	1,408,272
	4,597,383	3,296,505

- The maturities of postdated checks extend to December 31, 2009.

21. Provision for End-of-Service Indemnity

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

	December 31,	
	2008	2007
	USD	USD
Arab Palestinian Storage Company	27,166	19,535
Medical Supplies and Services Company	584,544	467,495
Unipal General Trading Company	884,823	701,147
National Aluminum and Profiles Manufacturing Company	182,861	108,586
Palestinian Automobile Company	386,130	291,321
Arab Palestinian Shopping Centers Company	271,625	244,453
Arab Palestinian Investment Company (holding company)	294,388	207,216
Sky Advertising, Publication, and Promotion Company	320,800	246,195
Siniora Food Industries Company	518,987	383,173
	3,471,324	2,669,121

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

	2008	2007
	USD	USD
Balance - beginning of the year	2,669,121	2,139,595
Additions	1,171,031	932,163
Paid from the provision	(369,534)	(451,601)
Exchange difference	706	48,964
Balance - end of the Year	3,471,324	2,669,121

22. Due to Banks

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

	December 31,	
	2008	2007
	USD	USD
Siniora Food Industries Company	592,719	-
National Aluminum and Profiles Manufacturing Company	557,480	477,377
Medical Supplies and Services Company	2,192,578	1,436,636
Palestinian Automobile Company	55,940	-
Unipal General Trading Company	8,153,153	3,332,470
Arab Palestinian Investment Company	464,178	276,175
	12,016,048	5,522,658

23. Revaluation Surplus of Fixed Assets

This item consists of the following:

	December 31,					
	2008				2007	
	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	58,31	2,072,206	1,481,587	994,405	776,908
Sky Advertising, Publication, and Promotion Company **	336,486	77,4	260,441	76,045	350,588	102,394
	3,890,279		2,332,647	1,557,632	1,344,993	879,302

*** 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 shareholders' 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 valued 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.

**** 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 2008 and 2007, the revaluation reserve of fixed assets used by the Company was reduced by USD 116,496 and USD 138,412, representing the annual depreciation expense of these assets for the years 2008 and 2007, according to International Financial Reporting Standards.

24. General and Administrative Expenses

This item consists of the following:

	2008	2007
	USD	USD
Salaries and wages	7,677,623	5,608,899
Employees benefits	535,772	112,151
Provision for end-of-service indemnity	1,164,079	915,986
Rent	504,003	420,220
Stationery and printing	175,796	117,538
Maintenance and cleaning	293,043	244,749
Communication	426,131	322,906
Entertainment	219,550	152,470
Donations	146,466	69,549
Transportation and travel expenses	513,198	350,016
Consultation, legal and professional expenses	915,099	671,364
Subscriptions, governmental expenses and fees	188,196	179,797
Board of Directors' expenses	180,648	258,375
Bank expenses	2,013	26,008
Insurance	67,160	43,486
Vehicles expenses	668,078	447,949
Health insurance	27,690	19,343
Water and electricity	695,463	485,021
Advertising	116,701	48,000
Depreciation	978,002	1,466,893
Provision for doubtful debts	564,868	483,468
Goods storage expenses	118,519	77,564
Provision for slow-moving inventory items	88,338	162,409
Training	93,180	48,838
Other	1,029,847	651,217
	17,389,463	13,384,216

25. Selling and Distribution Expenses

This item consists of the following:

	2008	2007
	USD	USD
Salaries and wages	952,859	771,864
Social security contributions	28,808	19,743
Advertising	420,803	87,374
Sales bonuses and commissions	263,017	221,643
Car and fuel expenses	507,696	305,651
Water and electricity	17,946	40,752
Communication	80,146	71,147
Insurance	44,296	51,293
Depreciation	105,495	115,757
Maintenance	72,513	39,618
Marketing	183,632	189,267
Transportation and travel	73,215	11,464
Export expenses	147,652	96,329
Provision for end-of-service indemnity	6,952	16,177
Governmental expenses	16,278	21,667
Portage expenses	262,509	203,168
Entertainment	325	1,044
Other	248,637	115,608
	3,432,779	2,379,566

26. Other Revenues - Net

This item consists of the following:

	2008	2007
	USD	USD
(Losses) gains from sale of fixed assets	(20,587)	27,884
Dividends income	92,819	259,029
Currency exchange differences	129,234	(24,538)
Retained from provision for doubtful account	99,353	-
Discounting long-term checks under collection to their present value	28,890	70,397
Other (expenses) revenues	(63,626)	121,742
	266,083	454,514

27. Income Tax – Subsidiary Companies

- Deferred Tax Assets:

This item includes the following:

	2008					2007
	Beginning Balance	Released Amounts	Additions	Ending Balance	Deferred Tax	Deferred Tax
Accounts Included Assets	USD	USD	USD	USD	USD	USD
Provision for doubtful debts	1,762,839	(331,310)	395,355	1,826,884	255,407	247,876
Provision for slow-moving inventory items	342,192	(64,796)	88,338	365,734	54,860	51,329
Provision for end-of-service indemnity	2,087,590	(97,190)	655,710	2,646,110	357,992	284,399
Prior years' losses	563,000	-	196,248	759,248	113,887	84,450
Lawsuits provision	13,258	-	300,000	313,258	46,989	1,989
	4,768,879	(493,296)	1,635,651	5,911,234	829,135	670,043

- 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 as follow:

	2008	2007
	USD	USD
Balance - beginning of the year	1,008,864	478,893
Paid income tax	(574,127)	(408,387)
Accrued income tax	1,540,555	938,358
	1,975,292	1,008,864

- The Arab Palestinian Investment Company (holding company) has concluded a final settlement with the Income Tax Department up to the end of the year 2007.

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

Company's Name	Final Settlement up to Year
Unipal General Trading Company	2007
Sky Advertising, Publication, and Promotion Company	2007
Medical Services and Supplies Company	2008
National Aluminum and Profiles Manufacturing Company	2007
Palestinian Automobiles Company	2007
Arab Palestinian Storage Company	2005
Arab Palestinian Shopping Centers Company	2007
Siniora Food Industries Company	2007
Jericho Natural Mineral Water Factory Company	Exempted

28. 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 National 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 Palestinian Soft Drinks Group 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 September 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 by twelve months.

b.The purchaser pledges 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. During August 2008, the metal poles of a major production line (withdrawal line) of the National Aluminum and profiles Manufacturing 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 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 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 stated in other debit balances (Note 10).

28. Contingent Liabilities

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

	December 31,	
	2008	**2007**
	USD	USD
Letters of credit	3,291,575	2,428,577
Bank guarantees	9,264,581	7,300,000
Outstanding bills	471,076	282,068
Unpaid portion of the capital of subscribed companies	-	300,000
Bills of collection	2,818	-
Contractual liabilities –projects under Construction and others	2,716,403	8,358,704

29. Lawsuits

a. Siniora Food Industries Company

There are lawsuits against Siniora Food Industries Company claiming amounts totaling JD 38,400. 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

There are lawsuits against Arab Palestinian Shopping Centers Company claiming amounts totaling USD 5,369 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 led to losses as well as against its previous sale contract of the Company's assets.

In opinion of the Company and its lawyer, the Company stands on solid ground regarding this case as the documented resolution objected to are available at the companies controller's office.

30. Related Parties

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

	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 2,454,770 for the year 2008 (USD 1,936,239 for the year 2007).

31. Risk Management Policies and their Objectives

a. Capital Management Risk

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, 2008 and 2007:

	December 31,	
	2008	**2007**
	USD	USD
Due to banks	12,016,048	5,522,658
Accounts payable	17,475,663	16,475,874
Notes payable maturing within a year	959,650	163,116
Post-dated checks	4,597,383	3,296,505
Loans installments maturing with a year	12,088,933	8,677,770
Other credit balances	4,841,719	4,086,461
Tax provision	1,975,292	1,008,864
Total Current Liabilities	53,954,688	39,231,248
Provision for end-of-service indemnity	3,471,324	2,669,121
Long-term loans installments	9,220,256	7,297,892
Total Liabilities	66,646,268	49,198,261
Total Owners' Equity	66,146,034	57,822,663
Ratio of Debt to Owners' Equity	101%	85%

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 by maintaining adequate reserves and continuously monitoring forecasted 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 clients accounts and cheques under collection 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.

31. Risk Management Policies and their Objectives

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 Jordan Dinar, Shekel and Euro. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Assets		Liabilities	
	December 31,		December 31,	
	2008	2007	2008	2007
	USD	USD	USD	USD
Jordanian Dinar	25,105,660	28,483,028	2,477,832	12,953,220
Sheikel	26,085,897	18,001,385	24,765,086	17,583,580
Euro	659,269	213,002	1,049,798	589,147

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency for the years 2008 and 2007 that impact the income statement and owners' equity is as follows:

	+ 1%		- 1%	
	2008	2007	2008	2007
Asset	USD	USD	USD	USD
Sheikel	260,859	180,014	(260,859)	(180,014)
Euro	6,593	2,130	(6,593)	(2,130)
Liabilities				
Sheikel	(247,651)	(175,836)	247,651	157,836
Euro	(10,498)	(5,891)	10,498	5,891

Management believes that there is no risk associated with the U.S. Dollar currency 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 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 balance sheet 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%	
	2008	2007	2008	2007
	USD	USD	USD	USD
Net Income	(388,823)	(229,922)	388,823	229,922
Shareholders' Equity	(388,823)	(229,922)	388,823	229,922

31. Risk Management Policies and their Objectives

f. Shares Prices Risk

Shares price 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 and Amman Stock Market.

	December 31, 2008	
	Change in Indicator	Effect on Income Statement
Indicator	USD	USD
Palestinian Stock Market	- + 1%	- + 10,499

	December 31, 2007	
	Change in Indicator	Effect on Income Statement
Indicator	USD	USD
Palestinian Stock Market	- + 1%	- + 23,962
Amman Stock Market	- + 1%	- + 1,160

32. Earnings per Share for the Company's Shareholders

	For the Year Ended December 31,	
	2008	**2007**
	USD	USD
Profit for the year	4,750,714	2,373,567
Weighted average number of shares	612,678	612,678
Earnings per share for the year relating to the Company's shareholders	7,75	3,87

- As stated in Note (1B) the General Assembly of the Company decided in its extraordinary meeting date June 26, 2008 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 so as for capital to become USD 42,887,460. Therefore, no change was noted on the weighted average number of shares for the current year and prior years.

33. Segmental Analysis

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

	Industrial	Trade	Service	Other	Total 2008	Total 2007
	USD	USD	USD	USD	USD	USD
Total revenues	36,506,532	195,715,721	4,889,506	1,565,839	238,677,598	171,091,736
Less: Cost of sales and services	25,304,987	177,120,469	3,819,556	-	206,245,012	148,724,778
Gross Profit	11,201,545	18,595,252	1,069,950	1,565,839	32,432,586	22,366,958
Less: Expenses not allocated to sectors					23,546,919	18,197,049
Income before tax					8,885,667	4,169,909
Less: Income tax					1,402,018	1,004,269
Income for the Year					7,483,649	3,165,640
Other information						
Sector assets	47,206,286	58,132,744	6,497,368	-	111,836,398	95,333,251
Assets not allocated to sectors	-	-	-	20,955,904	20,955,904	11,687,673
	47,206,286	58,132,744	6,497,368	20,955,904	132,792,302	107,020,924
Sector's liabilities	16,309,996	44,118,113	2,634,434	-	63,062,543	41,475,283
Liabilities not allocated to sectors	-	-	-	3,583,725	3,583,725	7,722,978
	16,309,996	44,118,113	2,634,434	3,583,725	66,646,268	49,198,261

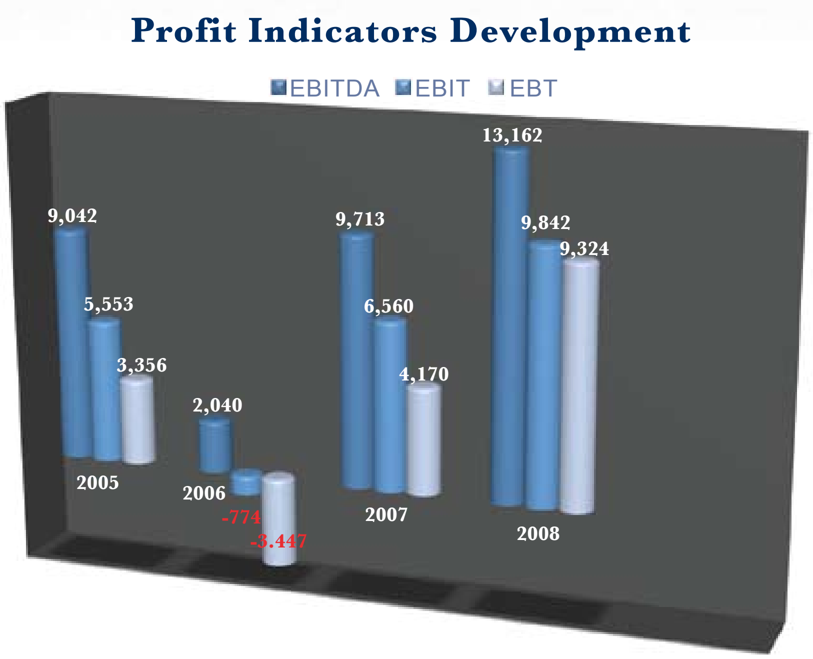
34. Geographical Distribution

All of the subsidiary companies are concentrated in the Palestinian Authority Territories except for Siniora Food Industries Company, which operates in the Hashemite Kingdom of Jordan, with total assets of USD 25,827,299 and total liabilities of USD 9,155,157 as of December 31, 2008. Its revenues totaled USD 13,614,165 and expenses USD 12,742,750 for the year ended December 31, 2008.

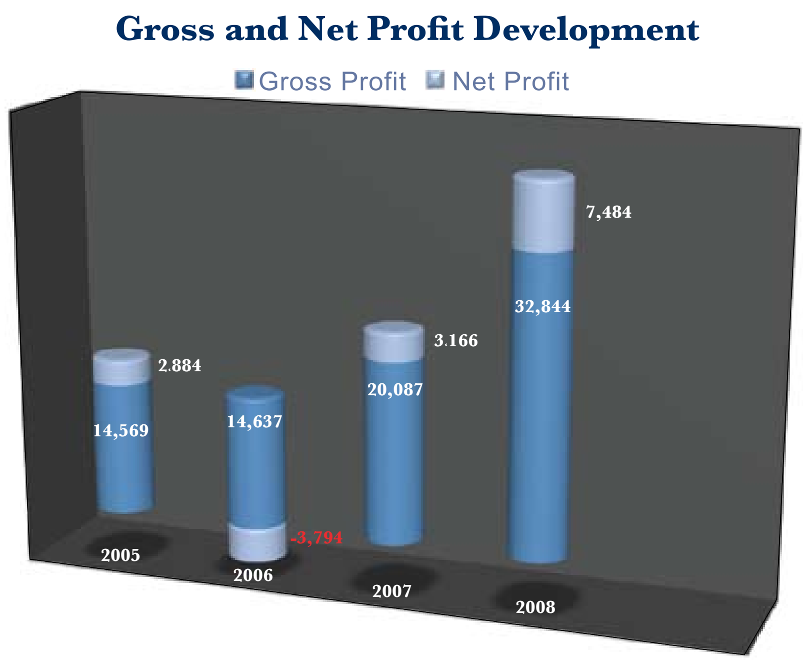
35. Comparative Figures

Some of the year 2007 comparative figures have been reclassified to correspond with the year 2008 presentation.

Charts
Profit Indicators Development

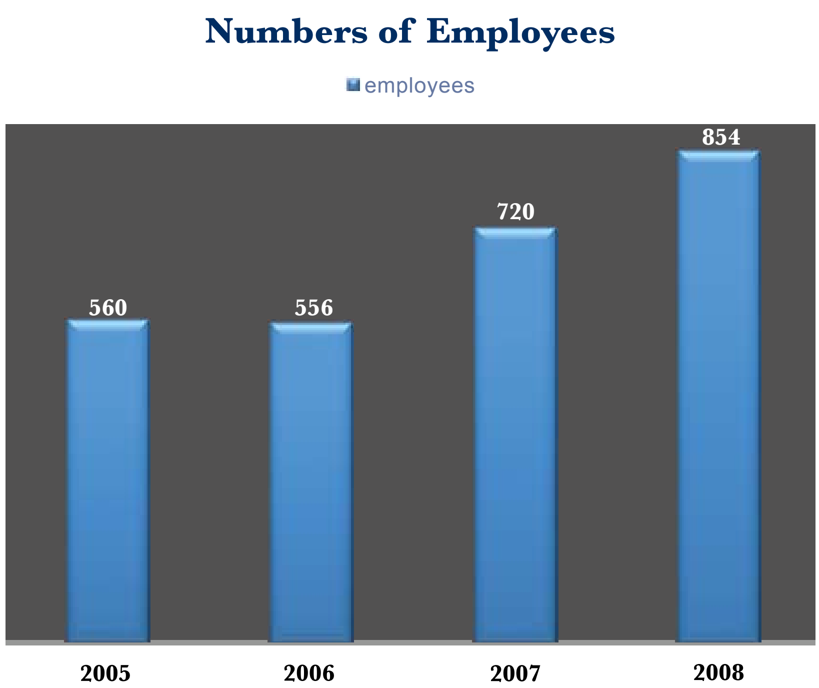


Charts
Gross and Net Profit Development

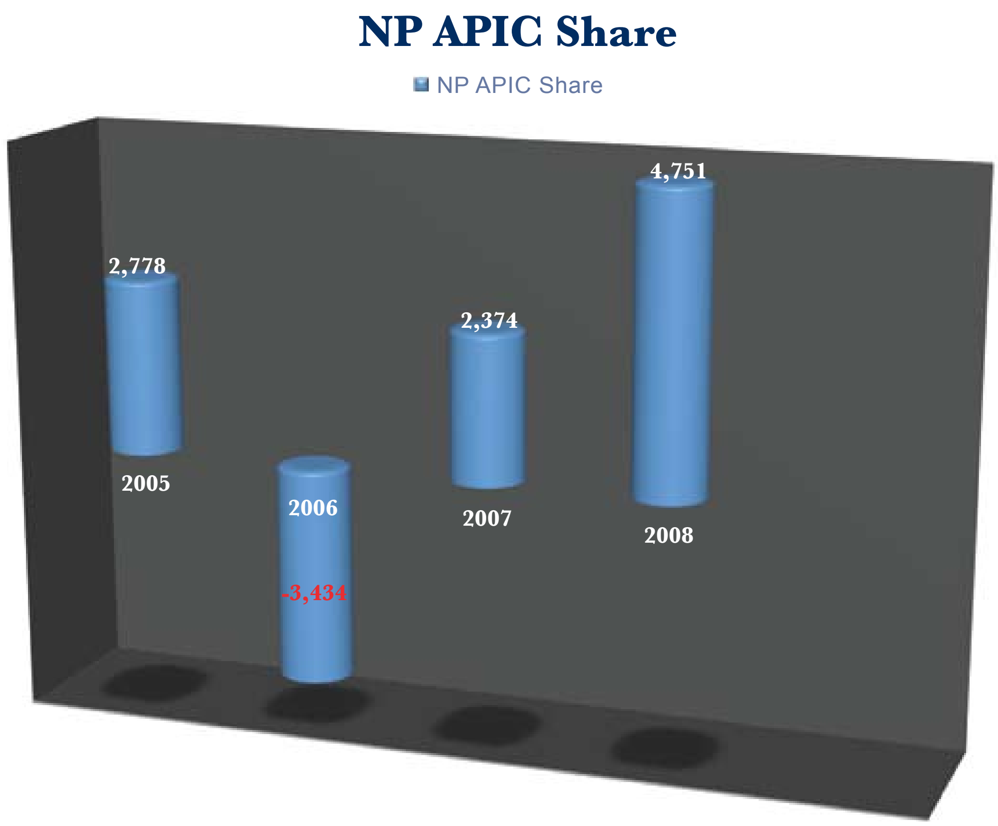


Charts
Assets & Sales

Charts
Numbers of Employees



NP APIC Share



APIC from the Inside