APIC أيبك

Annual Report

2017

APIC Bids Farewell to Company Founder and Renowned Philanthropist

The Late Sheikh Omar Abdulfattah Aggad

The life of the late Sheikh Omar Aggad in brief

- Born in Jaffa in 1927, Sheikh Omar attended Al Rashidiya College in Jerusalem. He received a Bachelor's degree in Electrical and Mechanical Engineering from the University of Manchester in the United Kingdom. In July 1995, Birzeit University awarded Sheikh Omar an honorary doctorate in economics in recognition of his pioneering role in the field of general economics as well as his work in institution building.
- He was a Palestinian pioneer with over fifty years of accomplishments in business and philanthropy.
- Sheikh Omar established and managed over forty industrial and trade ventures in Saudi Arabia, most of which still exist and function today.
- He founded the Aggad Investment Company (AICO) in Saudi Arabia in 1975.
- In 1982, he led a group of investors to purchase 25% of Smith Barney Bank in the United States of America and served on its board of directors.
- He was the founder and former chairman of APIC, which he established in 1994 to encourage investment in Palestine and create new jobs following the Oslo Accords and the establishment of the Palestinian National Authority.
- He was a founding partner and board member of InvestCorp Bank in Bahrain and the Saudi British Bank in Saudi Arabia.
- Sheikh Omar supported numerous projects and institutions in Palestine, and was a pioneer in his support of Birzeit University. In 1984, he funded the construction of the Faculty of Engineering, which is named after him. He also played a prominent role at the Institute of Palestine Studies, the Welfare Association, the Palestinian Students' Fund and was a member of the Palestinian National Council from its establishment.
- The Wall Street Journal noted that "Aggad is considered one of Saudi Arabia's savviest and most professional managers."
- British writer Michael Fields called Aggad "bold and impulsive, an intuitive decision-taker with a huge head for detail."

A photo of the late Sheikh Omar Aggad with Mr. Tarek Omar Aggad, chairman and CEO of APIC, during their visit to Palestine in 1994 to establish APIC.

May Your Soul Rest In Peace Among The Glories Of Heaven, Sheikh Omar

APIC أيبك

23
Years of Excellence

The Arab Palestinian Investment Company (APIC) has seen remarkable growth and has successfully built its position in Palestine and beyond through effective administrative and financial systems, as well as constant investment in human resources.

APIC's work mechanisms, which are based on accumulated experiences and a thorough understanding of markets and economic realities, have consistently generated significant financial revenue and delivered substantial value for APIC, its subsidiaries, shareholders and the communities in which it operates.

Manufacturing

Trade and Distribution

Services

Other Investments

Table of Contents

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Sky Advertising, Public Relations and Event Management Company
www.sky.ps

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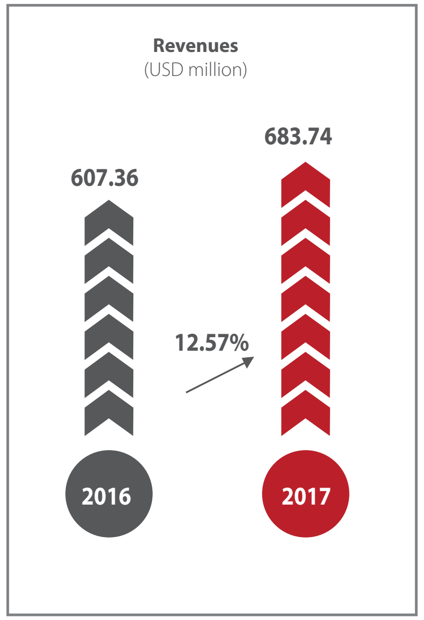
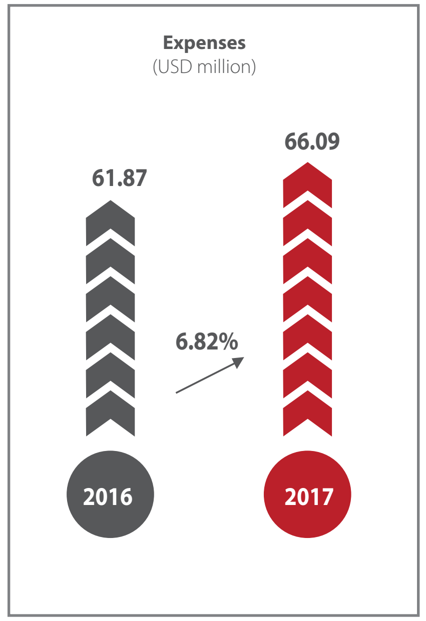
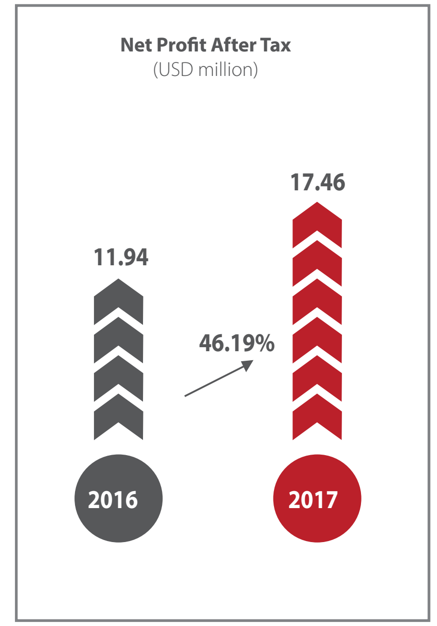
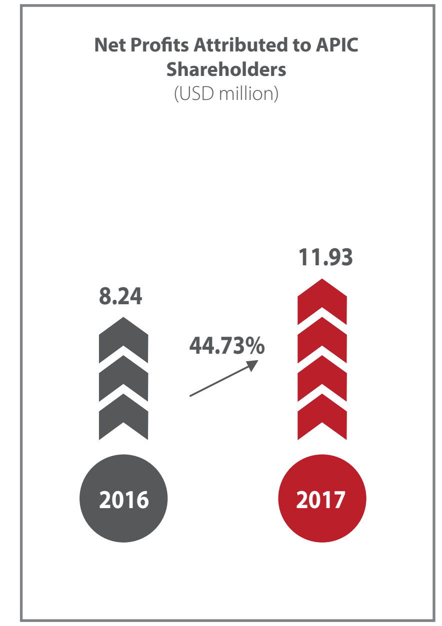
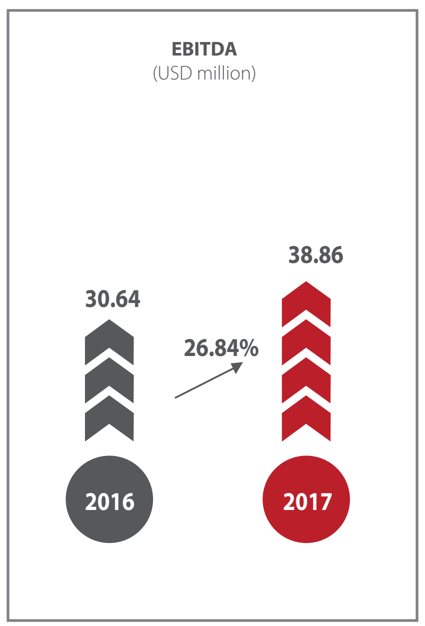
Financial Highlights 2017

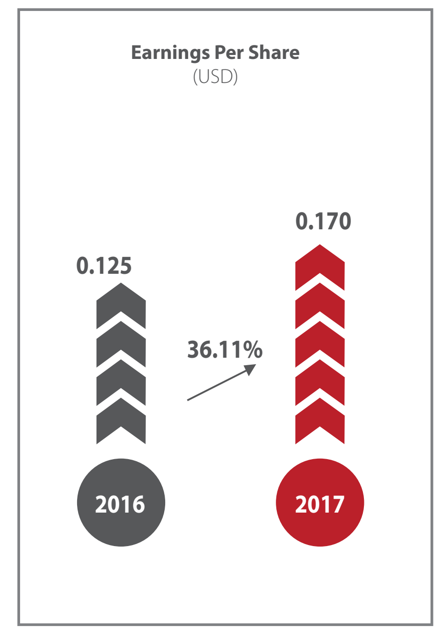












Chairman's Statement

Dear Shareholders,

The year 2017 saw milestones on many levels; APIC group achieved significant growth despite the challenges facing Palestine and the region as a whole. Net profit after tax grew by 46% year on year and amounted to USD 17.46 million in 2017, while net profit attributed to APIC's shareholders amounted to USD 11.93 million, marking 45% growth over 2016. Total revenue grew by 13% year on year and amounted to USD 684 million in 2017. Moreover, earnings per share attributed to APIC shareholders grew by 36% year on year and amounted to 17 cents per share in 2017. In 2017, APIC increased its paid-up capital to USD 70 million by distributing four million free shares to its shareholders and USD 3.96 million in cash dividends. Accordingly, total dividends amounted to USD 7.96 million, a payout of 12.06% of APIC's paid-up capital.

APIC's significant results during the past few years, since its listing on Palestine Exchange (PEX) in 2014 in particular, have had a positive impact on its market capitalization, which has risen gradually from USD 64 million to reach USD 138.6 million at the end of 2017, a growth of 116% over its 2014 closing (year of listing on PEX).

Although APIC subsidiaries faced many challenges in 2017, they were able to achieve notable accomplishments. Siniora subsidiary Diamond Meat Processing Company (Al Masa), which is based in Dubai, United Arab Emirates, has been accredited by the Saudi Food and Drug Authority to export its meat products to Saudi Arabia. Siniora factories in Jordan and Palestine maintained the highly-ranked international food safety certificate, the Food Safety System Certificate 22000, which represents the adoption of the highest food security standards worldwide and is recognized by key international organizations including the European Food and Beverage Association, the American Manufacturing Association and the Global Food Safety Initiative. In line with its regional expansion strategy, Siniora purchased a 3,500-square-meter warehousing facility in Riyadh, Saudi Arabia, at a total cost of USD 2 million, a move that is in line with Siniora's future growth in the region, with a focus on Gulf markets. The company also purchased an 11,590-square-meter plot of land in the Sahab Industrial Estate in Amman, Jordan, at a total cost of USD 1.55 million, as a preparatory step towards further expanding its plant in the country.

In line with the global trends that call for the use of renewable energy and environmentally-friendly natural sources, our companies have initiated a full program of installing solar photovoltaic panels to achieve the ultimate goal of energy independence.

Palestine Automobile Company officially inaugurated its new headquarters in Ramallah, Palestine, at a cost of USD 4 million. The sizeable investment includes a state-of-the-art service center, a large spare parts division and a new body paint workshop. The center will be the base for the future growth of Hyundai in Palestine, and will offer customers the ideal conditions to service their vehicles, including those that run on hybrid and electric technologies.

Medical Supplies and Services Company (MSS) installed the first Hitachi open MRI device in Palestine, one of the world's finest high-performance imaging devices. MSS also obtained new and exclusive distribution rights from international companies GSK Consumer Healthcare, GSK Oral Care, Hologic and Immucor to market and sell their lines of medical, healthcare and laboratory products in Palestine. Moreover, and in line with the significant expansion of its business and portfolio, the company upgraded and restructured its main warehouse facility, bringing it up to the highest international standards.

APIC has maintained its effective corporate social responsibility role in the communities within which it operates through continuous investment in the education and health sectors, entrepreneurial projects and youth as well as through its support of social, charitable, humanitarian and cultural institutions. APIC has also continued to forge medium and long-term strategic partnerships with institutions that play an active role in their society. In 2017, a total of USD 1.2 million was invested in corporate social responsibility by APIC and its group of subsidiaries, representing 7% of the company's net profit.

Finally, and on behalf of all my colleagues on the APIC Board of Directors and myself, I convey my gratitude to you, our shareholders, for your trust and continued support of this company. I also thank the group's more than 1,650 employees for their hard work.

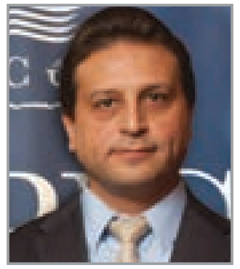
My Father Sheikh Omar Aggad, founder of APIC, who passed away in January 2018, would have been very proud that today APIC employs so many hard-working, dedicated people who have spearheaded all these great achievements and results.

Kindest regards,
Tarek Omar Aggad

APIC's Board of Directors as at December 31, 2017 are:

Mr. Tarek Omar Aggad
Chairman

Mr. Khaled Osaily
Vice Chairman



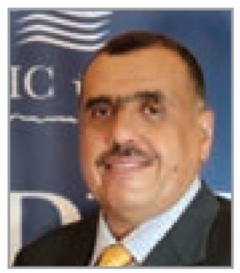
Dr. Durgham Maree
Member - Representing Palestine Investment Fund

Mr. Tarek Shakaa
Member - Representing Al-Said LTD

Mr. Bassam Aburdene
Member - Representing the Al-Huda Holding Company

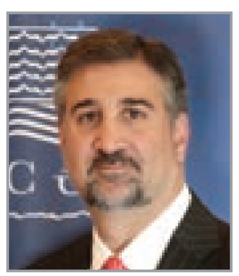
Mr. Fuad Kattan
Member

Mr. Tareq Abbas
Member



Dr. Mazen Hassounah
Member

Mr. Ali Aggad
Member



Mr. Nashat Masri
Member

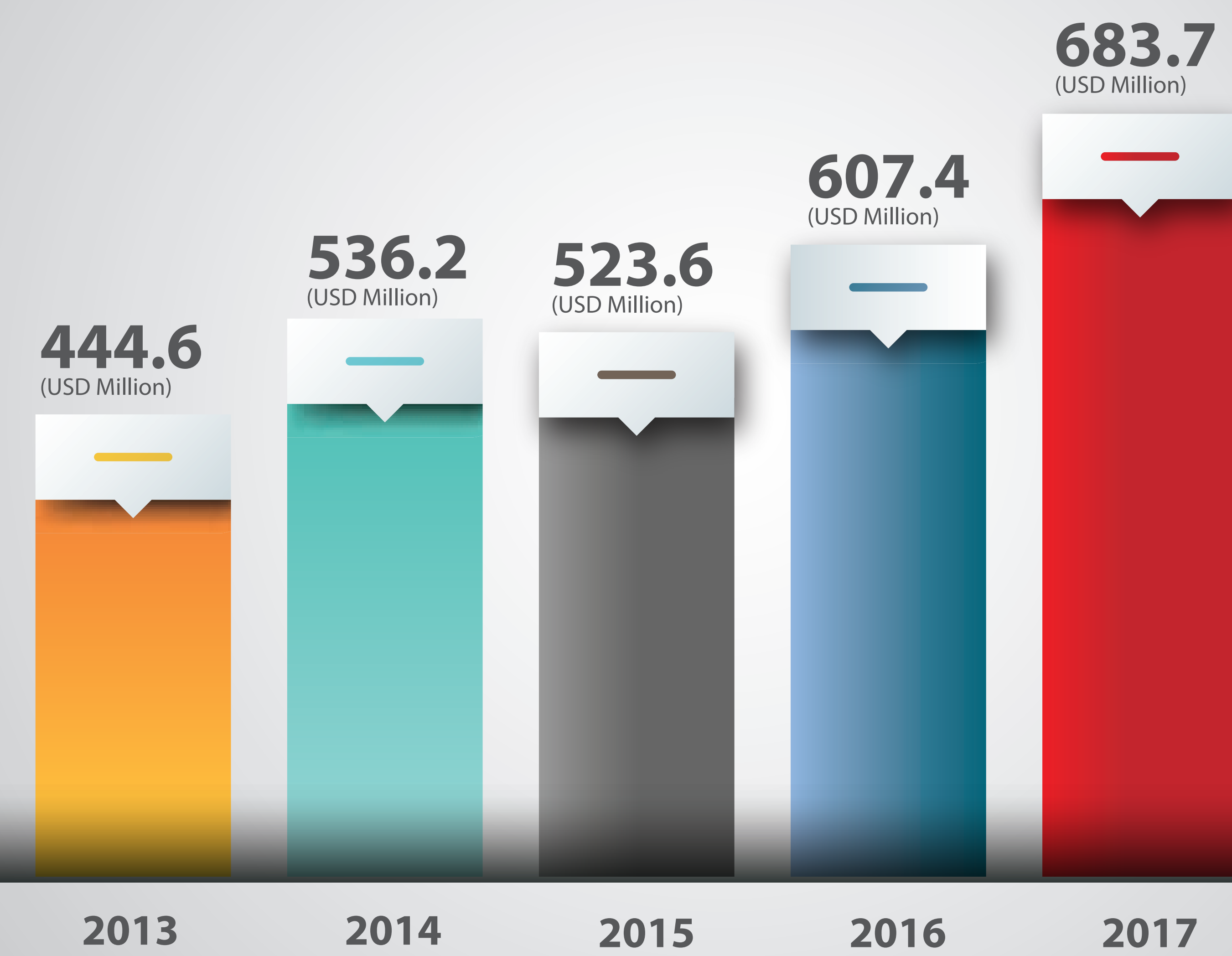
Board of Directors Committees

		Responsibility
Investment Committee	Mr. Nashat Masri Dr. Mazen Hassounah Dr. Durgham Maree Mr. Tarek Shakaa	Study investment projects, take investment decisions and inform the board of directors on the investment decisions and activities of the company
Audit Committee	Dr. Mazen Hassounah Mr. Nashat Masri Mr. Ali Aggad	Review and discuss the internal audit reports and audit strategies prepared by the internal audit manager regularly, as well as review the external auditor's reports
Remuneration Committee	Mr. Bassam Aburdene Mr. Khaled Osaily Mr. Fuad Kattan	Determine salaries and bonuses of the CEO and CFO

Milestones

Today	• Public shareholding listed and traded on Palestine Exchange (PEX: APIC) • Paid-up capital of USD 70 million • Total revenues in 2017 amounted to USD 683.7 million • 1650 employees in Palestine, Jordan, Saudi Arabia and the United Arab Emirates	Growth
2014	• Listed its shares on the Palestine Exchange (PEX) on March 2, 2014 (PEX: APIC) • Established Arab Leasing Company, Palestine	Milestones
2013	• Transformed into a public shareholding company	
2000	• Established Arab Palestinian Shopping Centers Company, Palestine • Acquired Sky Advertising, Public Relations and Event Management Company, Palestine	
1998	• Acquired Unipal General Trading Company, Palestine • Acquired Palestine Automobile Company, Palestine • Acquired Medical Supplies and Services Company, Palestine	Business Inauguration
1996	• Acquired Siniora Food Industries Company, Palestine and Jordan • Registered in Palestine as a foreign private shareholding company	
1995	• Acquired National Aluminum and Profiles Company, Palestine	
1994	• Established and registered in BVI as a private investment holding company with a capital of USD 70 million	

Total Revenues 2013-2017
(USD Million)



Establishment

The Arab Palestinian Investment Company (APIC) was founded by a number of Arab businessmen for the purpose of channeling funds and investments to Palestine, paving the way to greater development and creating new jobs in the country.

The company was established and registered on September 20, 1994, in the British Virgin Islands (BVI registration number 128626). On May 8, 1996, APIC was registered with the Ministry of National Economy in Palestine as a foreign private shareholding company (registration number 563600634).

APIC was transformed into a foreign public shareholding company on December 23, 2013 (registration number 562801563). On March 2, 2014, APIC listed its shares on the Palestine Exchange (PEX: APIC).

The company's authorized capital is USD 70 million divided into 70 million shares (USD 1.00 per share); while its paid-up capital is USD 70 million as of December 31, 2017.

Vision

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

Mission

To achieve business and financial success by investing in market-leading companies, thereby elevating the community through resources, talent and economic development through:

- The provision of superior quality products and services.
- The employment of capable and experienced personnel, ensuring that they are equipped with opportunities for growth and improvement.
- The continuous application of efficient work systems to all aspects of the business cycle.
- The maintenance of a solid financial base that drives further growth.
- Partnering with key stakeholders in the region to effect real change in the Palestinian community.

Objectives and Activities

As an investment holding company, APIC's investments are diverse, spanning across the manufacturing, trade, distribution and service sectors, with a presence in Palestine, Jordan, Saudi Arabia and the United Arab Emirates through its nine subsidiaries, which include National Aluminum and Profiles Company (NAPCO); Siniora Food Industries Company; Unipal General Trading Company; Palestine Automobile Company; Medical Supplies and Services Company; Arab Palestinian Shopping Centers (BRAVO); Sky Advertising, Public Relations and Event Management Company; Arab Leasing Company; and the Arab Palestinian Storage and Cooling Company.

Subsidiaries of APIC offer a wide array of products and services through distribution rights agreements with multinational companies that include Philip Morris, Procter & Gamble, Kellogg's, XL Energy Drink, Ferrero, Hyundai, Chrysler, Dodge, Jeep, Alfa Romeo, Fiat, Fiat Professional, Abbott, B. Braun, Eli Lilly, GlaxoSmithKline, Sanofi Aventis, Nivea, GE Healthcare among many others.

APIC is also one of the founding shareholders of Palestine Power Generation Company and has a stake in Bank of Palestine and Palestine Private Power Company.

Corporate Culture

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

Values

APIC's cultural values rest on the belief that all employees are equally important, differing only in their level of responsibilities, efficiency and commitment. The company values and rewards those with leadership, self-motivation and innovation.

Structure

The foundation of APIC is built on its people, and to empower them is a strategic 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.

Incentives

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

APIC's cumulative efficiency and knowledge lies within in its people. The company creates a 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 divided into five categories:

- The Power of People: Leadership and teamwork
- The Power of Innovation: Creativity, thinking and problem solving
- Customer Service: Facilitate and accelerate services
- Driving Growth
- Safety and Quality

Executive Management

APIC's executive management team as at December 31, 2017 are:

Mr. Tarek Omar Aggad
Chief Executive Officer

Mr. Nader Hawari
VP - Corporate Operations and Business Development

Mr. Tareq Abbas
VP - Corporate Affairs

Mr. Khaled Baradei
Chief Financial Officer

Mr. Ahmad Judeh
Chief Investment Officer

Mr. Murad Khatib
Internal Financial Auditor

Mrs. Fida Musleh/Azar
Investor Relations and Corporate Communication Manager

Corporate Governance

APIC and its subsidiaries operate within systems of governance that regulate management and operations at all levels. Members of the board are elected by the company's general assembly every four years. The board exercises its mandate based on the company's constitutional articles, which encompass the organizational structure and stipulate the powers delegated to the management, including those of the CEO.

For the purpose of creating sustainable governance policies, APIC has a specialized Internal Control Department with complete operational systems. Written policies and procedures are created for all administrative, financial and operational departments across APIC subsidiaries. The policies and procedures of each subsidiary are submitted to the board for approval and application. Additionally, at each board meeting, the APIC internal financial auditor presents routine updates of the internal audit findings for all subsidiaries.

Independent internal auditing for APIC and its subsidiaries is undertaken by Ernst & Young.

Since its listing, APIC has been committed to the Palestine Exchange's listing, trading and disclosure regulations.

Legal Advisor

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Global Partners

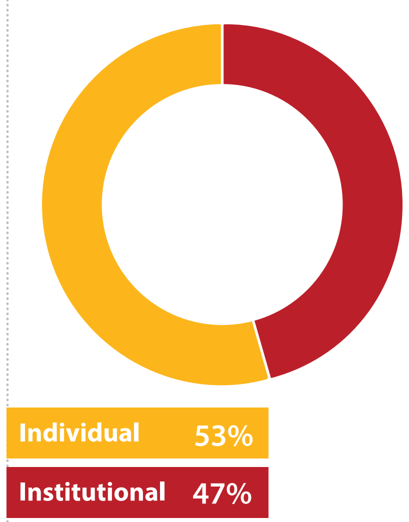
Shareholder Structure

By the end of 2017, APIC had 576 shareholders comprising both individuals and institutions of various nationalities. Shareholders holding 5% and above of the capital represented 50.47%, while the remaining shareholders represented 49.53%.

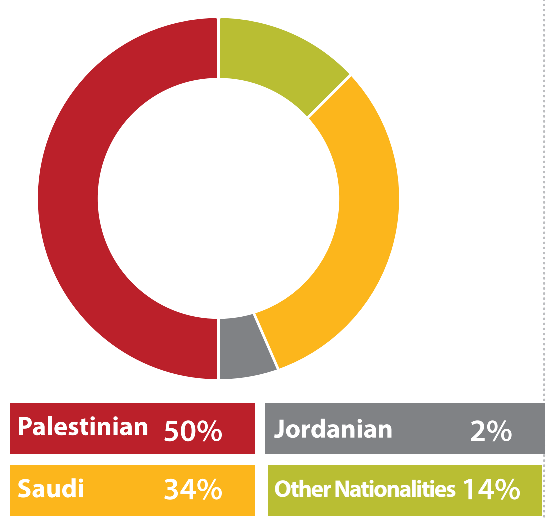
The following table illustrates the shareholders who directly and indirectly own 5% and above of the company's capital:

Shareholder	Ownership % as at December 31, 2017
Tarek Omar Aggad and related parties	28%
Palestine Investment Fund and related parties	17.47%
Violette Ibrahim Said Baransi	5%

Distribution of ownership between individual and institutional shareholders at the end of 2017



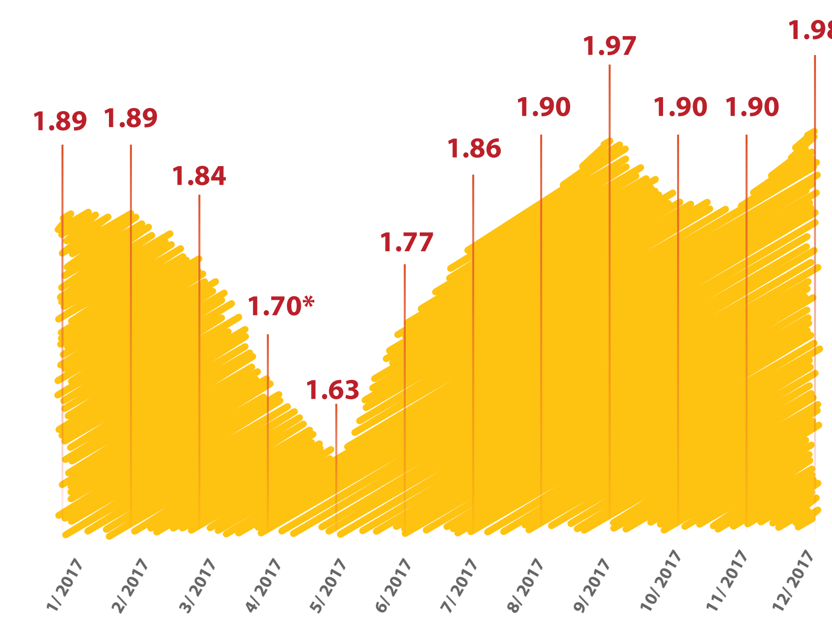
Distribution of shareholder ownership by nationality at the end of 2017



Share Performance

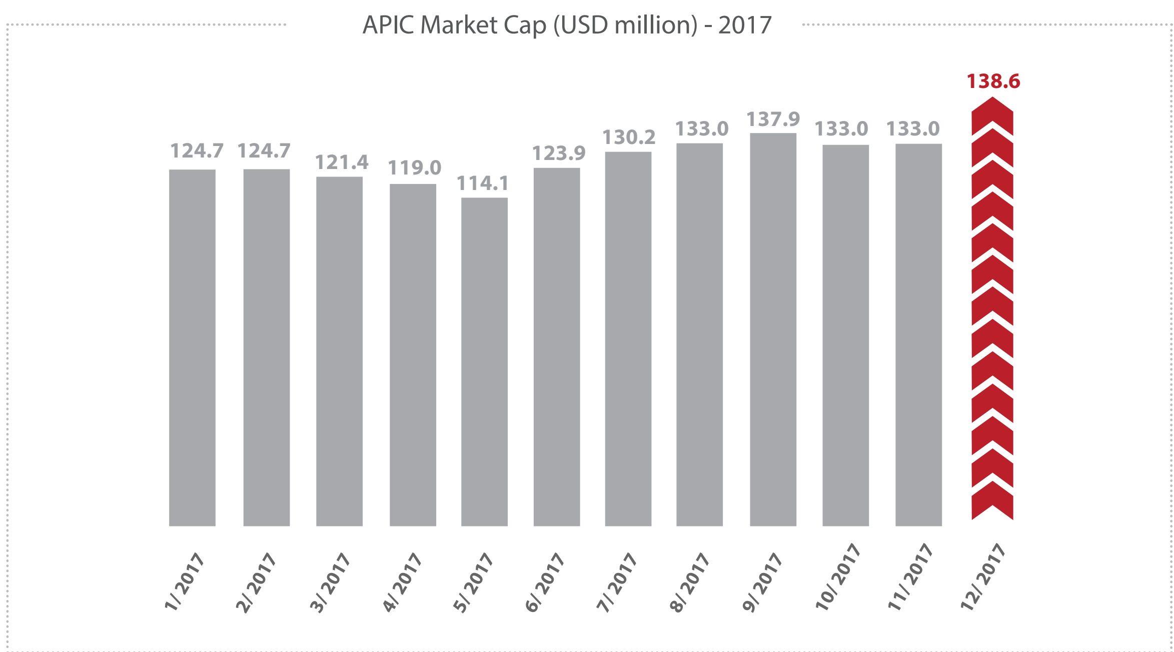
APIC's share performance	2017	2016	% change
Share close as at December 31 (USD)	1.98	1.90	4.21%
Trading volume (shares)	19,535,525	36,385,481	-46.31%
Trading value (USD)	36,345,261	55,426,393	-34.43%
Number of transactions	2,884	4,556	-36.70%
Number of trading days	227	231	-1.73%
Number of shareholders	576	542	6.27%
Free float percentage as at December 31	45.05%	52.72%	-14.55%
Market capitalization as at December 31 (USD)	138,600,000	125,400,000	10.53%

Share Performance (USD) - 2017



* Stock price was adjusted by PEX on April 23, 2017, by the stock dividend payout ratio of 6.06%

High: USD 1.98 Low: USD 1.62 Turnover ratio: 28%



Key Ratios (As at December 31, 2017)

Earnings per Share (EPS)	0.17
P/E Ratio	11.65x
P/B Ratio	1.47x

Key Decisions of the General Assembly

In its regular meeting on April 23, 2017, the General Assembly ratified a dividend distribution of 12.06% of the company's paid-up capital, for registered shareholders as at April 20, 2017, as per the following:

- 6.06% bonus shares amounting to four million shares.
- 6% cash dividend amounting to USD 3,960,000.

Communication with Shareholders

APIC maintains constant communication channels with its shareholders by distributing regular news and updates, periodical investor briefs, financial disclosures and annual reports. APIC communicates directly with its shareholders by emails, via its website and through social media channels.

Furthermore, APIC launched a specialized Investor Relations section on its website (www.apic.ps) that provides shareholders and investors with all necessary information including:

- **APIC Share:** Share data and performance both current and historical, in addition to analysts' coverage reports.
- **Financial Data:** Periodic financial statements and annual reports.
- **Investor Brief:** Periodic publications that highlight APIC's share and financial performance, as well as other major business developments.
- **General Assembly:** GA information, invitations, meeting minutes and approved dividend distribution.
- **IR Contact Information**

Dividend Policy

There is no written policy dedicated for dividend distribution at APIC. The following table shows dividend distribution during the past years:

Fiscal Year	General Assembly Resolution Date	Dividend Type	Cash (USD)	Numbers of distributed bonus shares
2016	April 23, 2017	Cash and Bonus Shares	USD 3,960,000 (6% of paid-up capital)	shares 4,000,000 (6.06% of paid-up capital)
2015	May 18, 2016	Cash and Bonus Shares	USD 3,000,000 (5% of paid-up capital)	shares 6,000,000 (10% of paid-up capital)
2014	April 29, 2015	Cash	USD 4,500,000 (7.5% of paid-up capital)	
2013	April 29, 2014	Bonus Shares		shares 9,990,602 (19.98% of paid-up capital)

Board Remuneration

The board remuneration policy stipulates that each board member receives the amount of USD 25,000 as annual compensation. The total board remuneration in 2017 amounted to USD 250,000.

Executive Management Remuneration

The executive management's total benefits of the holding company in 2017 amounted to USD 2,013,155 as per the following:

- Salaries: USD 864,422
- Bonuses: USD 1,148,733

Competitive Position

It is difficult to determine the overall competitive position of APIC given the diversity of its investments as well as the diversity of the sectors and markets in which it operates. However, the quality of its products and services both locally and regionally through its subsidiaries have led to APIC's strong competitive position and leading market share.

Subsidiaries

Company	Ownership % as at December 31, 2017	Country of Registration	Country of Operations	Main Activities and Operations
Manufacturing Sector				
National Aluminum and Profiles Company PLC	72.99% (1)	Palestine	Palestine, Jordan	Manufacturing of aluminum and profiles
Siniora Food Industries Company PLC	61.74% (2)	Jordan	Jordan, Palestine, Saudi Arabia, UAE	Manufacturing of cold cuts, luncheon canned meat and frozen meat
Trade and Distribution Sector				
Unipal General Trading Company PSC	93.4%	Palestine	Palestine	Distribution of consumer products
Palestine Automobile Company PSC	100%	Palestine	Palestine	Distribution of cars and after-sales service
Medical Supplies and Services Company PSC	50%	Palestine	Palestine	Distribution of medical supplies, equipment and healthcare products
Arab Palestinian Shopping Centers Company PSC	99.72% (3)	Palestine	Palestine	Shopping
Services Sector				
Sky Advertising, Public Relations and Event Management PSC	100%	Palestine	Palestine	Advertising, public relations and event management
Arab Leasing Company PSC	100%	Palestine	Palestine	Leasing of vehicles
Arab Palestinian Storage and Cooling Company PSC	68.47% (4)	Palestine	Palestine	Storage and cooling

(1) This percentage represents APIC's direct ownership of 70.96% in addition to its indirect ownership of 2.03 % through its subsidiary Unipal.

(2) This percentage represents APIC's direct ownership of 61.18% in addition to its indirect ownership of 0.56% through its subsidiary Unipal.

(3) This percentage represents APIC's direct ownership of 99.11% in addition to its indirect ownership of 0.61% through its subsidiary Unipal.

(4) This percentage represents APIC's direct ownership of 31.1% in addition to its indirect ownership of 37.37% through its subsidiary Unipal.

About APIC Subsidiaries

Manufacturing Sector

NAPCO
نابكو
Aluminum of Palestine

National Aluminum and Profiles Company (NAPCO)

Founded in 1991, and acquired by APIC in 1995, NAPCO is the first and only aluminum profiles manufacturer in Palestine. Located in the West Bank city of Nablus and originally launched to serve the basic needs of Palestinian residents, NAPCO's state-of-the-art 28,000-square-meter plant has an annual production capacity of over 7,000 tons of high quality products that comply with international standards and specifications. NAPCO's innovative and enduring product solutions penetrated regional markets, and the company's profile systems serve numerous architectural and industrial branches. NAPCO has a subsidiary in Jordan in order to seize opportunities in the Jordanian market, as well as make the country a foothold for expansion in neighboring Arab markets.

NAPCO is accredited by both the Palestine Standards Institution and Lloyd's Register Quality Assurance Certificate in Occupational Health & Safety (OHSAS 18001:2007) and has also received the International Quality Coating Certificate (QUALICOAT).

NAPCO is a public shareholding company and has been listed on the Palestine Exchange since November 2011 (PEX: NAPCO)

"The first and only aluminum profiles manufacturer in Palestine"

Manufacturing Sector

Siniora Food Industries Company

Siniora Food Industries is a market leader in the manufacture and sale of branded Siniora Al-Quds and Unium processed meat. The company was founded in Jerusalem, Palestine, in 1920, established its factory in Jordan in 1992, and was acquired by APIC in Palestine and Jordan in 1996. Siniora acquired the Diamond Meat Processing Company in Dubai in 2016. Siniora Food Industries produces cold cuts and canned luncheon meat from three state-of-the-art processing plants built using the latest technologies, one located in East Jerusalem, Palestine, the second located in King Abdullah II Industrial Estate in Jordan and the third in the United Arab Emirates.

Siniora's factory in Jordan also produces various frozen meat products. Siniora factories in Jordan and Palestine have been awarded the Food Safety System Certificate 22000 (ISO/TS22002-1), which represents the adoption of the highest food security standards worldwide and is recognized by key international organizations including the European Food and Beverage Association, the American Manufacturing Association and the Global Food Safety Initiative. Since 2014, Siniora factories in Jordan and Palestine have been maintaining the international certifications for Occupational Health and Safety Management Systems OHSAS 18001:2007 and Environmental Management Systems ISO14001:2004. Siniora has also been awarded the ISO 9001 certifications for quality and food control safety, in addition to the Palestinian Standard Certificate in Palestine and the Halal Certificate issued by Jordanian Standards.

The company markets its products through mass merchandisers, grocery stores, high-frequency stores and department stores in Jordan, Palestine, Saudi Arabia and the United Arab Emirates as well as in many other countries in the Middle East. Siniora also has distribution centers in Saudi Arabia, the United Arab Emirates and a dedicated export department covering the Gulf and the Levant. Siniora is a public shareholding company listed on the Amman Stock Exchange (ASE: SNRA) since January 2012.

"The leader in the region's meat manufacturing sector"

Trade and Distribution Sector

Unipal General Trading Company

Founded in 1994 as a private shareholding company and acquired by APIC in 1998, Unipal General Trading Company is by far the leading fast-moving consumer goods (FMCG) distributor in Palestine. The company possesses and services sole distribution rights for major multinationals such as Philip Morris International, Procter & Gamble, Kellogg's, Heinz, Ferrero XL Energy Drink, Americana, as well as Siniora and other well-known international brands. The company's highly efficient distribution system delivers leading quality products that fulfill the Palestinian consumer's needs.

Unipal is able to effectively drive its product portfolio to a leading market position in a short time span due to its extensive distribution network of over 6,000 retail outlets throughout Palestine. Moreover, Unipal owns a state-of-the art distribution center with a capacity of 8,100 pallets.

"The leading fast-moving consumer goods distributer in Palestine"

Trade and Distribution Sector

Palestine Automobile Company

Palestine Automobile Company
الشركة الفلسطينية للسيارات

Founded in 1996 as a private shareholding company, and acquired by APIC in 1998, Palestine Automobile Company (PAC) is the sole distributor for the Hyundai Motor Company's entire line-up of passenger cars, trucks and vans, in addition to Fiat Chrysler Automobiles, which include the Fiat, Fiat Professional, Alfa Romeo, Chrysler, Jeep, Dodge and Ram brands.

PAC's guiding principle is to provide its customers with top-notch services, achieved through its large state-of-the-art service and parts facilities, staffing them with qualified engineers and technicians in order to guarantee customer satisfaction and increased sales.

PAC owns and operates four sales showrooms, three service centers and three spare parts warehouses in major Palestinian cities, along with its network of authorized dealers across Palestine.

HYUNDAI CHRYSLER DODGE Jeep RAM MOPAR

"Excellence in after-sale services via state-of-the-art service centers"

Trade and Distribution Sector

Medical Supplies and Services Company
شـركــة الــتـوريـدات والخـدمــات الطبيــة

Medical Supplies and Services Company

Founded in 1994 as a private shareholding company, and acquired by APIC in 1998, Medical Supplies and Services Company (MSS) has consistently maintained its position as one of the top Palestinian companies in its field.

As the most diversified healthcare product supplier in Palestine, it distributes pharmaceuticals, medical and laboratory equipment, surgical and disposable items, and fast-moving consumer goods (FMCG) to pharmacies, private hospitals, non-governmental organizations, the Ministry of Health and retail outlets. MSS is the sole distributor and service provider for major multinationals including GlaxoSmithKline, Sanofi-Aventis, Merck Sharp & Dohme, Abbott International, GE Healthcare, Eli Lilly, Beiersdorf (Nivea), Janssen, Abbott Diabetes Care, Hitachi, Nihon Kohden, B. Braun, Abbott Vascular, Abbott Diagnostics and Trisa.

“The exclusive distributor of various pharmaceuticals, healthcare products and medical equipment in Palestine”

Trade and Distribution Sector

Arab Palestinian Shopping Centres Company (Bravo)

The Arab Palestinian Shopping Centers Company offers the first modern shopping malls in Palestine: Bravo Supermarkets. The company has grown to become the nationwide leader in the retail industry, with six Bravo supermarkets in three major West Bank cities, three of which are in Ramallah and Al-Bireh, two in Nablus, one of which is the largest retail outlet in Palestine, and one in Hebron. The main Bravo Shopping Centers in Al-Bireh and Nablus include various restaurants, a children's indoor play area, retail shops, among other services.

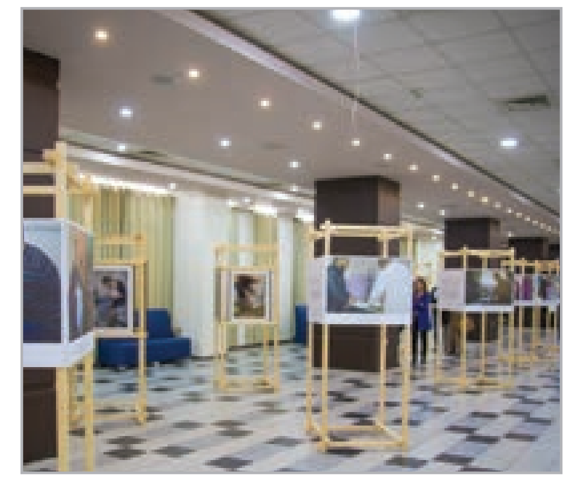
"The largest supermarket chain in Palestine"

Services Sector

Advertising • Public Relations • Events

Sky Advertising Public Relations and Event Management Company

Founded in 1996 as a private shareholding company, and acquired by APIC in 2000, Sky is recognized as a pioneer in the fields of advertising, public relations and event management in Palestine, offering a full range of customized promotional services designed to maximize client profiles in competitive markets. Aiming to enhance the role of its clients in the market, the company employs staff specialized in various essential creative areas that include graphic design and printing, public relations, event management, promotion, media, outdoor advertising and digital communications.



“A pioneer in advertising, public relations and event management”

Services Sector

Arab Leasing Company
الشركة العربية للتأجير التمويلي

Arab Leasing Company

Established by APIC in 2014 as a private shareholding company, Arab Leasing Company's (ALC) operations are in the field of leasing of Hyundai, Jeep, Fiat, Dodge, Chrysler and Alfa Romeo vehicles. ALC aims to expand its services in the future to include financial leasing of equipment and machines, as well as the development of innovative solutions in the field of financial leasing. Moreover, ALC seeks to maintain a leading position in the leasing sector and excellence in customer service.

"Developing innovative solutions in the field of financial leasing"

Other Investments (As at December 31, 2017)

Company Name	Security Type	Number of Shares	Ownership %
Palestine Private Power Company*	Shares	186,364	4.55%
Palestine Power Generation Company	Shares	800,000	4.00%
Bank of Palestine	Shares	5,093,244	2.55%

*Unipal owns the same number of shares in Palestine Private Power Company

Future Objectives

APIC aims to sustain the performance, success and competitive position it has acquired. In addition, APIC seeks to reinforce its expansion and development policy by targeting new markets and sectors, as well as upgrading the products and services of its subsidiaries. APIC consistently pursues steady annual growth while maintaining its focus on its core values and principles.

Corporate Social Responsibility

Corporate Social Responsibility…An Effective Role and a Continuous Commitment

“APIC invested 7% of its net profit in 2017 in corporate social responsibility, amounting to USD 1.2 million”

Since its establishment, APIC has had an effective social role in the communities within which it operates. APIC’s strategic social responsibility vision lies in its investment in the education and health sectors, entrepreneurial projects and youth, as well as through its support of social, charitable, humanitarian and cultural institutions.

Over the past few years, APIC’s policy has focused on forming medium- and long-term strategic partnerships with institutions that play an active role in society, assisting them in fulfilling their missions. In 2017, APIC and its group of subsidiaries invested a total of USD 1.2 million in social responsibility ventures, a total of 7% of the company’s net profit.

Supporting Orphans, Families and Persons with Special Needs

SOS CHILDREN'S VILLAGES PALESTINE

SOS Children’s Villages in Palestine

APIC has regularly supported SOS Children’s Villages in Palestine, helping the institution fulfil its humanitarian mission of providing quality education as well as stable, secure and loving care to children who have lost parental and community care. In 2016, APIC sponsored a family of eight children in Bethlehem’s SOS Children’s Villages to cover three consecutive years, through 2018.

Also in 2016, and for three consecutive years, APIC dedicated a fund to the Education for a Better Future program, which will enable the Palestinian children of the SOS Children’s Villages to receive quality education at the schools they attend.

APIC’s social and humanitarian commitment extends to providing moral support as well. It was in this spirit that APIC sponsored a fun-filled Ramadan iftar for the children, mothers and administrators of the SOS Children’s Village in Bethlehem. The evening included recreational activities as well as the distribution of gifts to the children.

SOS Children’s Villages International works in over 134 countries worldwide, providing loving homes and families to children who have lost their parents or who face the risk of losing parental care. It also supports families going through challenging living conditions by providing care, education and health services.

Supporting Orphans, Families and Persons with Special Needs

The Society of Inash El Usra

APIC has been assisting the Society of Inash El Usra since 2016, within a strategic support plan that covers the years 2016 through 2018, to aid the organization in fulfilling its national, social and humanitarian missions.

Moreover, APIC donated a Hyundai H1 car to the Society of Inash El Usra in 2017, for use by the orphanage house at the society.

Established in Al-Bireh, Palestine, the Society of Inash El Usra is a non-profit developmental and charitable organization launched by a group of committed Palestinian volunteer women in 1965. The society relies on its executive committee for volunteer work, in addition to a dedicated team of more than 100 employees to achieve its national objectives, which include social, humanitarian, cultural and economic efforts to empower women and facilitate professional access to community development roles and family support. Other objectives include the preservation of Palestinian cultural heritage from loss, plagiarism or theft, as well as child care in recognition of the role youth play in forming a better future of Palestine.

Supporting Orphans, Families and Persons with Special Needs

Star Mountain Rehabilitation Center

APIC has pledged support for a three-year period to Star Mountain Rehabilitation Center, from 2017 through to 2019, to assist the organization in fulfilling its mission of providing rehabilitation to persons with intellectual disabilities and to provide them with training and other opportunities needed in order to be active members of society. APIC's contribution to organizations that provide skills training to persons with intellectual disabilities reflects the company's strong belief in equal opportunities, respect for others and the importance of human rights.

Also, jobs have been allocated to people with special needs within the group; two persons from Star Mountain are employed at the manipulation/labeling section at Unipal's main distribution center.

Star Mountain Rehabilitation Center in Palestine is an organization that contributes to the securing of a dignified life for persons with intellectual disabilities by providing rehabilitation and training, integration and inclusion as well as awareness building and community mobilization through love, dignity, justice and equality. The center's four programs include an inclusive kindergarten, a school curriculum, vocational training and community work. Additionally, Star Mountain offers specialized programs for physiotherapy, speech therapy, art and physical education, music, drama and psycho-social support/counseling for both students and their families. The center currently supports 190 persons with intellectual disabilities of all ages.

Supporting Orphans, Families and Persons with Special Needs

جمعية عطاء فلسطين الخيرية
GIVE PALESTINE ASSOCIATION

Give Palestine Association

In 2017, APIC lent its financial support to the Give Palestine Association, dedicating a fund for the organization's projects in Gaza.

Give Palestine Association is a non-profit, non-governmental and independent charitable institution. Established in 2003, and operating in Gaza, Jerusalem and in the marginalized villages in the West Bank, Give Palestine aims to help, empower and rehabilitate poor and needy Palestinian families and targets children, women, disadvantaged families and orphans. The association adopts three main programs: the relief program that distributes food parcels, school bags and stationery, as well as clothes; the economic empowerment program that installs solar power panels and restores houses, in addition to implementing economic empowerment projects for young people and needing families; and the cultural program that establishes and maintains libraries for children, encouraging reading through dedicated campaigns in addition to organizing summer camps

Youth and Education

Dar Al-Tifel Al-Arabi Organization – Jerusalem

In 2017, APIC launched a strategic support partnership with the Dar Al-Tifel Al-Arabi Organization for five years, running from 2017 through 2021, that will see APIC providing 20 scholarships for distinctive female students studying at Dar Al Tifel Al-Arabi secondary school in Jerusalem.

Dar Al-Tifel Al-Arabi Organization (DTA) was founded in Jerusalem in 1948 by the late Hind Husseini, one of the pioneers in philanthropy and voluntary work in Palestine. DTA is a forerunner in community work in Jerusalem, and its services span various sectors including education, orphan care, heritage and culture. It runs and supervises Dar Al Tifel Al-Arabi secondary school and the internal hostel for orphan girl students and social cases. It also manages two cultural centers: the Palestinian Heritage Museum and Dar Isaaf Al-Nashashibi for Culture, Arts and Literature.

Youth and Education

The Industrial Secondary School – Jerusalem / Arab Orphan Committee

In 2017, APIC launched a strategic support plan for the Industrial Secondary School in Jerusalem. Under the plan, APIC will provide 25 scholarships to students studying in the vocational fields of auto-mechatronics, welding, central heating, air conditioning, carpentry and furniture, communications technology, maintenance of cellular devices, computers and networks and electrical wiring.

The Industrial Secondary School (JISS) was established in Jerusalem in 1965 by the Arab Orphan's Committee (AOC). JISS is equipped with comprehensive equipment, tools and apparatuses, which serve the technical and vocational education and training (TVET) sectors. The vision of AOC and JISS is focused on building a professional, productive Palestinian society, with equal chances of adequate education and training, to fulfill requirements of building a strong Palestinian economy. Under this vision, and as a developable sustainable institution, JISS offers high quality TVET specializations that are responsive to the needs and requirements of the private sector and labor market, locally and regionally. In addition, the mission of the institution is to participate in raising the youth's employability by supplying the labor market with highly demanded, qualified and skilled technicians and specialists, in full cooperation and partnership with the private sector, in order to reach sustainable socio-economic development.

"Joining the Dual Studies Program provided me with the opportunity to experience and explore the world of business administration, and practice various management skills. During the practical periods, I was introduced to many skills such as precision, punctuality, multitasking, dealing with people and the use of diverse computer programs. All these skills have made me better and improved my self-confidence. Indeed, I will become a successful manager in the future

Aya Dadua
Faculty of Business Administration - Siniora Food Industries

Youth and Education

Dual Studies – Al-Quds University

APIC has supported Al-Quds University's Dual Studies program since 2016, by hosting 13 students throughout their undergraduate studies. Students in the faculties of electrical engineering, information technology and business administration get the opportunity to intern at APIC's subsidiaries during their four-year undergraduate studies.

Dual Studies is an educational system that combines theoretical study with practical application. Al-Quds University launched the Dual Studies program in 2015, with funding from the German government through GIZ. Dual Studies was designed to contribute to raising the professional level of the Palestinian youth and providing good jobs for students after graduation. Moreover, it aims to bridge the gap between the academic educational outcomes and the needs and requirements of the Palestinian labor market. The program is being implemented along the lines of the German experience, which focuses on the integration of academic study and linking students in the work environment from the first day of enrollment in a specialty. This methodology provides students with the opportunity to study at Al-Quds University as well as have the chance to practice in the field of their study at a specialized Palestinian company until they achieve their bachelor's degree.

Youth and Education

Stock Simulation Program – Palestine Exchange

Since 2014, APIC has been the exclusive sponsor of the Stock Simulation competition organized by the Palestine Exchange (PEX). APIC's sponsorship of the Stock Simulation competition comes as part of its belief in the importance of education, enabling youth to enhance their capabilities and equipping them with necessary practical skills for the future.

The Stock Simulation competition is an applied educational tool that targets students from business and financial faculties in Palestinian universities and enables them to combine theory with practice. It also allows them to leverage their practical skills and enhances their financial competence in trading securities. It offers students first-hand experience in trading securities in a virtual environment that simulates the real trading environment at PEX, under the same rules and regulations. The competition was launched in 2008, with the participation of three universities. To date, 13 universities across all governorates of Palestine have benefited from this experience with more than 2,100 students taking part. Each year, APIC participates in the graduation ceremony organized by PEX, and distributes certificates to all participants and prizes to the winners.

Youth and Education

King's Academy

Since 2014, APIC has supported distinguished students from Palestine to study at King's Academy in Jordan.

King's Academy, located in Madaba Jordan, opened its doors in 2007. It is a non-profit, coeducational boarding and day school for middle and high school students (grades 7 to 12). The school provides a comprehensive curriculum based on the American Advanced Placement program and the College Board's QUEST framework for teaching and learning. The dynamic curriculum includes an integrated co-curricular program of athletics, activities and community service, and boarding students live in a nurturing residential environment that allows them to flourish personally and intellectually. King's students currently number 667 and hail from Jordan and 31 other countries.

Youth and Education

Mahmoud Abbas Foundation

Mahmoud Abbas Foundation

Since 2015, APIC has provided scholarships to Palestinian students in Lebanon through the Mahmoud Abbas Foundation.

Mahmoud Abbas Foundation is a non-profit organization registered in Palestine and Lebanon, founded in 2011 in response to the difficult situation Palestinian people face in refugee camps in the Diaspora, especially in Lebanon. The foundation helps the refugees through three programs: the student's scholarship program that provides scholarships to Palestinian students, to date, around 2500 students have benefits from this program; the family interdependence program (Takaful), which provides symbolic aid to more than 300 families; and the youth empowerment program that aims to enhance and develop capabilities of the youth to prepare them for the labor market and increase their employability chances.

Youth and Education

INJAZ Palestine

INJAZ Palestine

APIC has maintained its support for INJAZ Palestine since 2007, through generous donations and with volunteers from APIC and its subsidiaries.

INJAZ Palestine is an independent Palestinian organization run and sponsored by a group of pioneer Palestinian companies. It is a member of the Junior Achievement Worldwide organization, which was established in 1919. INJAZ Palestine is dedicated to giving young people the knowledge and skills they need to own their economic success, plan for their future and make smart academic and economic choices. Through partnership with the private and education sectors, INJAZ provides programs delivered by experienced volunteers from the Palestinian private sector to inspire and educate youth about entrepreneurial and business innovation.

APIC's Scholarship for the Children of its Employees

Every year, APIC awards full four-year scholarships to the highest scoring Tawjihi students among the children of its employees at a Jordanian or Palestinian university

Youth Leadership and Entrepreneurship

The Palestinian Initiative for the Promotion of Global Dialogue and Democracy – MIFTAH

APIC announced a three-year strategic partnership with MIFTAH that will run from 2017 to 2019 to support its Palestinian Youth Leadership Empowerment program, which seeks to enable young leaders to build their capacities and effectively contribute to sustainable development efforts.

MIFTAH is a non-governmental non-profit organization that was established in Jerusalem in 1998. It seeks to promote the principles of democracy and good governance within various components of Palestinian society; it further seeks to engage local and international public opinion and official circles on the Palestinian cause. To that end, MIFTAH adopts the mechanisms of an active and in-depth dialogue, the free flow of information and ideas, as well as local and international networking. One of MIFTAH's strategic objectives is to promote good governance through enhancing the role and participation of women and youth in policy and decision-making within the public sector and local government organizations. This participation is increased through empowering women and youth political leadership in the West Bank and Gaza Strip for national and local government elections and supporting women and youth to be well prepared to take on political roles and to become involved in political and public spheres

Youth Leadership and Entrepreneurship

Gaza Sky Geeks

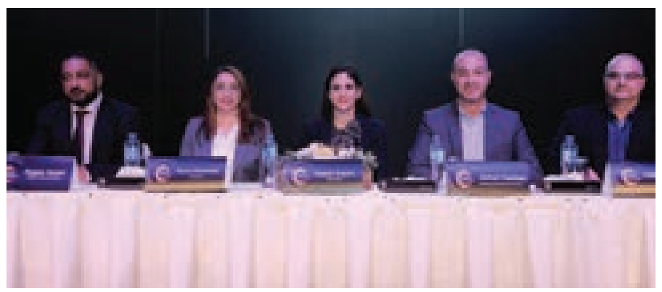
Gaza Sky Geeks

In 2017, APIC announced its three-year strategic support for Gaza Sky Geeks, which is a technology and education hub supporting entrepreneurs and software developers in Gaza, Palestine.

Gaza Sky Geeks (GSG) is the leading co-working space, pre-seed startup accelerator and technology education hub in Gaza. Its mission is to build an internationally competitive technology ecosystem in Palestine through online freelancing, outsourcing and tech startups that create high-salary jobs. GSG convenes designers, developers and startup founders under one roof to share ideas, code and build brighter futures by selling products and services online. In 2017, GSG helped generate over USD 200,000 in investment and revenue, helped train and educate over 1,000 unique individuals in technology and business, and made it easier for Palestinian businesses to receive payments online.

Youth Leadership and Entrepreneurship

Global Entrepreneurship Week



Global Entrepreneurial Week in Palestine

APIC supported the Global Entrepreneurial Week 2017 in Palestine as part of its investment in youth and entrepreneurship in Palestine. The event aims to equip youth with essential leadership skills and qualifications to penetrate the work environment, take sound decisions while having a positive attitude in order to take an idea and turn it into a reality and excel both on local and regional levels.

APIC was also a jury member in the panel evaluating entrepreneurship projects through the Get in the Ring (GITR) competition. GITR is a global competition that is conducted in more than 70 countries worldwide, offering participants and emerging projects a platform to communicate with investors and partners. Entrepreneurs competed in presenting their skills, management expertise and achievements of sales, revenues, customers, partnerships or potential investments.

The Global Entrepreneurship Week is an important platform that supports youth and expands their perceptions of innovation and entrepreneurship. It also contributes to Palestinian economic development by supporting the growth of startups and assisting them to network with investors.

Health and Medical Care

King Hussein Cancer Foundation
King Hussein Cancer Center

King Hussein Cancer Center

APIC subsidiary Siniora Food Industries Company continues its annual support for the King Hussein Cancer Center in Jordan.

The King Hussein Cancer Center is a pioneering medical institution in the Middle East that provides the latest scientific developments in holistic cancer care for patients, both children and adults. The center is accredited by the Joint Commission International (JCI) as a specialized center in comprehensive cancer care. It is the only medical center outside the United States of America to be awarded the Joint Commission International Clinical Care Program Certificate (CCPC) for its oncology program.

Health and Medical Care

East Jerusalem Hospitals Network

In 2017, APIC supported the East Jerusalem Hospitals Network in line with the network's mission of supporting poor and uninsured people in East Jerusalem.

The East Jerusalem Hospitals Network (EJHN) was established in 1997, with the strategic vision of unifying health facilities in East Jerusalem and emphasizing their significant role within the Palestinian health system. The EJHN comprises six facilities including Makassed Islamic Charitable Hospital, Augusta Victoria Hospital, St. John Eye Hospital, St. Joseph Hospital, Red Crescent Society Hospital and the Jerusalem Princess Basma Center. The EJHN's work focuses on developing its institutions, improving the quality of the services provided and assuring a continuum of care.

On average, over 70% of the EJHN patients are referred from the West Bank and the Gaza Strip. EJHN hospitals deliver quality services through the implementation of patient safety standards and international accreditation standards (ISO, JCI). EJHN represent the main training hub in Palestine, with more than 150 resident doctors undertaking two to six years of training in 12 specialties every year, together with hundreds of medical students, nurses and technicians

Health and Medical Care

The Augusta Victoria Hospital- Jerusalem

In 2017, APIC supported the bus humanitarian service initiative at Augusta Victoria Hospital for patients from Gaza and their companions. The bus is equipped with the latest technology and seats that serve and provide comfort to all patients, including people with disabilities, and takes into consideration their health and conditions, especially once they leave the treatment sessions. The idea to launch a bus that helps alleviate the suffering of the people of Gaza came about due to the difficulties they were facing using public transport from the hospital to their place of residence at Mount of Olives Hotel, which is near the hospital. The bus has played an important role in engaging pediatric and adult patients and their companions, taking them to visit holy sites and as well as entertainment destinations in Jerusalem.

The Augusta Victoria Hospital (AVH), founded in 1950, is a member of the East Jerusalem Hospitals Network and one of the largest projects of the Lutheran World Federation in the Middle East. AVH is the only medical institution providing radiotherapy treatment and pediatric hemodialysis care for Palestinian patients from the West Bank and Gaza. AVH is a proud holder of the JCIA and ISO certifications.

Culture and Heritage

For many years, APIC has continued its support of the Palestinian cultural sector, helping to contribute to the preservation of Palestinian cultural heritage, encouraging cultural and artistic creativity among the youth as well as supporting cultural institutions in fulfilling their national missions.

In 2017, APIC sponsored the **Palestine International Festival** held in the Palestinian cities of Ramallah, Gaza, Jenin and Nablus.

Culture and Heritage

El-Funoun Palestinian Popular Dance Troupe

APIC has supported El-Funoun Palestinian Popular Dance Troupe since 2016 as part of a strategic partnership that spanned three years, from 2016 to 2018.

El-Funoun Palestinian Popular Dance Troupe is an independent, non-profit organization that is entirely volunteer-based. El-Funoun was established in 1979, by a number of talented and committed artists. Since then, the troupe has been recognized as the leading Palestinian dance group with an impressive track record of over 1500 performances locally and internationally, 15 productions and tens of dance pieces. El-Funoun has won several awards from local and international festivals for its presentation of Palestinian folklore and contemporary culture through elaborate choreographed forms that embody its own unique vision of Palestinian dance. The troupe is widely recognized as the cultural entity that has played the most significant role in reviving and reinvigorating Palestinian dance and music folklore.

Culture and Heritage

Yabous Cultural Center

APIC signed a strategic cultural partnership agreement with the Yabous Cultural Center for three years, between 2017 and 2019, to assist the center in achieving its goal of reviving the cultural life in Jerusalem.

Yabous is a Jerusalem-based Palestinian organization founded in 1995, by Suhail Khoury and a group of initiators with the goal of reviving cultural life in Jerusalem. Yabous is the historical first name of Jerusalem. After several years of work, Yabous rented Cinema Al Quds on Al Zahra Street, and transformed it into a multipurpose cultural center. The center has a developmental vision of reviving culture and arts in Jerusalem to meet the needs and rights of the people of all ages, including children, irrelevant of gender, color, religion and nationality. Through various cultural events, Yabous is creating a new social reality, artistic creativity and is reviving culture in Jerusalem.

Other Areas of Support

Eye on Palestine Economic Program on CNBC Arabia

APIC sponsors the "Eye of Palestine" economic program, which was launched in November 2017 on CNBC Arabia. This comes as part of its belief in the importance of contributing to changing the stereotype about the Palestinian economy among the Arab business community and media, in addition to promoting investment opportunities in the economy by highlighting Palestinian success stories via a specialized channel in the economic, financial and business fields in the Middle East.

"Eye on Palestine" aims to place Palestinian economic activity on the agenda of Arab businesses. It is broadcast weekly and presents the latest economic development and news, Palestine stock exchange trading reviews and listed companies' news, Palestinian success stories and interviews with economic and official figures. The program also includes humanitarian and social issues.

Moreover, and throughout 2017, APIC and its subsidiaries provided financial and in-kind support to various groups and organizations. These include:

- Palestine Federation of Industries
- Thalassemia Friends Society
- Beitunia Municipality
- Sports, cultural and youth centers and clubs
- A number of institutions working to increase global awareness of the socio-economic, political and cultural characteristics of Palestine

Summary of Financial Performance

The year 2017 witnessed an increase in total revenues, amounting to USD 683.74 million, which is a 12.6% increase compared to 2016. Total expenses of APIC group increased by 6.8% over the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of the group were up by 26.8% compared with 2016, and amounted to USD 38.9 million in 2017.

Consequently, the group's net profit, including non-controlling interest, witnessed significant growth of 46.2% compared to 2016, and amounted to USD 17.46 million in 2017, whereas net profit attributed to APIC shareholders grew by 44.7% over 2016, and amounted to USD 11.93 million in 2017.

APIC's Financial Position

Total assets amounted to USD 356.5 million at the end of 2017, an increase of 8.1% over 2016, of which current assets amounted to USD 201.5 million, with an increase of 7.6% over 2016.

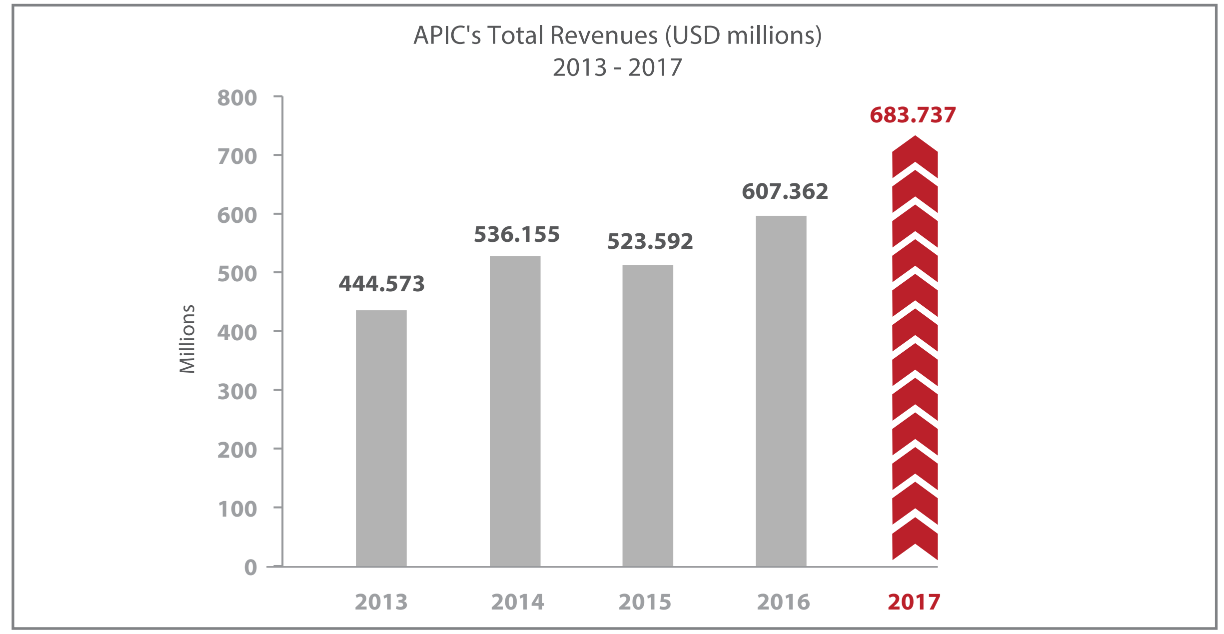
The group's working capital amounted to USD 53.6 million at the end of 2017, compared to USD 42.4 million at the end of 2016.

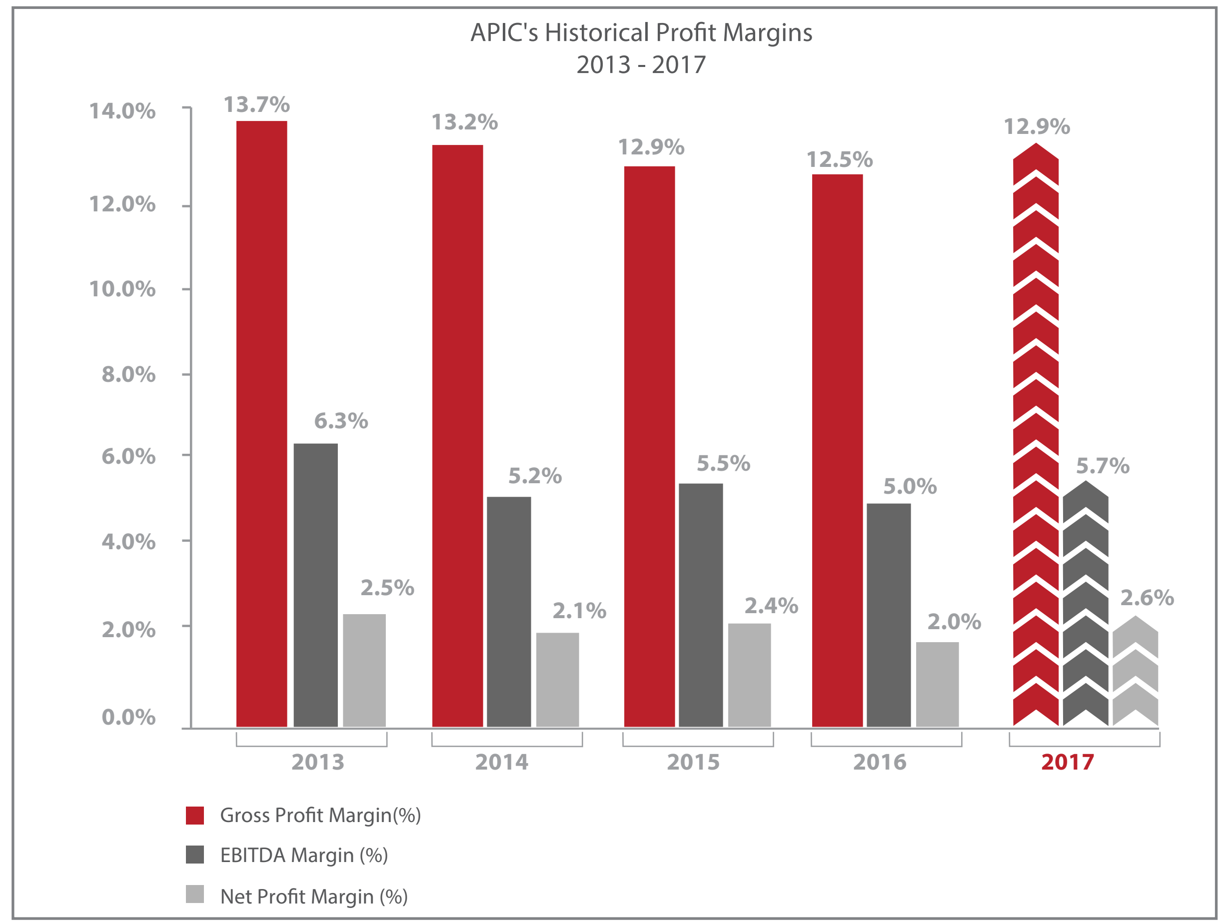
The balance of the group's bank borrowing and loans reached USD 131.4 million at the end of 2017, and were comprised of short-term and long-term borrowing as well as bonds, noting that the balance of bank borrowing and loans by the end of 2017 was very similar to the balance at the end of the previous year 2016.

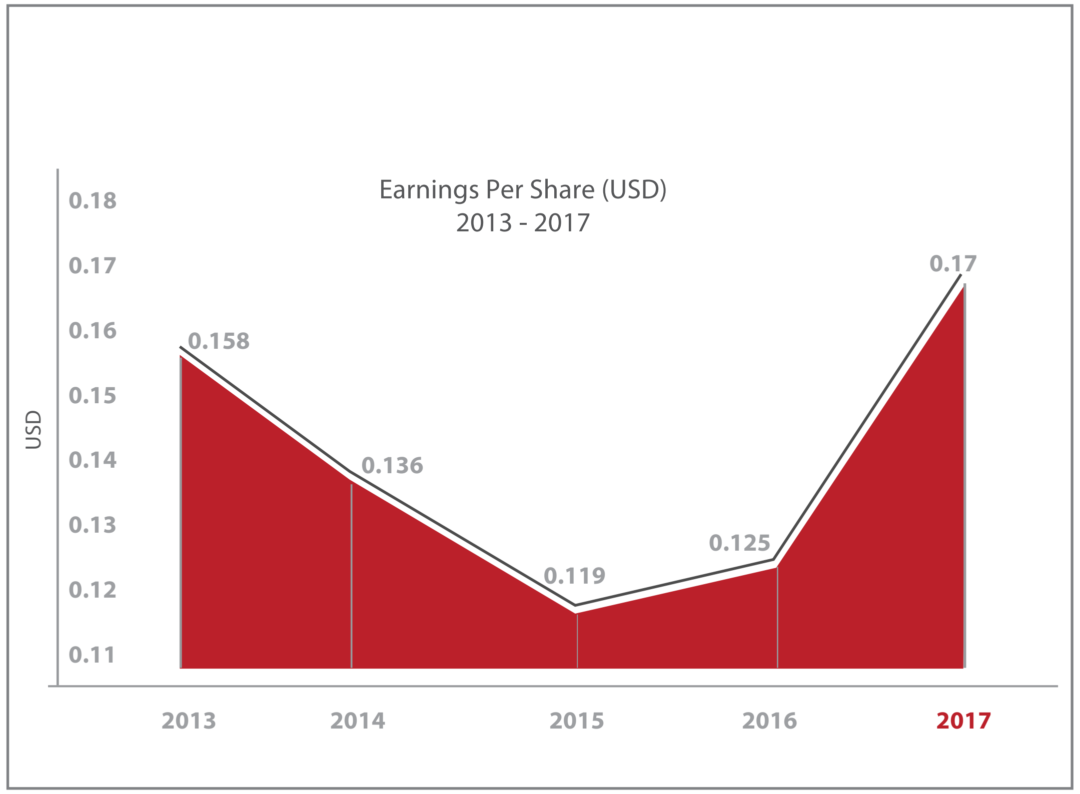
It is also worth noting that in early January 2017, APIC holding (the mother company) issued new five-year bonds with a total nominal value of USD 35 million, which reach maturity in January 2022. The amount of USD 20 million was utilized to repay the first issued bonds, which matured on January 31, 2017; USD 8 million were used to settle a portion of the company's bank loans during that period, while the remaining balance was utilized in financing various company investments; thus, the bonds represented 26.6% of the group's total borrowing at the end of 2017.

As for owners' equity in 2017, USD 3.96 million were distributed as cash dividends to shareholders against realized group net profit of USD 18.13 million from the consolidated statement of comprehensive income, of which USD 12.59 million in profit were attributed to APIC shareholders. Hence, total owners' equity, including non-controlling interest, amounted to USD 128.9 million at the end of 2017, an increase of 9% over 2016. Total APIC shareholders' equity amounted to USD 94.25 million at the end of 2017, an increase of 9.7% over 2016.

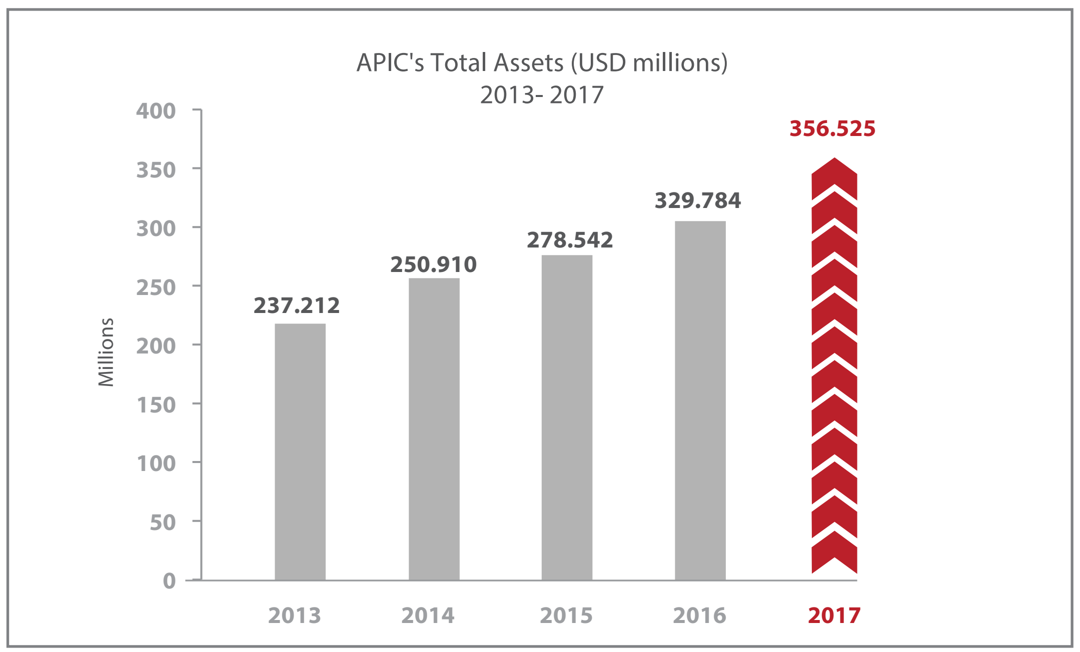
The following charts demonstrate the development of revenues, various profit margins and ratios, as well as earnings per share achieved between 2013 and 2017:

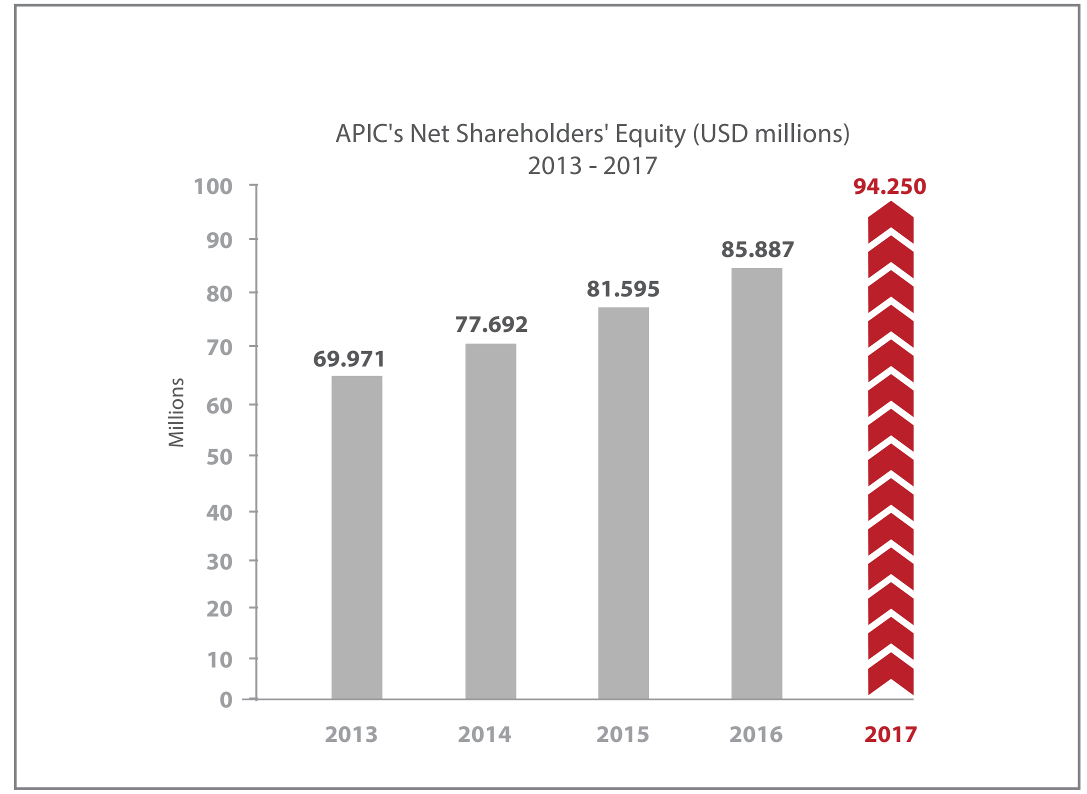




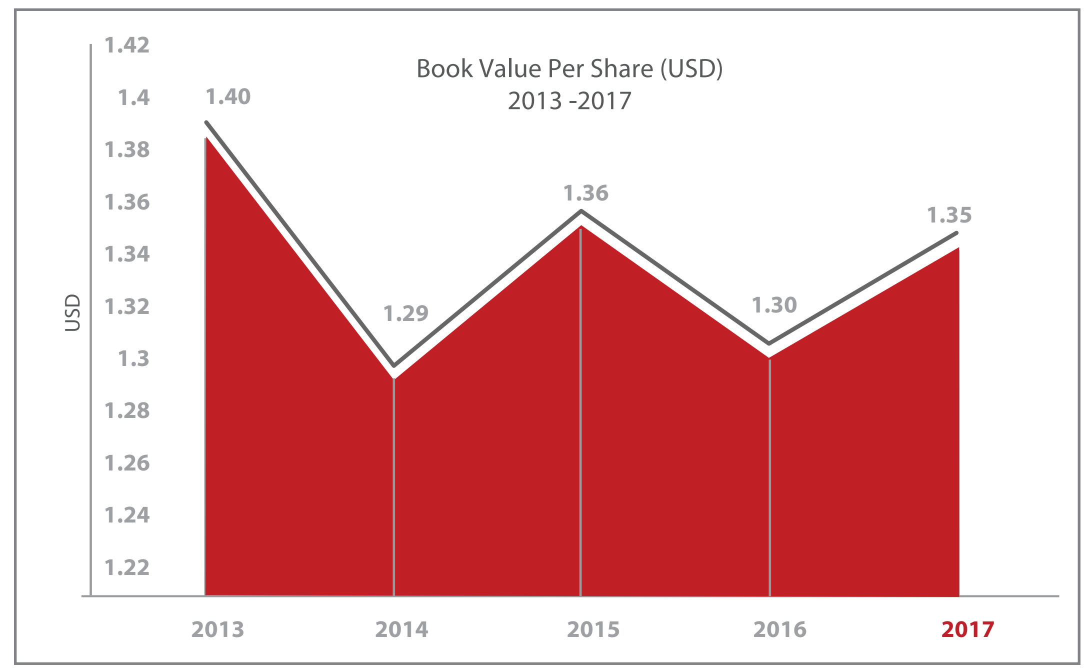


The charts below demonstrate total assets and net shareholders' equity between 2013 and 2017:





The following chart demonstrates the company's book value per share between 2013 and 2017:



Discrepancy Between Initial Disclosure And Final Audited Results

In February 2018, APIC disclosed its consolidated preliminary financial statements for the year 2017 before audit by the external auditor and auditor's expressed opinion thereon. No major discrepancies were found after the completion of auditing except for an increase of USD 330,000 in the fair value of some financial assets available for sale and some discrepancies in forex exchange rates in the consolidated statement of comprehensive income, in addition to some minor modifications and classifications accredited by the auditors.

Consolidated Statement of Income

- Revenues were 0.05% lower than the preliminary results after eliminating intercompany commercial transactions within the group's subsidiaries, involving revenues and their related expenses; part of the revenues were reclassified and divided between revenues from services and revenues from sales, as well as the reallocation of some expenses that have a direct relation on the cost of sales and revenues.
- Net profit, including minority rights, were USD 17,000 more than the preliminary results. This was largely due to additional net profits from the Jericho Mineral Water Factory Company (under liquidation), which were not recorded in the preliminary results.

Consolidated Statement of Financial Position

A number of accounts and items have been reclassified in the statement of financial position in accordance with the auditor's normal classification, as well as the effect of additional gains on cumulative change in fair value arising from the consolidated statement of comprehensive income.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

AM/ 30667

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

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of Arab Palestinian Investment Company (Holding Company) which comprise the consolidated statement of financial position as of December 31, 2017, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity, and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for Accounts Receivable

The provision for accounts receivable is a key audit matter. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of net accounts receivable amounted to USD 79,098,086, representing approximately 22% of the assets amount as of December 31, 2017.

The nature and characteristics of company's accounts receivable are varied. They include export, local sales, governmental receivables and other receivables. This requires making assumptions and using estimates to take the provision for the impairment in these receivables.

Scope of Audit to Address Risks

The followed audit procedures included understanding the nature of accounts receivable and the system adopted in following up on and monitoring credit risks. The procedures also included reviewing the internal control procedures relating to calculating the impairment provision for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed those factors with Executive Management. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables which has been obtained from the company's management.

Inventory

Inventory is a key audit matter. It requires the company's management to use assumptions to its net realizable value and whether there's a need for a provision for impairment or to write-off part of it. The balance of net inventory amounted to USD 77,092,623 representing approximately 22% of the assets amount as of December 31, 2017.

The nature and characteristics of inventory are varied. They include food, medical supplies and spare parts. This requires making assumptions and using estimates to take the provision for impairment in inventory.

Scope of Audit to Address Risks

The followed audit procedures included understanding the nature of Inventory and the system adopted in following up on and monitoring risks of storing and disposing it. The procedures also included reviewing the system used in calculating the impairment provision for slow moving inventory and obsolete. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed those factors with Executive Management. We also participated in the stock count process to select a sample from the warehouses/Inventory after taking into consideration the material importance of the goods stored in the warehouses. In addition, we discussed with management the evaluation of the net realizable value. Furthermore, we recalculated the required provisions which was provided by the management.

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Other Matter

The accompanying consolidated financial statements are a translation of the statutory financial statements which are in the Arabic Language to which references should be made.

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information mentioned above when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on effectiveness of internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Amman - Jordan
March 26, 2018

Deloitte & Touche (M.E.) – Jordan

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ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31, 2017 USD	December 31, 2016 USD
Current Assets:			
Cash on hand and at banks	6	21,456,243	10,314,805
Accounts receivable and checks under collection - net	7	79,098,086	86,013,721
Inventory - net	8	77,092,623	66,065,747
Due from related parties	36	963,146	622,165
Financial assets available for trading	9	11,261	144,661
Other debit balances	10	18,842,505	22,693,504
Financial leasing contracts - short term	11	4,045,901	1,496,842
Total Current Assets		**201,509,765**	**187,351,445**
Financial leasing contracts - long term	11	5,471,931	4,715,411
Long-term checks under collection	12	3,406,331	1,146,235
Deferred tax assets	31	1,622,245	1,461,959
Financial assets available for sale	13	24,011,533	19,544,112
Investment in lands	14	776,239	776,239
Intangible assets - net	15	17,039,791	17,085,612
Property, Plant and Equipment:			
Property, Plant and Equipment at cost		172,442,726	159,319,016
Less: Accumulated depreciation		71,275,790	65,600,397
Net Book Value of Property, Plant and Equipment	16	101,166,936	93,718,619
Projects under construction	17	1,519,878	3,983,948
TOTAL ASSETS		**356,524,649**	**329,783,580**

LIABILITIES	Note	December 31, 2017 USD	December 31, 2016 USD
Current Liabilities:			
Due to banks	23	36,866,412	43,154,556
Accounts payable		56,691,730	43,363,783
Short-term notes payable & deferred checks	18	5,350,902	7,467,578
Due to related parties	36	852,407	852,344
Short-term loans installments	20	26,586,064	31,595,701
Other credit balances	21	18,675,328	16,540,740
Tax provision	32	2,847,604	1,970,625
Total Current Liabilities		**147,870,447**	**144,945,327**
Provision for end-of-service indemnity	24	11,850,220	9,909,246
Long-term bonds	19	35,000,000	20,000,000
Long-term loans installments	20	32,909,310	36,631,472
Total Liabilities		**227,629,977**	**211,486,045**
OWNERS' EQUITY			
Authorized capital (70,000,000 shares, $1 par value per share)		70,000,000	70,000,000
Shareholders' Equity:			
Paid-up capital	1(b)	70,000,000	66,000,000
Retained earnings		18,884,733	14,913,594
Cumulative change in fair value		2,593,563	1,966,894
Revaluation of Property, Plant and Equipment reserve	25	4,031,393	3,634,105
Differences in foreign currency translation		37,278	319
Difference in purchase of non-controlling interest		(1,296,901)	(627,918)
Total Shareholders' Equity		**94,250,066**	**85,886,994**
Non - controlling interest	22	34,644,606	32,410,541
Total Owners' Equity		**128,894,672**	**118,297,535**
TOTAL LIABILITIES AND OWNERS' EQUITY		**356,524,649**	**329,783,580**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

ARAB PALESTINIAN INVESTMENT COMPANY

(HOLDING COMPANY)

BRITISH VIRGIN ISLANDS

CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2017	2016
		USD	USD
Net sales		677,101,155	600,360,225
Less: Cost of sales		592,542,314	526,515,420
Sales Gross Profit	26	**84,558,841**	**73,844,805**
Service revenue		6,635,832	7,001,520
Less: Service cost		3,332,578	4,678,624
Net Service revenue		**3,303,254**	**2,322,896**
Less: General and administrative expenses	27	34,731,256	33,636,595
Selling and distribution expenses	28	23,632,521	21,495,703
Profit from Operations		**29,498,318**	**21,035,403**
Unrealized (Loss) Gain from financial assets available for trading		(26,664)	56,808
Gain from financial assets available for sale	29	992,498	714,904
Borrowing interest and expenses		(7,728,354)	(6,740,860)
Other (expenses) revenues - net	30	(855,354)	379,356
Profit for the Year before Income Tax		**21,880,444**	**15,445,611**
Income tax expense - the Company and the subsidiary companies	31	(4,418,466)	(3,501,192)
Profit for the Year		**17,461,978**	**11,944,419**
Attributable to:			
Company's shareholders		11,931,139	8,243,818
Non-controlling interest	22	5,530,839	3,700,601
		17,461,978	**11,944,419**
Earnings per share for the Company's Shareholders	38	-/170	-/118

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

ARAB PALESTINIAN INVESTMENT COMPANY

(HOLDING COMPANY)

BRITISH VIRGIN ISLANDS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31, 2017	2016
	USD	USD
Profit for the year	17,461,978	11,944,419
Other Comprehensive Income Items:		
Comprehensive Income items which are transferable to Consolidated Statement of Income:		
Change in fair value - financial assets available for sale	626,669	(911,084)
Differences in foreign currency translation	36,959	8,163
Total Comprehensive Income	**18,125,606**	**11,041,498**
Total Comprehensive Income Attributable to:		
Company's shareholders	12,594,767	7,340,897
Non-controlling interest	5,530,839	3,700,601
	18,125,606	**11,041,498**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Paid - up Capital	Retained Earnings	Cumulative Change in Fair Value	Revaluation of Property, Plant and Equipment Reserve	Difference in Purchase of Non-Controlling Interest **	Difference in Foreign Currency Translation	Total Shareholders' Equity	Non - Controlling Interest	Total Owners' Equity
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Year 2017									
Balance - beginning of the year 2017	66,000,000	14,913,594	1,966,894	3,434,105	(427,918)	319	85,886,994	32,410,541	118,297,535
Change in fair value	-	-	626,669	-	-	-	626,669	-	626,669
Differences in currency translation for the year	-	-	-	-	-	36,959	36,959	-	36,959
Profit for the year	-	11,831,139	-	-	-	-	11,831,139	5,530,839	17,461,978
Total comprehensive income	-	11,831,139	626,669	-	-	36,959	12,594,767	5,530,839	18,125,606
Capital Increase	4,000,000	(4,000,000)	-	-	-	-	-	-	-
Dividends ***	-	(3,960,000)	-	-	-	-	(3,960,000)	-	(3,960,000)
Purchase of subsidiaries shares difference effect during the year	-	-	-	-	(868,983)	-	(868,983)	-	(868,983)
Net change in revaluation of property, plant and equipment reserve	-	-	-	397,288	-	-	397,288	-	397,288
Net change in non-controlling interest *	-	-	-	-	-	-	-	(3,296,774)	(3,296,774)
Balance - End of the Year 2017	**70,000,000**	**18,784,733**	**2,593,563**	**3,831,393**	**(1,296,901)**	**37,278**	**94,050,066**	**34,644,606**	**128,694,672**
Year 2016									
Balance - beginning of the year 2016	60,000,000	16,046,951	2,877,978	3,361,814	(683,756)	(7,844)	81,595,143	29,785,076	111,380,219
Change in fair value	-	-	(911,084)	-	-	-	(911,084)	-	(911,084)
Differences in currency translation	-	-	-	-	-	8,163	8,163	-	8,163
Profit for the year	-	8,243,818	-	-	-	-	8,243,818	3,700,601	11,944,419
Total comprehensive income	-	8,243,818	(911,084)	-	-	8,163	7,340,897	3,700,601	11,041,498
Capital Increase	6,000,000	(6,000,000)	-	-	-	-	-	-	-
Dividends ***	-	(3,000,000)	-	-	-	-	(3,000,000)	-	(3,000,000)
Purchase of subsidiaries shares difference effect during the year	-	(377,175)	-	-	255,838	-	(121,337)	-	(121,337)
Net change in revaluation of property, plant and equipment reserve	-	-	-	72,291	-	-	72,291	-	72,291
Net change in non-controlling interest *	-	-	-	-	-	-	-	(1,075,136)	(1,075,136)
Balance - End of the Year 2016	**66,000,000**	**14,913,594**	**1,966,894**	**3,434,105**	**(427,918)**	**319**	**85,886,994**	**32,410,541**	**118,297,535**

* This item represents the net change in non-controlling interest resulting from the decrease in the non-controlling interest's share in some of the subsidiary companies' capital during the years 2017 and 2016.

** This item represents the difference between the acquisition cost of the companies shares and it's net book value in accordance with the requirements of International Financial Reporting Standards.

*** The General Assembly decided in its meeting held on April 23, 2017 to distribute 6% of the capital which is equivalent to USD 3,960,000 to the shareholders and 6.06% of the capital which is equivalent to USD 4,000,000 as bonus shares for the company's capital to become USD 70,000,000 as of December 31, 2017.

- Retained earnings include an amount of USD 1,422,245 as of December 31, 2017 relating to deferred tax assets (USD 1,461,959 as of December 31, 2016).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		USD	USD
Profit for the year before tax		21,880,444	15,445,611
Adjustments for:			
(Gain) Loss from the sale of property, plant and equipment	30	(69,991)	29,296
Depreciation of property, plant and equipment	16	9,255,182	8,461,334
Unrealized loss (Gain) from financial assets available for trading		26,664	(56,808)
Provision for doubtful debts	7	748,756	1,334,228
Provision for slow-moving inventory	8	692,907	563,573
End-of- service indemnity provision		2,780,563	2,291,126
Uneared leasing provision		120,102	10,300
Cash Flows from Operating Activities before Changes in Working Capital		**35,434,627**	**28,078,660**
Decrease (increase) in accounts receivable and other debit balances		10,017,878	(31,628,274)
(Increase) in inventory		(11,719,783)	(2,031,962)
(Decrease) increase in due from / to related parties		(340,918)	1,152,932
(Increase) in long-term checks under collection		(3,305,579)	(477,769)
(Increase) in financial leasing contracts		(2,260,096)	(4,193,339)
Increase in accounts payable and other credit balances		15,462,535	16,421,377
Net Cash Flows from Operating Activities before End-of-Service Indemnity and Income Tax Paid		**43,288,664**	**7,321,625**
Paid from End-of-service indemnity provision	24	(839,589)	(818,872)
Paid from Income tax provision	31	(3,701,773)	(4,223,089)
Net Cash Flows from Operating Activities		**38,747,302**	**2,434,514**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (Increase) in financial assets available for trading		106,736	(33,252)
(Increase) in financial assets available for sale		(4,467,421)	(2,790,107)
Acquisition of a subsidiary (Al - Masa for meat processing company) *		-	(12,199,862)
Property, plant and equipment - net		(13,301,210)	(9,638,581)
Additions to projects under construction	17	(942,509)	(9,362,206)
Net Cash Flows (used in) Investing Activities		**(18,604,404)**	**(34,024,008)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends Distributed		(3,960,000)	(3,000,000)
(Decrease) Increase in due to banks		(6,288,144)	10,185,097
(Decrease) Increase in loans, checks and notes payable		(10,848,475)	17,429,896
Net change in non - controlling interest and foreign currency translation differences and others		(2,904,841)	(2,027,103)
Increase in Bonds		15,000,000	-
Net Cash Flows (used in) from Financing Activities		**(9,001,460)**	**22,587,890**
Net Increase (Decrease) in Cash		11,141,438	(9,001,604)
Cash on hand and at banks- beginning of the year		10,314,805	18,851,385
Cash on hand and at banks from acquisition of a subsidiary		-	465,024
Cash on Hand and at Banks- End of the Year	6	**21,456,243**	**10,314,805**

* This item represents the amount paid for the 70% acquistion of Al - Masa meat processing company - Dubai, United Arab Emirates by Siniora Food Industries company.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
NOTES TO THE 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 70 million divided into 70 million shares at USD 1 par value per share.

b. Several amendments were made to the Company's capital, in which the latest was made on April 23, 2017 as per the decision made by the Company's general assembly in its meeting held on that date, where the paid up capital of the company was increased by USD 4,000,000 to become USD 70,000,000. The increase was made through capitalizing part of the retained earnings. The approvals were obtained from the regulatory authorities in Palestine and the British Virgin Islands.

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

d. The headquarters are located in Mecca Street, P.O. Box 941489 Amman 11194 – Jordan.

e. During the year 2013, the Company's General Assembly approved the conversion of the Company's legal status from a Foreign Private Shareholding Company to a Foreign Public Company and to list the Company's shares in Palestine stock exchange. The procedures for the conversion were completed on January 15, 2014. The Company's shares were listed in the Palestine stock exchange on March 2, 2014.

f. The Board of Directors approved the Company's consolidated financial statements on March 22, 2018.

2. Basis of Preparation of the consolidated financial Statements

- The consolidated financial statements include the financial statements of the Company, its subsidiaries and entities under its control. Control is achieved when the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. All intercompany transactions, balances, revenues and expenses between the Company and its subsidiaries are eliminated.

- The financial statements of the subsidiary companies are prepared using the same accounting policies adopted by the Company. If the accounting policies adopted by the subsidiary companies are different from those adopted by the Company, the necessary adjustments to the financial statements of the subsidiary companies are made so as to comply with the accounting policies adopted by the Company.

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

	December 31, 2017		December 31, 2016			
	Paid-up Capital	Equity Share	Paid-up Capital	Equity Share	Ownership Date	Main Activity
	USD	%	USD	%		
Arab Palestinian Storage Company	4,500,000	68/47	4,500,000	68/47	1997	Management of refrigerated stores
Medical Supplies and Services Company *	4,000,000	50	4,000,000	50	1998	Trade of medicine and medical supplies
Unipal General Trading Company	7,042,253	93/41	7,042,253	93/41	1998	General trading
National Aluminum and Profiles Company	9,718,310	72/99	9,718,310	72/99	1995	Manufacturing of aluminum
Palestine Automobile Company	14,500,000	100	11,000,000	100	1998	Trading of cars
Sky Advertising, Public Relations and Events Company	845,068	100	845,068	100	2000	Advertising, public relations and events
Siniora Food Industries Company	31,029,619	61/74	25,387,870	61/18	1996	Food industries
Arab Palestinian Shopping Centers Company	9,876,543	99/72	9,876,543	88/54	1999	Establishing and owning commercial / shopping malls
Jericho Natural and Mineral Water Factory Company	4,803,734	85	4,803,734	85	2001	Natural and mineral water
Arab Leasing Company	3,000,000	100	2,000,000	100	2015	Financial Leasing
Arab Palestinian Investment Company / Jordan (Exempted)	70,400	100	70,400	100	2011	Trading of cars and commercial agencies

The following are the most important financial information for the subsidiary companies for the year 2017:

Company's Name	December 31, 2017		For the year ended December 31, 2017	
	Total Assets	Total Liabilities	Total Revenue	Total Expenses
	USD	USD	USD	USD
Arab Palestinian Storage Company	865,646	2,523,972	285,569	617,519
Medical Supplies and Services Company	53,112,564	35,009,022	56,524,888	50,878,690
Unipal General Trading Company	82,335,537	53,907,106	465,596,208	450,644,714
National Aluminum and Profiles Company	33,677,129	18,808,036	23,517,963	22,238,833
Palestine Automobile Company	44,975,221	27,826,128	36,451,314	35,020,067
Sky Advertising, Public Relations and events Company	3,850,040	1,871,674	6,055,933	5,569,327
Siniora Food Industries Company **	86,702,691	37,415,322	78,724,669	70,911,062
Arab Palestinian Shopping Centers Company	25,913,610	15,346,894	30,355,612	30,071,148
Jericho Natural and Mineral Water Factory Company	20,147	68,186	-	-
Arab Leasing Company	11,863,257	8,332,931	852,785	490,921
Arab Palestinian Investment Company / Jordan (Exempted)	3,530,465	3,007,091	211,625	70,694

- The results of the subsidiaries' operations are included in the consolidated statement of income from the date of ownership i.e. the date in which the actual control over the subsidiary is transferred to the Company. The results of operations of disposed subsidiaries are included in the consolidated statement of income up to the date of disposal i.e. the date in which the Company lost its control over the subsidiary.

- Non-controlling interest represents the part of a subsidiary's equity that is not owned by the Company.

- All the subsidiary companies operate in the Palestinian Authority Territories, except for Siniora Food Industries Company and Arab Palestinian Investment Company / Jordan (exempted) as they operate in The Hashemite Kingdom of Jordan.

* The Company has actual control over the Medical Supplies and Services Company as it controls its Management Committee; consequently, controlling the Company's financial and operating policies.

** On April 5, 2016, Siniora Food Industries company has completed all the legal procedures related to the acquisition of 70% of Al – Masa Meat Processing Company – Dubai, United Arab Emirates. The share of the Company from the acquisition amounted to 44,817,109 UAE Dirham (equivalent to 12,199,862 USD). The company's operations were consolidated for Al – Masa meat processing company as of April 1, 2016.

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, emanating from the International Standards Board.

- The reporting currency of the consolidated financial statements of the Company and its subsidiaries is the US Dollar, which is also the functional currency.

2. The accounting policies adopted in the preparation of the consolidated financial statements for this year are consistent with those applied for the year ended December 31, 2016 except for what is mentioned in note (5/a) of the consolidated financial statements.

The following are the most significant accounting policies adopted:

a. Financial Assets for Trading

- Financial assets for trading stated at Fair Value in the statement of income represent investments in companies' shares traded in active markets. The objective of holding these assets is to generate income from short-term market prices' fluctuations or trading profit margin.

- Financial assets for trading are stated at cost in the statement of income at the date of acquisition and revalued to their fair values at the fiscal year-end. The gain or loss resulting from the changes in their fair values is taken to the consolidated statement of income.

b. Financial Assets Available-for-Sale

- Represent financial assets for which the Company does not intend to classify as financial assets available for trading or held to maturity.

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

c. Investment in Lands

Investment in lands is stated at cost. Any gains or losses are recognized upon completion of a sale and taken to the consolidated statement of income. Moreover, the fair value is disclosed in the consolidated financial statements, and any impairment in value is taken to the consolidated statement of income.

d. Inventory

- Finished goods and work in process are stated at cost or net realizable value, whichever is lower, net of provision for damaged and slow-moving items. Cost includes: raw materials cost, direct labor and indirect manufacturing costs.

- Raw materials are stated at the lower of cost or net realizable value. Finished goods and work in process are stated at the lower of cost or net realizable value. Cost includes raw materials and the related direct and indirect manufacturing costs.

- Cars inventory is stated at the lower of cost or net realizable value on the basis of the actual cost of each car. Ccost consists of all expenses incurred by the Company until the inventory is delivered to the Company's warehouses and showrooms or the warehouses at the Company's port (bonded).

- Spare parts are stated at the lower of cost or net realizable value based on the weighted average method.

e. Sales and Service Revenue

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

- When the Company has transferred the significant risks and rewards of ownership of the goods to the buyer;

- When the Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;

- When it is probable that the economic benefits associated with the transaction will flow to the Company;

- When the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

f. Property, Plant and Equipment

- Property, Plant and equipment are stated at cost net of accumulated depreciation and any impairment in value, whereas the lands of the Arab Palestinian shopping centers Company; and National Aluminum and Profiles Company (subsidiary companies) are stated at fair value at the date of ownership transfer to the group. Property, plant and equipment (except for lands) are depreciated according to their useful lives, using the straight-line method at annual rates ranging from 2% to 25%.

- When the expected recoverable amount of any Property, Plant and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and an impairment loss (if any) is taken to the consolidated statement of income.

- The useful lives of the Property, Plant and equipment are reviewed at the end of each year. If the expected useful life differs from the previous estimate, the difference is booked in subsequent years as a change in accounting estimates.

g. Goodwill

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

- Goodwill is allocated over the cash generating unit(s) for the purpose of testing the impairment in its value.

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

h. 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.

i. Bank Interest Revenues and Expenses

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

j. End-of-Service Indemnity Provision

- End-of-service indemnity provision for employees is booked according to the Company's internal regulations on the basis of the basic salary and based on one-month salary for each year of service.

- End-of-service indemnity paid to resigned and terminated employees is charged to the end-of-service indemnity provision. Moreover, the additional provision booked for the end-of-service indemnity for employees is charged to the consolidated statement of income.

k. Income from Investments

Income from investments is taken to revenues when declared (i.e. upon approval by the general assembly of the investee company).

l. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.

- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the subsidiary companies operate in.

- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets or the liabilities in the financial statements and the value on the basis of which taxable income is calculated. Moreover, deferred taxes are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets.

- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

m. Offsetting

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

n. Capital

- Cost of issuing or purchasing the Bank's shares

The cost of issuance or purchase of the Company's shares is recognized in the Retained Earnings (net after tax effect if any). If the purchase/issue transaction has not been completed, then the cost will be recognized as an expense in the consolidated statement of income.

o. Operational Leasing Contracts

Operational leasing contracts are recognized as expense based on the straight method and on the rent duration, unless there is another basis for the time duration when the economic benefits from the lessee are expected. The expected rents resulting from the financial lease contract are recorded as expense in the period in which incurred.

4. Accounting Estimates

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

We believe that the estimates adopted in the consolidated financial statements are reasonable and the details are as follows:

- A provision for doubtful debts is taken on basis and estimates approved by the Company's management in conformity with the requirements of International Financial Reporting Standards (IFRSs).

- The fiscal year is charged with its portion of income tax expenditure in accordance with the regulations and laws, and International Financial Reporting Standards. Moreover, deferred tax assets and liabilities and the income tax provision are booked.

- Management periodically reassesses the economic useful lives of the tangible and intangible assets for the purpose of calculating the 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. The study highlights the 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 values. Impairment is taken to the consolidated statement of income for the year.

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

5. Application of new and revised International Financial Reporting Standards (IFRS)

5.a New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these consolidated financial statements.

Amendments to IAS 12 *Income Taxes* Recognition of Deferred Tax Assets for Unrealised Losses
The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's consolidated financial statements.

Amendments to IAS 7 *Disclosure Initiative*
The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company's liabilities arising from financing activities consist of borrowings (note 20). The Company made a reconciliation between the opening and closing balances of these items during the year and prior year. The application of these amendments has had no impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2014-2016 Cycle – Amendments to IFRS 12
The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 5 - b).

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

5.b New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28
The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to IFRS Standards 2015–2017
The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2019.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 *Uncertainty over Income Tax Treatments*
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 2 *Share Based Payment*
The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts
The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 *Investment Property*
Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 28 Investment in Associates and Joint Ventures
The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 16 *Leases*
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company will apply IFRS 16 in the effective date which is the annual periods beginning on or after January 1, 2019 The Company is in the process of evaluating the impact of IFRS 16 on the Company's consolidated financial statements.

Amendments to IFRS 9 *Financial Instruments*
The amendments are related to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The company will adopt the finalised version of IFRS 9 from the effective date of January 1, 2018; apply it retrospectively and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

The Company is continuing to analyze the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its first financial statements as on December31, 2018 that includes the effects of it application from the effective date.

IFRS 15 *Revenue from Contracts with Customers*
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Company intends to adopt the standard using the cumulative effect approach, which means that the Company will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The Company is continuing to analyze the impact of the changes and its impact will be disclosed in the first consolidated financial statements as of December 31, 2018 that includes the effects of it application from the effective date.

Amendments to IFRS 15 *Revenue from Contracts* with Customers
The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 *Financial Instruments: Disclosures*
The amendments are related to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 7 Financial Instruments: Disclosures
The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 17 *Insurance Contracts*
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of January 1, 2021.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)
The amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

The Amendments effective date deferred indefinitely and the adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning January 1, 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning January 1, 2019.

6. Cash on Hand and at Banks
This item consists of the following:

	December 31,	
	2017	**2016**
	USD	**USD**
Cash on hand	1,724,079	3,424,789
Current accounts	19,124,464	6,869,695
Time Deposits *	607,700	20,321
	21,456,243	**10,314,805**

* The time deposits are held on monthly basis with an average rate of (1%) Annually.

7. Accounts Receivable and Checks under Collection- Net
This item consists of the following:

	December 31,	
	2017	**2016**
	USD	**USD**
Trade receivables	67,259,982	70,546,404
Less: Provision for doubtful debts	5,562,539	4,734,008
	61,697,443	65,812,396
Checks under collection *	15,838,782	18,176,920
Employees receivable	1,561,861	2,024,405
	79,098,086	**86,013,721**

* The maturities of checks under collection extend up to the end of the year 2018.

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

	2017	**2016**
	USD	**USD**
Balance - beginning of the year	4,734,008	3,591,050
Additions to the provision	748,756	1,334,228
Additions due to the acquisition *	-	5,451
Written-off debts	(90,787)	(196,942)
Currency differences	170,562	221
Balance - End of the Year	**5,562,539**	**4,734,008**

* This item represents additions to the accounts receivables provision as a result of the acquisition of Al – Masa meat processing company.

- The Company adopts a policy of dealing with only credit worthy counterparties with good market reputation so as to mitigate the risk of financial losses from defaults. The Company takes a provision for receivables not collected for more than 365 days. Due but not impaired receivables amounted to USD 61,697,443 as of December 31, 2017 (USD 65,812,396 as of December 31, 2016). The following are the details of due but not impaired receivables:

	December 31,	
	2017	**2016**
	USD	**USD**
Up to 90 days	45,653,257	43,154,259
91 days - 180 days	10,410,894	13,409,708
181 days - 365 days	5,633,292	9,248,429
	61,697,443	**65,812,396**

Due and impaired receivables amounted to USD 5,562,539 as of December 31, 2017 (USD 4,734,008 as of December 31, 2016).

- Receivables include amounts due from The Palestinian Authority with an amount of approximately USD 13 Million.

8. Inventory - Net

This item consists of the following:

	December 31, 2017	December 31, 2016
	USD	**USD**
Finished goods	5,369,681	5,472,893
Medicine	5,702,861	4,938,724
Medical material	1,011,530	1,164,617
Consumable material	35,098,182	22,809,611
Laboratory tools and material	819,287	843,551
Medical equipment and machinery	3,022,893	3,723,081
Total Finished Goods	**51,024,434**	**38,952,477**
Raw materials	9,049,990	9,060,263
Scrap and others	366,867	863,982
Other material	3,192,918	3,100,289
Costumed cars and spare parts *	13,655,464	7,831,622
Total Inventory	**77,289,673**	**59,808,633**
Less: Provision for slow-moving inventory **	1,644,635	1,596,041
Net Inventory	**75,645,038**	**58,212,592**
Goods in transit	1,447,585	2,317,406
Goods at bonded *	-	5,535,749
	77,092,623	**66,065,747**

* Goods Include mortgaged vehicles in favor of banks in exchange of commercial loans.

** The movement on the slow-moving inventory provision is as follows:

	2017	2016
	USD	**USD**
Balance - beginning of the year	1,596,041	1,359,193
Additions to the provision during the year	692,907	563,573
Additions due to the acquisition *	-	36,622
Written-off inventory during the year	(644,313)	(363,347)
Balance - End of the Year	**1,644,635**	**1,596,041**

* This item consists of addition to the slow moving inventory as a result of the acquisition of Al – Masa meat processing company.

9. Financial Assets for Trading

This item consists of the following:

	December 31, 2017	December 31, 2016
	USD	**USD**
Listed Shares in Palestine Stock Exchange	11,261	144,661
	11,261	**144,661**

10. Other Debit Balances

This item consists of the following:

	December 31, 2017	December 31, 2016
	USD	**USD**
Receivable Claims	8,428,543	6,942,839
Value added tax	1,202,296	2,097,319
Prepaid expenses	2,386,438	2,219,620
Refundable deposits against LGs', LCs and others	2,167,488	2,266,577
Advance payments to Suppliers	3,086,407	7,390,645
Other debit balances	1,571,333	1,776,504
	18,842,505	**22,693,504**

11. Financial Leasing Contracts Receivable

This item consists of the following:

	December 31, 2017	December 31, 2016
	USD	**USD**
Leasing contracts receivable – short term	4,045,901	1,496,842
Leasing contracts receivable – long term	5,471,931	4,715,411
	9,512,832	**6,212,253**

December 31, 2017	**Minimum Lease Payments**	**Current amount of the Minimum Lease Payments**
	USD	**USD**
Lease payments due within one year or less	4,711,102	4,181,553
Lease payments due within one year or more and Less than 5 years	7,948,204	5,471,931
	12,659,306	**9,653,484**

December 31, 2016	**Minimum Lease Payments**	**Current amount of the Minimum Lease Payments**
	USD	**USD**
Lease payments due within one year or less	1,936,283	1,512,392
Lease payments due within one year or more and Less than 5 years	5,672,866	4,715,411
	7,609,149	**6,227,803**

	December 31, 2017	December 31, 2016
	USD	**USD**
The Total investment cost in the financial leasing	12,659,306	7,609,149
Less: Unearned revenues value	(3,005,822)	(1,381,346)
Current amount of the financial leasing contract	9,653,484	6,227,803
Less: Provision for unpaid leases	(135,652)	(15,550)
Financial lease installments due within one year	(4,045,901)	(1,496,842)
Financial leasing receivables (long term)	5,471,931	4,715,411

12. Long-term Checks Under Collection
This item consists of the following:

	December 31, 2017	2016
	USD	USD
Palestine Automobile Company	3,342,095	1,048,764
Unipal General Trading Company	64,236	97,471
	3,406,331	**1,146,235**

- The maturities of long-term checks under collection extend up to the year 2022.

13. Financial Assets Available-for-Sale
This item consists of the following:

	Number of Shares	December 31, 2017	Number of Shares	December 31, 2016
		USD		USD
Listed Shares:				
Bank of Palestine limited *	5,093,244	13,497,097	4,436,035	11,764,460
Al – Faris National company for Investment and Exports	354,000	498,592	-	-
		13,995,689		**11,764,460**
Unlisted Shares:				
Palestine Electric Company	-	-	3,654,550	3,654,550
Palestine Private Power Company	372,728	3,693,446	-	-
Technology Accelerator Investment Company Limited	250,000	275,000	250,000	275,000
Palestine for Energy Generation Company / Palestine for Electricity Generation Company	800,000	800,000	800,000	600,000
Islamic Finance House	522,500	774,648	-	-
		5,543,094		4,529,550
Investment Fund:				
Catalyst Private Equity	14,400	178,135	14,995	187,997
EuroMena Fund	-	574,732	-	424,720
Lumia Capital	-	2,546,378	-	1,932,377
Ibtikar Fund	-	177,500	-	150,000
National Portfolio Securities	-	396,000	-	-
Mashvisor	-	100,000	-	-
LIV Dublin	500	500,005	500	555,008
		4,472,750		**3,250,102**
		24,011,533		**19,544,112**

* Most of the shares and bonds are mortgaged against bank credit facilities and Board of Directors membership.

14. Investment in Lands
The fair value of these lands amounted to USD 1,326,170 as of December 31, 2017 noting that part of these lands are mortgaged against bank credit facilities.

15. Intangible Assets - Net
This item consists of the following:

	December 31, 2017	2016
	USD	USD
Goodwill – net *	14,631,149	14,718,773
Trademarks **	2,408,642	2,366,839
	17,039,791	**17,085,612**

* Goodwill resulted from the Company's acquisition of new shares at a value exceeding the book value of the share in some of its subsidiary companies. During the year ended December 31, 2016, Siniora Food Industries Company (subsidiary company) bought and acquired 70% from the shares of Al – Masa meat processing company. A goodwill of USD 6,195,317 resulted from this acquisition, making the total goodwill in Arab Palestinian Investment Company (holding company) USD 14,631,149 as of December 31, 2017 after recording an impairment provision of USD 6,940,471 from previous years.

** This item represents the value of the trademarks bought from Quality Food Company for Siniora Food Industries Company (Subsidiary Company) and ownership transfer fees.

16. Property, Plant and Equipment

a. This item consists of the following:

2017	Lands	Buildings and Constructions	Furniture and Fixtures	Computers	Vehicles	Leasehold Improvements	Machinery and Equipment	Tools	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost:									
Beginning balance	13,611,139	49,395,899	9,924,283	2,620,359	8,741,186	8,223,958	65,374,754	1,427,438	159,319,016
Additions	5,318,621	3,582,620	692,383	124,116	909,643	1,949,072	3,754,309	1,000,479	17,331,243
Disposals	-	(33,178)	(785,289)	(389,486)	(820,328)	(652,139)	(1,547,580)	-	(4,228,000)
Transfers	-	226,378	40,849	-	190,330	-	44,606	(502,163)	-
Differences due to Translation	-	-	15,259	-	9,798	(4,590)	-		20,467
Ending Balance	18,929,760	53,171,719	9,887,485	2,354,989	9,030,629	9,516,301	67,626,089	1,925,754	172,442,726
Accumulated Depreciation:									
Beginning balance	-	14,267,088	6,376,672	2,032,695	4,611,803	3,112,832	34,114,803	1,084,504	65,600,397
Additions	-	1,836,888	1,092,014	184,518	851,575	828,427	4,396,697	65,063	9,255,182
Disposals	-	(33,178)	(765,302)	(384,346)	(690,530)	(407,185)	(1,314,384)	-	(3,594,925)
Differences due to Translation	-	-	(2,157)	-	8,320	8,973	-	-	15,136
Ending Balance	-	16,070,798	6,701,227	1,832,867	4,781,168	3,543,047	37,197,116	1,149,567	71,275,790
Net Book Value as of December 31, 2017	18,929,760	37,100,921	3,186,258	522,122	4,249,461	5,973,254	30,428,973	776,187	101,166,936
2016									
Cost:									
Beginning balance	11,351,165	35,245,499	7,925,934	2,657,519	7,795,812	6,301,459	53,493,930	1,349,989	126,121,307
Additions	2,259,974	6,455,441	1,118,308	16,020	922,768	2,276,117	2,270,149	13,720,003	29,038,780
Disposals	-	(11,166)	(287,967)	(53,180)	(942,250)	(353,618)	(370,511)	(1,708)	(2,020,400)
Transfers	-	6,160,906	979,307	-	561,282	-	5,939,351	(13,640,846)	-
Additions due to the acquisition *	-	1,545,219	188,701	-	403,574	-	4,041,835	-	6,179,329
Ending Balance	13,611,139	49,395,899	9,924,283	2,620,359	8,741,186	8,223,958	65,374,754	1,427,438	159,319,016
Accumulated Depreciation:									
Beginning balance	-	12,946,096	5,447,088	1,934,155	3,844,237	2,572,786	28,606,483	1,000,089	56,350,934
Additions	-	1,474,800	822,626	151,071	867,918	638,265	4,421,522	85,132	8,461,334
Disposals	-	(11,166)	(249,938)	(52,531)	(437,669)	(98,219)	(284,666)	(717)	(1,134,906)
Transfers	-	(223,511)	223,511	-	-	-	-	-	-
Additions due to the acquisition *	-	80,869	133,385	-	337,317	-	1,371,464	-	1,923,035
Ending Balance	-	14,267,088	6,376,672	2,032,695	4,611,803	3,112,832	34,114,803	1,084,504	65,600,397
Net Book Value as of December 31, 2016	13,611,139	35,128,811	3,547,611	587,664	4,129,383	5,111,126	31,259,951	342,934	93,718,619
Annual Depreciation Rates %	-	2-4	6-15	15-25	20	15-25	10-20	6-10	

b. Some of the Company's and the subsidiary companies' assets are mortgaged against bank credit facilities.

c. Some of the subsidiary companies' buildings are constructed on lands leased from others.

d. National Aluminum and Profiles Company revaluated its land and stated it at fair value in its financial statements, differences in revaluation of USD 669,525 was recorded in revaluation reserve within owners' equity as of December 31, 2017 and 2016.

* This item represents additions to property, plant and equipment as a result of the acquisition of Al - Masa meat processing company.

** Arab Palestinian Shopping Centers Company revalued its land and stated it at its fair value, differences in revaluation of USD 3,552,540 was recorded in the revaluation reserve within owners' equity as of December 31, 2017 and 2016.

17. Projects under Construction

This item represents costs of work relating to constructing and equipping the production facilities and administration offices and the renovation of different production lines for the subsidiary companies represented by National Aluminum and Profiles Company, Siniora Food Industries Company, Unipal General Trading Company and Arab Palestinian Shopping Centers Company, which were not yet completed as of December 31, 2017.

The movement on the projects under construction is as follows:

	2017	2016
	USD	USD
Balance - beginning of the year	3,983,948	18,714,156
Additions	942,509	9,362,206
Transferred to property, plant and equipment	(3,406,579)	(24,092,414)
Balance - End of the Year	**1,519,878**	**3,983,948**

The cost to complete of the above projects amounted to USD 2.9 millions.

18. Short-term Notes Payable and Deferred Checks

This item represents notes payable to the following companies:

	December 31	
	2017	2016
	USD	USD
National Aluminum and Profiles Company	1,035,999	1,464,618
Medical Supplies and Services Company	2,866,561	3,747,460
Siniora Food Industries Company	496,988	-
Arab Palestinian Shopping Centers	951,354	2,225,611
Arab Leasing Company	-	800
Unipal General Trading Company	-	29,089
	5,350,902	**7,467,578**

The maturities of deferred checks extend up to the end of the year 2018.

19. Bonds

During January 2017, the Arab Palestinian Investment Company issued bonds with a total nominal value of USD 35 million, each bond has a nominal value of USD 10,000, the issuance date was January 18, 2017 and the maturity date is January 18, 2022. The coupon rate of the bonds is 5% yearly fixed for the first 30 months while the coupon rate for the remaining 30 months is 6 months LIBOR + 2.5% without paying less than 5%. The coupon rate is calculated on 360 days and paid every six months from the date of issuance. Noting that the issuing company has the right to amortize bonds for USD One million and multiples before its maturity date with a maturity price of 101% of the nominal value of the amortized bonds.

The total nominal value of the bonds is mortgaged against first degree mortgages which is not less than 110% of the nominal value of the bonds. These mortgages include shares and lands.

20. Loans

The details of this item are as follows:

	December 31, 2017		December 31, 2016	
	Short-term	Long-term	Short-term	Long-term
	USD	USD	USD	USD
Arab Palestinian Investment Company:				
National Bank loans **	-	-	1,712,022	-
Cairo Amman Bank Loan **	-	-	3,500,000	-
Arab Bank Loan	1,332,000	1,336,000	1,300,000	2,700,000
Al Quds Bank Loans **	-	-	2,744,631	-
Siniora Food Industries Company:				
Jordan Ahli Bank Loan	4,800,846	1,482,088	740,480	2,223,695
Arab Bank Loan	741,044	13,501,269	4,400,282	16,299,295
National Aluminum and Profiles Company:				
Jordan Ahli Bank Loans	2,867,821	1,745,394	2,094,746	24,142
Al Quds Bank Loans	299,632	864,948	-	-
Bank of Palestine for Investment Loans	876,410	354,643	291,079	643,466
Cairo Amman Bank Loans	1,676,868	554,190	1,429,480	698,446
Palestinian Commercial Bank Loan	-	-	-	570,770
Arab Bank Loan	595,003	-	864,417	-
Egyptian Arab Land Bank Loan	-	-	76,870	-
Palestinian Automobile Company:				
National Bank Loans	647,688	-	3,069,545	-
The Housing Bank for Trade and Finance Loan	1,033,149	-	441,518	-
Jordan Kuwait Bank Loans	1,993,168	-	1,860,312	-
Arab Bank Loan	1,499,002	-	665,210	-
Al Quds Bank Loans	1,455,688	1,218,826	1,360,899	843,805
Jordan Ahli Bank Loans	2,264,985	250,184	2,547,906	492,604
Bank of Palestine limited Loan	948,754	-	1,302,473	-
Arab Islamic Bank Loan	177,553	1,071,447	-	1,249,000
Safa Bank Loan	254,170	-	-	-
Arab Leasing Company:				
National Bank Loan	379,520	704,824	417,099	745,973
Jordan Ahli Bank Loan	485,296	1,067,453	298,405	740,032
Al Quds Bank Loan	115,314	176,961	62,527	188,860
Italian development cooperation agency *	-	888,000	-	784,356
Arab Palestinian shopping centers company:				
Arab Islamic Bank Loan	133,147	454,883	65,800	588,028
Cairo Amman Bank Loan	600,000	7,239,000	350,000	7,839,000
Arab Palestinian Investment Company (Exempted):				
Jordan Ahli Bank Loan	1,449,006	-	-	-
	26,986,064	32,909,310	31,595,701	36,431,472
	26,986,064	32,909,310	31,595,701	36,431,472

- The loan rates above range from 3.7% to 7% and are granted in Palestine and Jordan.

* This loan is granted by the Italian development cooperation agency in Palestine without interest and with a grace period of up to 5 years.

** The Arab Palestinian Investment company granted bonds during the year which was used to pay these loans and based on that the loans were transferred to short - term in December 31 ,2016.

21. Other Credit Balances

This item consists of the following:

	December 31,	
	2017	2016
	USD	USD
Accrued expenses	7,830,373	6,179,927
Accrued interest	1,067,061	1,271,649
Unearned revenues	302,097	756,400
Accrued salaries and bonuses	3,027,931	2,746,627
Accrued vacations	918,457	750,304
Social security deposits	80,251	67,513
Sales tax deposits	75,324	40,144
Income tax deposits – employees	869,264	732,751
Obligations against after-sale maintenance	466,327	376,672
Customers advances	1,189,241	1,262,802
Various provision *	2,001,345	1,665,749
Others	847,657	690,202
	18,675,328	**16,540,740**

* This amount represents provisions to cover accumulated losses in Central and West Africa commercial agencies which was not consolidated in the accompanying financial statements as it is under liquidation.

24. End-of-Service Indemnity Provision

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

	December 31,	
	2017	2016
	USD	USD
Medical Supplies and Services Company	2,249,170	1,699,194
Unipal General Trading Company	3,216,201	2,746,692
National Aluminum and Profiles Company	1,163,293	905,913
Palestine Automobile Company	1,005,016	859,049
Arab Palestinian Shopping Centers Company	444,493	365,364
Arab Palestinian Investment Company (holding company)	498,441	580,450
Sky Advertising, Public Relations and Events Company	510,934	479,219
Siniora Food Industries Company	2,674,317	2,201,382
Arab Palestinian Storage Company	83,557	69,864
Arab Leasing Company	4,798	2,119
	11,850,220	**9,909,246**

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

	2017	2016
	USD	USD
Balance - beginning of the year	9,909,246	8,436,992
Additions	2,780,563	2,291,126
Paid from the provision	(839,589)	(818,872)
Balance - End of the Year	**11,850,220**	**9,909,246**

25. Revaluation of Property, Plant and Equipment Reserve

This item consists of the following:

	December 31,					
	2017				2016	
	Revaluation Reserve	Ownership Percentage	Company's Share	Minority Interest Share	Company's Share	Minority Interest Share
	USD	%	USD	USD	USD	USD
Arab Palestinian Shopping Centers Company *	3,552,540	99.72%	3,542,707	9,833	3,145,419	407,121
National Aluminum and Profiles Company **	669,525	72.9%	488,686	180,839	488,686	180,839
	4,222,065		4,031,393	190,672	3,634,105	578,960

* **Arab Palestinian Shopping Centers Company**

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

According to the International Financial Reporting Standards, the land has been revalued as of December 31, 2008, as the price per meter was revalued from USD 660 to USD 680. Therefore, 90% of the lower valuation was taken and the accounting treatment was executed according to IAS (8), where the difference amounting to USD 592,299 was recorded in the consolidated statement of changes in owners' equity. The revaluation difference as of the date of the financial statements and as stated in owners' equity amounted to USD 3,552,540. Furthermore, the Company has reassessed the value of the land as of December 31, 2015. According to the management's opinion, the fair value of the land is approximate to its book value, therefore, no adjustment was booked for the positive revaluation on the consolidated financial statements.

** **National Aluminum and Profiles Company**

During the year 2010, the General Assembly of the Company approved the revaluation of the lands owned by the Company and their presentation in the financial statements at fair value. The revaluation difference was stated in the revaluation reserve account in owners' equity with an amount of USD 669,525. Furthermore, the Company reassessed the value of the land as of December 31, 2013. According to the management's opinion, the fair value of the land is approximate to the book value, therefore, no adjustment was booked for the positive revaluation on the consolidated financial statements.

26. Sales Gross Profit

This item consists of the following:

Company's Name	Sales	Inventory at the Beginning of the Year	Purchases and Cost of production (Operating)	Inventory at the End of the Year	Cost of Sales	Sales Gross Income 2017	Sales Gross Income 2016
	USD	USD	USD	USD	USD	USD	USD
Medical Supplies and Services Company	56,317,140	11,238,183	42,288,795	11,216,454	42,310,524	14,006,616	13,255,421
Unipal General Trading Company	462,113,085	19,893,429	442,102,591	31,937,872	430,058,148	32,054,937	25,159,493
National Aluminum and Profiles Company	23,517,963	5,935,662	19,549,188	6,332,011	19,152,839	4,365,124	4,152,176
Palestine Automobile Company	33,487,879	7,831,622	35,916,405	13,655,465	30,092,562	3,395,317	4,916,647
Siniora Food Industries Company	72,673,108	12,323,108	49,303,060	11,667,873	49,958,295	22,714,813	18,823,300
Arab Palestinian Shopping Centers Company	28,991,980	2,586,629	20,863,315	2,479,998	20,969,946	8,022,034	7,537,768
	677,101,155	59,808,633	610,023,354	77,289,673	592,542,314	84,558,841	73,844,805

27. General and Administrative Expenses
This item consists of the following:

	2017	2016
	USD	USD
Salaries and wages	13,423,734	12,507,067
Bonuses and employees benefits	3,925,965	3,732,070
End-of-service indemnity provision	1,465,544	967,207
Rent	1,297,354	1,387,374
Stationery and printing	183,185	206,558
Maintenance and cleaning	708,071	700,748
Communication	597,246	687,618
Hospitality	459,593	427,506
Donations	1,244,602	938,440
Transportation, travel and business trips expenses	1,275,088	1,347,384
Consultation, legal and professional expenses	965,350	793,197
Subscriptions, governmental expenses and fees	372,572	290,127
Board of Directors' expenses	342,326	254,865
Insurance	998,821	806,002
Vehicles expenses	1,049,398	963,008
Water and Electricity	1,136,971	994,578
Advertising	4,128	12,710
Property, plant and equipment depreciation	2,958,571	2,655,972
Provision for doubtful debts (Note 7)	748,756	1,334,228
Provision for unpaid leases	120,102	10,300
Goods storage and security expenses	335,063	220,827
Provision for slow-moving inventory items (Note 8)	692,907	563,573
Training	308,322	171,173
Others	117,587	1,664,063
	34,731,256	**33,637,595**

28. Selling and Distribution Expenses
This item consists of the following:

	2017	2016
	USD	USD
Salaries and wages	4,410,349	3,599,312
Company's share in social security & End of service provision	552,495	422,817
Advertising	1,811,641	2,864,133
Sales bonuses and commissions	4,070,955	3,829,126
Vehicles and fuel expenses	3,662,748	2,726,352
Water and Electricity	29,480	24,757
Communication	171,407	137,421
Insurance	685,984	579,033
Property, plant and equipment depreciation	695,939	589,453
Maintenance	15,106	12,407
Marketing	5,031,950	4,575,310
Transportation and travel	832,613	752,351
Export expenses	499,636	460,327
Showrooms' expenses	121,725	101,277
Hospitality	17,579	7,569
Rent	220,657	201,592
Stationery	11,700	9,261
Others	790,557	603,205
	23,632,521	**21,495,703**

29. Gain from Financial Assets Available-for-Sale
This item consists of the following:

	2017	2016
	USD	USD
Dividends income	992,498	714,904
	992,498	**714,904**

30. Other (Expenses) Revenue - Net
This item consists of the following:

	2017	2016
	USD	USD
Gains (Losses) from the sale of property, plant and equipment	69,991	(29,296)
Gain (losses) from Currency differences	123,371	(10,663)
Returned from contingent liabilities provision	45,022	555,825
Miscellaneous expenses – net *	(1,299,726)	(984,347)
Miscellaneous revenues – net	205,988	847,837
	(855,354)	**379,356**

* This amount includes the provision taken for the liquidation of the subsidiary company (Central and West Africa Company).

31. Income Tax – Subsidiary Companies

a- Deferred Tax Assets

This item consists of the following:

	2017					2016
	Beginning Balance	Additions	Released Amounts	Ending Balance	Deferred Tax	Deferred Tax
Accounts Included	USD	USD	USD	USD	USD	USD
Provision for doubtful debts	3,368,905	763,950	23,889	4,108,966	361,990	381,158
Provision for slow-moving inventory	1,564,741	386,364	623,378	1,327,727	80,192	139,055
End-of-service indemnity provision	7,168,567	2,161,315	510,600	8,819,282	1,180,063	939,890
Lawsuits provision	-	-	-	-	-	1,856
	12,102,213	**3,311,629**	**1,157,867**	**14,255,975**	**1,622,245**	**1,461,959**

- Deferred tax assets for some subsidiary companies have not been booked as they are immaterial and management is uncertain on whether they will benefit from them in the future. These subsidiaries are:

Sky Advertising, Public Relations and Events Company, Arab Palestinian Spare Parts and Vehicles Services Company, Arab Palestinian Storage Company, Jericho Natural and Mineral Water Factory Company and Central & West Africa for Commercial Agencies and Arab Leasing Company.

The movement on deferred tax assets is as follows:

	2017	2016
	USD	USD
Balance - beginning of the year	1,461,959	1,503,028
Additions	234,858	169,219
Disposals	(74,572)	(210,288)
Balance- End of the Year	**1,622,245**	**1,461,959**

b. Income Tax Provision

The movement on the income tax provision is as follows:

	2017	2016
	USD	USD
Balance - beginning of the year	1,970,625	2,733,591
Income tax paid	(3,701,773)	(4,223,089)
Accrued income tax	4,578,752	3,460,123
Balance – End of the Year	**2,847,604**	**1,970,625**

c. Income Tax expense

The income tax shown in the consolidated statement of income represents the following:

	2017	2016
	USD	USD
Accrued income tax for the year	4,578,752	3,460,123
Deferred tax assets for the year	(234,858)	(169,219)
Amortized deferred tax assets	74,572	210,288
	4,418,466	**3,501,192**

- The Arab Palestinian Investment Company (holding company) has performed a final tax settlement with the income tax department up to the year 2015 in Jordan and 2016 in Palestine.

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

Company's Name	Final Settlement up to Year
Unipal General Trading Company	2016
Sky Advertising, Public Relations and Events Company	2016
Medical Supplies and Services Company	2016
National Aluminum and Profiles Company	2016
Palestine Automobile Company	2016
Arab Palestinian Storage Company	2005
Arab Palestinian Shopping Centers Company	2016
Siniora Food Industries Company (Jordan and Palestine)	2016
Jericho Natural and Mineral Water Factory Company	Liquidated
Arab Leasing Company	2016
Arab Palestinian Investment Company / Jordan (Exempted)	2015

In the management's opinion and the tax consultant's opinion, the provisions recorded as of December 31, 2017 are sufficient to settle the tax liabilities.

On February 9, 2012, Siniora Food Industries Company - Palestine obtained from the Palestinian Investment Promotion Agency a full exemption from income tax for five years commencing on January 1, 2010 up to December 31, 2014. In addition to a declared exemption of 50% of income tax for 12 years commencing on January 1, 2015 up to December 31, 2026.

32. Contingent Liabilities

As of the date of the statement of financial position, the Company has contingent liabilities as follows:

	December 31,	
	2017	2016
	USD	USD
Letters of credit	6,396,191	14,754,067
Bank guarantees	24,215,963	6,589,595
Outstanding bills	33,495	44,062

33. Segmental Analysis

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

	Industrial	Trade	Service	Other	For the Year ended December 31, 2017	For the Year ended December 31, 2016
	USD	USD	USD	USD	USD	USD
Total revenues	96,191,071	580,910,084	6,635,832	-	683,736,987	607,361,745
Less: Cost of sales and services	69,111,134	523,431,180	3,332,578	-	595,874,892	531,194,044
Gross Profit	**27,079,937**	**57,478,904**	**3,303,254**	-	**87,862,095**	**76,167,701**
Expenses allocated to sectors	18,868,737	36,787,388	2,612,671	-	58,268,796	55,132,298
Less: Expenses not allocated to sectors	-	-	-	7,712,855	7,712,855	**5,589,792**
Profit before Tax	**8,211,200**	**20,691,516**	**690,583**	**(7,712,855)**	21,880,444	15,445,611
Less: Income tax	(533,003)	(3,726,615)	(158,848)	-	(4,418,466)	(3,501,192)
Profit for the Year	**7,678,197**	**16,964,901**	**531,735**	**(7,712,855)**	**17,461,978**	**11,944,419**

	December 31, 2017	December 31, 2016
	USD	USD
Total assets	356,524,649	329,783,580
Total liabilities	227,629,977	211,486,045

b. The following is the geographical information of the Company's operations:

All the subsidiary companies are situated in the Palestinian Authority territories except those in the below schedule:

Company Name	Geographical Location	For the Year Ended December 31, 2017 Revenues	For the Year Ended December 31, 2017 Expenses	December 31, 2017 Assets	December 31, 2017 Liabilities
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	79,191,566	72,045,965	86,702,691	37,415,322
Arab Palestinian Investment Company / Jordan (Exempted)	Jordan	211,625	70,694	3,530,465	3,007,091

Company Name	Geographical Location	For the Year Ended December 31, 2016 Revenues	For the Year Ended December 31, 2016 Expenses	December 31, 2016 Assets	December 31, 2016 Liabilities
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	67,496,244	61,859,817	83,571,422	39,072,671
Arab Palestinian Investment Company / Jordan (Exempted)	Jordan	1,499,047	366,256	13,071,607	9,189,151

34. Lawsuits

a. Siniora Food Industries Company

There are lawsuits held against Siniora Food Industries Company – Jordan with an amount of USD 103,078 in addition to other lawsuits with an unidentifiable value. 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 held against Arab Palestinian Shopping Centers Company with an amount of USD 3,730,152. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

c. Jericho Natural and Mineral Water Factory Company

During the year 2008, the shareholder owning 15% of the Company's capital "Ahleia Insurance Group" raised a lawsuit against Mr. Ali Al-Aqqad personally and against him as the chairman of Jericho Natural and Mineral Water Factory Company and against the Arab Palestinian Investment Company (APIC) as a shareholder and a board member of Jericho Natural and Mineral Factory Company, represented by Mr. Tarek Omar AL-Aqqad, claiming a compensation for USD 721,577, representing the plaintiff's shares in the Company's capital. The plaintiff objected against the Company's management which incurred losses as well as against its previous sale of the Company's assets. On December 6, 2011 a verdict was issued to dismiss the case, in which the prosecutor appealed the verdict in the specialty court. On October 3, 2013 a verdict was issued from the court of appeal accepting its principal and accordingly the Company's lawyer appealed this decision. The court's decision was to refuse the appeal and to return the case to the court of first instance. The court's decision to reject the cassation and return the papers to the Court of First Instance to proceed the case on 2 June 2015.The company has filed a request to return lawsuit and the court will look into the filed request on the postponed session in November 17, 2016. On 26 January 2017, the application from the lawyer was accepted and the claim was reinstated. The application was appealed on 27 November 2017 and the decision of the Court of Appeal to cancel the appeal and the request of the company and return the case to the source to continue from where it has been reached. The company filed an appeal against the decision of the Court of Appeal before the Court of Cassation. Since the cassation is held in an audit and it was not held, the company is not notified of the case until the decision is made. Based on the company's lawyer and management's opinion, the decision cannot be predicted.

d. Unipal General Trading Company

There are lawsuits held against Unipal General Trading Company with an amount of USD 17,507. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

e. National Aluminum and Profiles Company

There are lawsuits held against National Aluminum and Profiles Company with an amount of USD 361,795. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

f. Palestine Automobile Company

There are lawsuits held against Palestine Automobile Company with an amount of USD 361,795. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

g. Sky Advertising, Public Relations and Investments Company

There are lawsuits held against Sky Advertising, Public Relations and Investments Company with an amount of USD 18,951. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

h. Arab Palestinian Storage Company

There are lawsuits held against Arab Palestinian Storage Company with an unidentifiable value. In the opinion of the Company's lawyer and its management that a friendly settlement has been made between the company and the plaintiffs and an indemnity has been paid therefor no obligations shall arise against the Company therefrom.

In addition, and based on the company's lawyer and management's opinion, the company will not bear any liabilities exceeding the provision booked.

35. Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and financial liabilities of the Company are evaluated at fair value at the end of each fiscal period, the following schedule shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Book Value December 31, 2017	Fair Value December 31, 2017	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
	USD	USD				
Financial Assets at Fair Value						
Financial assets available for trading	11,261	11,261	Level One	Market Price	Doesn't apply	Doesn't apply
Financial assets available for sale	13,995,689	13,995,689	Level One	Market Price	Doesn't apply	Doesn't apply
Financial assets available for sale	5,543,094	5,543,094	Level Two	Compared with similar financial instrument	Doesn't apply	Doesn't apply
Investment Funds	4,472,750	4,472,750	Level Two	Compared with similar financial instrument	Doesn't apply	Doesn't apply
Total Financial Assets at Fair Value	24,022,794	24,022,794				

There were no transfers between level One and level Two during the year 2017.

B. The fair value of financial assets and financial liabilities of the company (non-specific fair value on an ongoing basis):

Except for what is set out in the schedule below, we believe that the book value of the financial assets and the financial liabilities shown in the consolidated financial statements of the Company approximate their fair value:

	December 31, 2017 Book value	December 31, 2017 Fair Value	The Level of Fair Value
	USD	USD	
Non-specified Fair Value Financial Assets			
Investment in lands	776,239	1,485,443	Level Two
Total Non-specified Fair Value Financial Assets	776,239	1,485,443	
Non-specified Fair Value Financial Liabilities			
Long-term bonds	35,000,000	35,611,806	Level Two
Loans	59,495,374	59,750,629	Level Two
Total Non-specified Fair Value Financial Liabilities	94,495,374	95,362,435	

For the items mentioned above, the fair value for the financial assets and financial liabilities for level Two were determined in accordance to agreed pricing models, which reflect the credit risk of the parties that are dealing with it.

- The fair value mentioned above is as of December 31, 2017.

36. Related Parties Balances and Transactions

a. Below are the details of the related parties balances and transactions:

Balances:

Due from related parties	**December 31, 2017**	**December 31, 2016**
	USD	**USD**
Aggad Investment Company – major shareholder	470,929	152,565
Siniora Food Industries Company- Algeria	245,013	244,449
Taleed Medical Supplies and Services	-	5,271
Taleed Medical Supplies and Services- Gulf	4,399	-
Medical Supplies and Services Company- Iraq	7,078	13,784
Central and West Africa for Commercial Agencies	235,727	206,039
MediServ Company	-	57
	963,146	**622,165**

Due to related parties		
Taleed Medical Supplies and Services company - Gulf	809	746
Parnter in Al – Masa meat processing company / United Arab Emirates *	851,598	851,598
	852,407	**852,344**

* A subsidiary company for Siniora Food Industries Company.

Transactions:

Year 2017	**Nature of Transaction**	**Amount USD**
Aggad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	337,032

Year 2016	**Nature of Transaction**	**Amount USD**
Aggad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	213,348

b. The salaries, bonuses and other benefits of the executive management of the holding company and its subsidiary companies amounted to USD 3,624,844 for the year 2017 (USD 3,614,266 for the year 2016).

37. Risk Management

a. Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and to maximize the return to stakeholders through achieving an optimal balance between equity and debt. Moreover, the Company manages and adjusts its capital based on the changes in the economic conditions. The capital structure is revised on a continuous basis upon the Board of Directors recommendations and the approval of the Company's General Assembly.

The following schedule shows the ratio of liabilities to owner's equity as of December 31, 2017 and 2016:

	December 31,	
	2017	2016
	USD	USD
Due to banks	36,866,412	43,154,556
Accounts payable	56,691,730	43,363,783
Short – term notes payable & deferred checks	5,350,902	7,467,578
Due to related parties	852,407	852,344
Short-term loan installments	26,586,064	31,595,701
Other credit balances	18,675,328	16,540,740
Tax provision	2,847,604	1,970,625
Total Current Liabilities	147,870,447	144,945,327
End-of-service indemnity provision	11,850,220	9,909,246
Long-term Bonds	35,000,0000	20,000,000
Long-term loan installments	32,909,310	36,631,472
Total Liabilities	227,629,977	211,486,045
Total Owners' Equity	128,894,672	118,297,535
Ratio of Debt to Owners' Equity	176%	179%

b. Liquidity Risk

Liquidity risk, also referred to as financing risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Moreover, the Company manages liquidity risk through maintaining adequate reserves, bank facilities and continuously monitoring forecast and actual cash flows, and matching the maturities of financial assets with financial liabilities. Also, part of the Company's funds is invested in balances at banks, financial assets available for trading, accounts receivable and checks under collection which are readily available to fulfill the requirements of short – and medium – term funding and liquidity management.

The Company's liquidity condition as of the date of the consolidated financial statements is as follows:

	December 31,	
	2017	2016
	USD	USD
Current Assets	201,509,765	187,351,445
Less: Current liabilities	(147,870,447)	(144,945,327)
	53,639,318	**42,406,118**

c. Credit Risk

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

The Company's financial assets which consist mainly of accounts receivable, checks under collection, and cash and cash equivalents do not represent significant concentrations of credit risk. In addition, the debtors are spread widely among client's classifications and their geographical areas.

Moreover, the Company maintains a strict credit policy by monitoring the credit limit for each client individually on continuous basis.

Furthermore, the company does not follow any policy to obtain guarantees against accounts receivable, therefore the receivables are considered not guaranteed.

d. Foreign Currency Risk

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

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

	Assets		Liabilities	
	December 31,		December 31,	
	2017	2016	2017	2016
	USD	USD	USD	USD
Jordanian Dinar	45,108,383	42,869,677	4,912,574	4,520,848
Shekel	86,798,647	54,319,996	82,757,437	60,781,375
Euro	2,014,425	532,952	7,256,863	2,116,558
AED Dirham	19,070,965	19,349,417	4,931,482	12,486,822
Saudi Riyal	5,832,210	3,835,233	9,499,274	828,907

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency type for the years 2017 and 2016 and that impacts the statement of income and owners' equity is as follows:

	+1%		-1%	
	2017	2016	2017	2016
	USD	USD	USD	USD
Asset				
Shekel	867,986	543,200	(867,986)	(543,200)
Euro	20,144	5,329	(20,144)	(5,329)
AED Dirham	190,710	193,494	(190,710)	(193,494)
Saudi Riyal	58,322	38,352	(58,322)	(38,352)
Others	65,108	60,122	(65,108)	(60,122)
Liabilities				
Shekel	(827,574)	(607,814)	827,574	607,814
Euro	(72,569)	(21,166)	72,569	21,166
AED Dirham	(94,993)	(124,868)	94,993	124,868
Saudi Riyal	(1,709)	(8,289)	1,709	8,289
Others	(49,315)	(41,231)	49,315	41,231

The Company's management believes that there is no risk associated with the U.S. Dollar since the Jordanian Dinar is pegged to the U.S. Dollar.

e. Interest Rate Risk

This risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company manages its exposure to interest rate risk continuously and reassesses the various options such as refinancing, renewal of the current position and alternative financing.

The sensitivity analysis below has been determined based on the exposure to interest rate risk related to bank loans, amounts due to banks, bonds and notes payable at the consolidated financial statements' date. The analysis is prepared assuming that the amount of the liability outstanding at the date of the consolidated financial statements has been outstanding for the whole year. An increase or decrease amounting to 1% is used and represents management's assessment of the probable and acceptable change in market interest rates:

	+1%		-1%	
	2017	2016	2017	2016
	USD	USD	USD	USD
Statement of income	1,367,127	1,388,493	(1,367,127)	(1,388,493)

f. Share Prices Risk

Share prices risk is the result of the change in the fair value of shares. The Company manages this risk by diversifying its portfolio into different geographical areas and economic sectors. Most of the investments owned by the Company are not listed in financial markets. The below sensitivity analysis refers to the investments listed in Palestine Stock Exchange.

	December 31, 2017		
	Change in Indicator	Effect on Statement of Income	Effect on Owner's Equity
Indicator	USD	USD	USD
Palestine Stock Exchange	- + 5 %	563	674,855

	December 31, 2016		
	Change in Indicator	Effect on Statement of Income	Effect on Owner's Equity
Indicator	USD	USD	USD
Palestine Stock Exchange	- + 5 %	7,200	588,223

g. Occupation and Sovereign Risks

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

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

38. Earnings per Share for the Year

	For the Year Ended December 31,	
	2017	2016
	USD	USD
Profit for the year	11,931,139	8,243,818
	Share	Share
Number of shares	70,000,000	70,000,000
	USD/Share	USD/Share
Earnings per share for the year relating to the Company's shareholders / basic and diluted*	-/170	-/118

* The earning per share for the year ended December 31, 2016 has be adjusted to 70 Million shares instead of 66 Million shares as the increase in shares resulted from the capitalization of retained earnings as per IAS 33.

39. Comparative Figures

The comparative figures for the year 2016 were reclassified to be consistent with the year 2017.