APIC أيبك

2013

ANNUAL REPORT

APIC أيبك

Steady Performance…Determined Pace

For more than two decades, the Arab Palestinian Investment Company (APIC) has seen remarkable growth, successfully building its position in the Palestinian market and beyond. APIC continues to exercise effective administrative and financial systems, as well as support ongoing investment in its human resources. APIC's work mechanisms, based on accumulated experience and 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.

MSS

سنيورة Siniora

Sky Advertising • Public Relations • Events

UNIPAL يونيبال

Palestine Automobile Company

مركز پلازا للتسوق PLAZA Shopping Center

نابكو NAPCO Aluminum of Palestine

UNIPAL Central & West Africa

Other Investments

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

بنك فلسطين BANK OF PALESTINE

PPGC شركة فلسطين لتوليد الطاقة م.ع.م Palestine Power Generating Company plc.

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APIC Subsidiaries

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Palestine

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National Aluminum and Profiles Company

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www.napco.ps

Medical Supplies and Services Company

P.O. Box 1909
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www.msspal.com

Unipal General Trading Company

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Unipal Distribution Center

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Unipal Central and West Africa

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Palestine Automobile Company

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Arab Palestinian Shopping Centers Company

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www.bravosupermarket.ps

Sky Advertising, Public Relations and Event Management

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www.sky.ps

Chairman's Letter

Dear Shareholders,

The Arab Palestinian Investment Company (APIC) continues on its steady progress despite challenges in Palestine's economic landscape due to the Israeli occupation. Moreover, the financial crisis that the Palestinian National Authority is facing has led to a delay in the fulfillment of its obligations towards the private sector, a factor that has affected several subsidiaries of APIC.

APIC, however, has maintained its steady growth and achieved in 2013 a record net profit of USD7.916 million for its shareholders, a growth of 93% over 2012's net profit of USD4.095 million. Further, the total group revenues in 2013 grew by 20.5% versus 2012, exceeding USD444 million in 2013. Moreover, successful cost-control policies across the group contributed positively to enhancing the company's profitability.

In Central and West Africa, logistical challenges continue to be an obstacle impeding the development of our operations. However, we remain optimistic as we see tangible revenue growth, especially after the appointment of a new and experienced management team. The size of the market in Central and West Africa is extremely promising and our partnership with Procter & Gamble, the largest fast moving consumer goods company in the world, are all considered success factors to our distribution business. In Cameroon, Unipal CWA obtained the distribution rights for the most popular energy drink in the world, Red Bull. We, therefore, feel confident that all the right elements are in place for Unipal CWA to succeed.

The year witnessed several significant achievements, most prominent of which was the signing of an agreement with Chrysler Corporation granting APIC distribution rights for Chrysler, Jeep, Dodge and Ram vehicles in the Palestinian market.

Our subsidiary, Siniora Food Industries, has increased its presence in the Saudi Arabian market by opening up a distribution center in Jeddah. This development, along with the existing distribution center in Riyadh, facilitates the company's reach to all major cities in this lucrative and important market.

As a sign of our commitment to the Palestinian economy, APIC listed its shares on the Palestine Exchange (PEX) on March 2, 2014. With this milestone, we believe APIC will expand its shareholder base, provide further avenues for growth as well as offer existing shareholders the flexibility to unlock their wealth in the company by trading their shares freely.

While we are always aware of our priority to achieve healthy returns for our shareholders, we are also keen to play a significant role within the communities in which we operate. To this end, APIC and its subsidiaries continue to support organizations that focus on education, youth development and healthcare.

I am proud of APIC's achievements and, most of all, am grateful to our 1,360 employees for their unwavering dedication. Through their solid efforts and commitment, I am confident that the APIC family will bring about the growth and profitability we aspire to realize in the years to come.

On behalf of myself and my esteemed colleagues on the board of directors, I thank our valuable shareholders for their continued trust and support. We look forward to a promising future and to sustainable growth across all sectors in which we operate.

Kindest regards,

Tarek O. Aggad
Chairman of the Board of Directors and CEO

Establishment

The Arab Palestinian Investment Company (APIC) was founded by a number of Arab businessmen for the purpose of channeling funds and investments from the Arab World to Palestine, paving the country's way to greater development and participation in the regional and global economy. The company was established and registered on September 20, 1994 (BVI registration number 128626) in the British Virgin Islands.

On May 8, 1996, APIC was registered in Palestine with the Ministry of National Economy (registration number 563600634) as a foreign private shareholding company.

APIC transformed into a foreign public shareholding company on December 23, 2013 (registration number 562801563).

The company's authorized capital is USD70,000,000 divided into 70,000,000 shares ($1.00 per share); while its paid-up capital is USD50,009,398 as of December 31, 2013.

Objectives and Activities

As an investment holding company, APIC investments are diverse, spanning across the manufacturing, distribution and service sectors with a presence in Palestine, Jordan, Saudi Arabia, Gabon and Cameroon through its nine subsidiaries, which include Siniora Food Industries Company (SFIC or Siniora), National Aluminum and Profiles Company (NAPCO), Unipal General Trading Company (UNIPAL), Central & West Africa Company for Commercial Agencies LLC (CWACA), Medical Supplies and Services Company (MSS), Arab Palestinian Shopping Centers (APSC or PLAZA), Palestine Automobile Company (PAC), Sky Advertising, Public Relations and Event Management Company (SKY) and Arab Palestinian Storage and Cooling Company (APS).

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, Hyundai, Chrysler, Dodge, Jeep, XL Energy, Abbott, B. Braun, Eli Lilly, GlaxoSmithKline, Sanofi Aventis and Nivea, among many others. APIC is also one of the main founders and partners of the Palestine Electricity Company, and owns shares in the Palestine Power Generating Company and Bank of Palestine.

Legal Advisor and External Auditor

Legal Advisor

A.F.&R Shehadeh, Law Firm

Ramallah	Jerusalem
26 Main Street	P. O. Box 20007
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Ramallah, Palestine	Palestine

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External Auditor

Deloitte & Touche Middle East
190 Zahran Street, Jabal Amman
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Amman 11118, Jordan
Tel: +962 6 5502200
Fax: +962 6 5502210
www.deloitte.com

Availability of Financial Statements and Communication with Shareholders

Shareholders can receive a copy of the annual report at the Company's offices in Ramallah at the following address:

Al-Masyoun, PADICO House Building, 6th Floor
P. O. Box 2396
Ramallah, Palestine
Tel: +970 2 297 7040
Fax: +970 2 297 7044

- APIC's financial statements and annual report are available online at: www.apic.ps
- Disclosures and financial reports are published on the PEX website: www.pex.ps
- Shareholders can also contact APIC in Amman - Jordan on:
  Tel: +962 6 5562910 or by fax: +962 6 556 2915


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Vision and Mission

Vision

To provide superior products and services of quality and value, leaving a positive and lasting impact in 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 resource, talent and economic development.

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

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$444.6 Million
2013
2012
2011
2010
2009
2008
Total Sales in US Dollars
$237.1 Million

Strategy and Corporate Culture

The Billion-Dollar Strategy

With an unwavering vision for growth, APIC aims to achieve USD1 billion in gross revenues within a decade. Although ambitious, requiring an annual growth rate of 16% until 2020, the USD1 billion target is a challenging organizational goal, one that APIC believes can be met. Not just a rhetorical objective, the billion-dollar benchmark is a sustained strategy that will strengthen the company's fundamentals. As a parent company to a growing family of businesses, APIC intends to achieve this target by promoting synergy among its subsidiaries while establishing the essential conditions for the success of each company and the group as a whole.

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 of its employees. With team spirit, the company has developed value-driven policies and procedures to guide everyday interactions and its vision.

APIC's internal culture can be best described via the following four dimensions:

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 self-motivation, leadership 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 three categories:

- The Power of Minds: Innovation, thinking and problem solving.
- The Power of People: Leadership and teamwork.
- The Power of Agility: Discipline and flexibility.

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Global Partners

Board of Directors

Mr. Tarek Omar Aggad
Chairman

Mr. Khaled Osaily
Vice Chairman

H.E. Dr. Mohammad Mustafa
Member - Representing Palestine Investment Fund

Dr. Durgham Maree
Member - Representing Palestine Investment Fund

Mr. Munir Khoury
Membe - Representing Al-Saeed Company

Mr. Fuad Kattan
Member

Mr. Tareq Abbas
Member

Dr. Mazen Hassounah
Member

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

Executive Management

Mr. Tarek Omar Aggad
Chief Executive Officer (CEO)

Mr. Ali Aggad
VP - Group Chief Operating Officer (COO)

Mr. Tareq Abbas
VP - Corporate Affairs

Mr. Nader Hawari
VP - Business Development

Mr. Ahmad Judeh
Chief Investment and Finance Officer

Mr. Khaled Baradie
Group Finance Manager

Mrs. Lina Al-Hadweh
Internal Control and Systems Development Director

Corporate Governance

APIC and its subsidiaries operate within systems of governance that regulate the 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 launched the Internal Control Department and developed its 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.

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

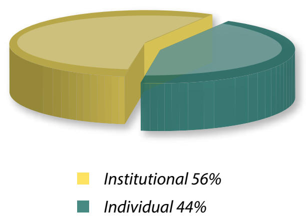
Shareholder Structure

By the end of 2013, APIC had 82 shareholders comprising both individuals and institutions of various nationalities. Shareholders holding more than 5% of the capital represented 57.66%, while remaining shareholders represented 42.34%.

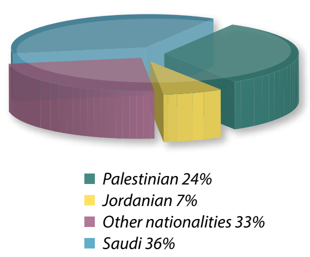
The following table depicts shareholders who directly and indirectly own more than 5% of the company's capital:

Name of Shareholder	Percentage (%)
Tarek Omar Aggad and related parties	27.76%
Palestine Investment Fund	20.20%
Al-Huda Holding Company Ltd.	9.70%

The following graph depicts the distribution of shareholders between individual and institutional at the end of 2013.



The following graph depicts the distribution of shareholders by nationality at the end of 2013.



Share Performance

APIC listed its shares on the Palestine Exchange (PEX) and started trading on March 2, 2014. Hence, there was no trading on APIC shares in 2013.

Competitive Position

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

Subsidiaries and Associates

The table below lists APIC subsidiaries, activities and country of registration.

Company	Ownership Percentage (%)	Country	Main Activities & Operations
Manufacturing Sector			
Siniora Food Industries Company PLC	61.18%	Jordan	Manufacturing of cold cuts and canned meat
National Aluminum & Profiles Company PLC	70.61%	Palestine	Manufacturing of aluminum and profiles
Distribution Sector			
UNIPAL General Trading Company PSC	83.69%	Palestine	Consumer products/ distribution
Central and West Africa Company for Commercial Agencies LLC	50.00%	Jordan[1]	Consumer products/ distribution
Medical Supplies and Services Company PSC	50.00%	Palestine	Distribution of medical supplies and services
Palestine Automobile Company PSC	100%	Palestine	Car distribution
Services Sector			
Sky Advertising, Public Relations and Event Management Company PSC	100%	Palestine	Advertising and PR
Arab Palestinian Storage and Cooling Company PSC	64.6%[2]	Palestine	Storage and cooling
Shopping Sector			
Arab Palestinian Shopping Centers Company PLC	85.99%	Palestine	Retail and shopping

Other Investments

The table below lists APIC's other investments.

Company Name	Security Type	Number of Shares	Ownership Percentage (%)
Palestine Electricity Holding Company[3]	Shares	1,827,275	9.09%
Bank of Palestine Ltd.	Shares	1,875,006	1.25%
Palestine Power Generating Company	Shares	233,333	2.3%

[1] This company is registered in Jordan but operates in Central and West Africa.
[2] This percentage represents APIC's direct ownership of 31.1% in addition to its indirect ownership of 32.9% through its subsidiary, UNIPAL.
[3] UNIPAL owns the same number of shares in Palestine Electricity Holding Company.

2013 Achievements

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Manufacturing

Siniora Food Industries Company is a market leader in the manufacture and sale of branded Siniora Al-Quds and Unium processed meat. Siniora was founded in Jerusalem, Palestine in 1920, and was acquired by APIC in Palestine and Jordan in 1996.

The company produces cold cuts and canned luncheon meat from two state-of-the-art processing plants built with the latest technology, one located in East Jerusalem, Palestine, and the second located in King Abdullah II Industrial Estate in Amman, Jordan. Siniora Food Industries has been awarded ISO 9001 and ISO 22000 certifications for quality and food control safety, in addition to the Palestinian Standard Certificate in Palestine.

The company markets its products through mass merchandisers, grocery stores, high-frequency stores and department stores in Jordan, Palestine, Saudi Arabia and in 12 countries in Middle East, and recently introduced its luncheon meats to West African markets. In January 2012, Siniora became a public shareholding company and was listed on the Amman Stock Exchange.

Siniora Food Industries Company (Siniora)

Despite volatile economic conditions in regional markets, 2013 was a year of significant achievements at all levels. This year, the company recorded a growth of 23% through record sales of JD38.21 million, compared to JD31.13 million last year, a clear indication that the company is on track towards the achievement of sustainable progress and prosperity. Furthermore, Siniora realized unprecedented overall net profits of 17%, amounting to JD3.36 million compared to last year's JD2.87 million.

Shareholder equity increased by 19.6% in 2013, amounting to JD20.5 million compared to JD17.14 million in 2012.

With remarkable sales growth of 29% over the previous year, the Unium brand broke new ground, which subsequently led to a record increase of more than 50% in the company's sales volume of the total luncheon meat market in Jordan.

Another noteworthy accomplishment was the steady sales growth of Siniora products, which rose by 13% in the Jordanian market and by 18% in the Palestinian market compared to 2012, strengthening the company's leading position in both markets.

On the regional level, Siniora achieved a sales growth of 14%. In the Saudi market, the company achieved exceptional sales levels of more than JD4.4 million in its cold cuts and luncheon meat products, representing a record increase of 20% over last year.

In 2014, Siniora is set to maintain its position as one of the leading and fastest growing companies in the regional food industry. It will seek to do so by expanding its regional presence, with a focus on the Gulf markets, as well as developing and strengthening its export base in existing and additional target markets.

Siniora recognizes the value of its employees and constantly seeks to advance their technical and managerial qualifications through focused training workshops. Their efforts, perseverance and hard work have secured the company's leading position in the Jordanian and Palestinian markets.

Majdi Sharif
Chief Executive Officer

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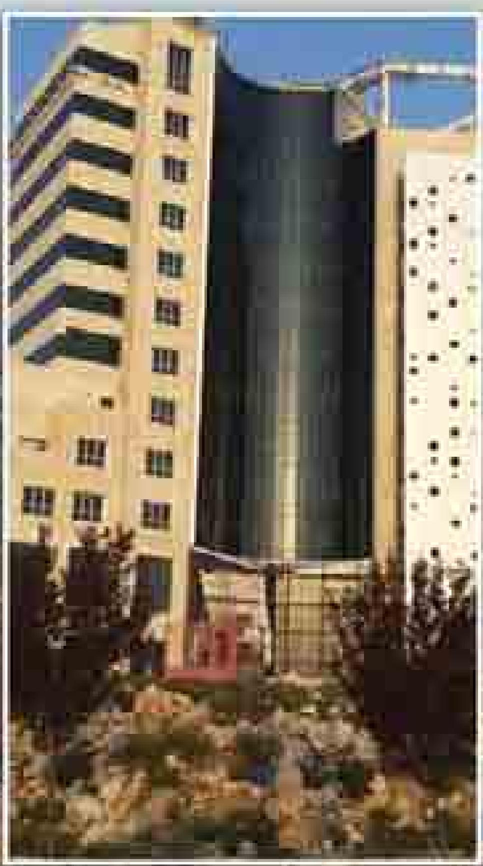
APIC

Manufacturing

Established in 1991, the National Aluminum and Profile Company (NAPCO), a publicly traded subsidiary of APIC, is the first and only aluminum profiles manufacturer in Palestine. Located in the West Bank city of Nablus, NAPCO's state-of-the-art 28,000-square-meter plant operated by 185 employees, has an annual production capacity of over 6,000 tons of high quality products that comply with international standards and specifications. NAPCO is accredited by both the Palestine Standards Institution and the International Organization for Standardization (ISO).



National Aluminum and Profiles Company (NAPCO)

A milestone year for NAPCO, 2013 saw the company outperform all expectations and reach the highest profits and margins in its 23-year history. NAPCO achieved a record net profit of more than USD1 million, and a 20% gross profit margin, the highest since its establishment. This achievement was made possible by the strategic vision of NAPCO's management along with its dedicated team, whose hard work contributed to this increase in the company's market share.

The company's successfully executed diversion of market demand towards the more profitable powder-coated production lines as well as anodized and wood-effect profiles was instrumental in generating this year's record profits. Another key achievement was the surge in the production of thermal break systems, which increased its sales by 6% in 2013. Additionally, the company's production of powder-coated, wood-effect, thermal break and anodized profiles increased by 9% in 2013.

Another positive development was the remarkable increase in sales of the ever-reliable accessories line, up by 31% and colored profiles by 32% in 2013, which contributed to the achievement of USD1 million net profit.

NAPCO remains committed to opening up new and lucrative avenues that will allow the company to grow sustainably while consistently delivering optimal financial results. By doing so, it builds on its continued success in the Palestinian market and maintains its position as a key player among private-sector companies.

Anan Anabtawi
General Manager

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APIC

Distribution

Medical Supplies and Services Company (MSS) has consistently been one of the top companies in its field since its establishment in 1994. The most diversified health care-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, Eli Lilly, Beiersdorf (Nivea), Janssen, Abbott Diabetes Care, Hitachi Aloka, Nihon Kohden, B. Braun, Boehringer Ingelheim's Pharmaton, Abbott Diagnostics, and Trisa.

Medical Supplies and Services Company (MSS)

It has been another strong year for MSS. Despite the challenging economic and political environment, the company has remained focused on growth and operational excellence on all levels. It delivered a positive sales growth of 14.5%, and net profit growth of 4% in 2013.

In a year that witnessed a drop in pharmaceutical product prices and delays in payment by the Palestinian government, the company nonetheless succeeded in maintaining its leadership and competitive positions in the field and met many of its goals set for 2013.

The signing of distribution agreements with two new multinationals considerably strengthened the company's leading market edge in 2013. Further, and in line with its goal of offering the Palestinian consumer a wider range of products, MSS has expanded its distribution portfolio with existing partners. Consistent with its long-term strategy, MSS is continuing to seek opportunities in diversifying its quality product lines, and is currently negotiating distribution agreements with two new multinationals.

In 2014, we will continue to further leverage our competitive advantage and build on our successes. We will remain focused on serving the needs of our community while promoting a performance-driven culture. Special thanks are extended to MSS employees for their hard work, commitment and loyalty.

Samer Kreitem
General Manager

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Distribution

Founded in 1994 as a private shareholding company, Unipal General Trading Company (Unipal) 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, XL Energy, Heinz, Kellogg's, Siniora, Americana and other well-known products. The company's highly efficient distribution system delivers leading quality products and services 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.

Unipal General Trading Company (Unipal)

Once again, Unipal achieved success, with its steady market focus and proven operational strategy. The company takes great pride in its passion and drive for success and continues to build momentum as a market leader in the fast moving consumer goods (FMCG) sector. The company achieved new sales records of USD273 million in 2013, which netted 37% growth in profit despite economic and market challenges.

With its strong brands, expansive retail network and exceptional customer services, Unipal has maintained its position as the leading FMCG distributer in Palestine. The company has continuously developed its profitable growth platforms through the continuous acquisition of multinational brands, cost-cutting measures and increased efficiency across all aspects of the organization.

Unipal completed its distribution center, which is now fully operational. The warehouse is designed in accordance with the company's long-term capacity projections of 5,500 pallets and is equipped with state-of-the-art storage systems and advanced warehouse management software. It has also implemented an enterprise resource planning (ERP) system and a mobile sales automation system to optimize business expansion outcomes.

The company's efforts in building capacity and investing in its team emanates from its core values and beliefs in continuously supporting its employees in terms of both their professional and personal enrichment. Unipal's commitment to remain an essential provider of goods in the Palestinian marketplace propels the company's leadership position, making it strong, resilient and well-positioned for the future.

We thank our customers, partners and employees for their unwavering confidence and support.

Imad Khoury
General Manager

Distribution

In 2010, APIC subsidiary Unipal Central and West Africa (Unipal CWA) won an exclusive distribution contract from Procter & Gamble for eight West and Central African countries including Chad, the Democratic Republic of the Congo, the Central African Republic, Equatorial Guinea, Cameroon, Republic of the Congo (Congo-Brazzaville), Gabon, and São Tomé and Príncipe. The centrally-located, stable and investor-friendly Republic of Cameroon is the base for Unipal CWA's operations, which distributes a wide range of world-leading brands including Ariel, Pampers, Always, Gillette, Duracell, Oral-B, Kellogg's, Heinz, Arcor and Siniora. Today, the company has three branches, two of which are in Cameroon and one in neighboring Gabon.

Unipal Central and West Africa (Unipal CWA)

Unipal CWA entered its third year of operations with stronger knowledge of the market, the local business landscape as well as a wider scope of influence. The year 2013 closed with a turnover of USD13 million, corresponding to a growth in sales of 33% over last year.

While 2013 proved to be a year of organizational and logistical challenges, further compounded by the loss of some key customers due to a unilateral decision by Procter & Gamble (P&G), a sustained focus on the company's future eventually yielded positive results. With market development and diversification of revenue sources set as long-term targets, Unipal CWA signed a major distribution agreement with the world-leading energy drink company Red Bull and with one of the world's largest light snack companies, Mondelēz, in order to increase the profitable growth of its food division. Several plans were executed in 2013 to increase company profitability, including a new joint business plan with P&G, alongside active recruitment at top management level.

A major milestone in 2013 was the launch of operations in Gabon, effectively actualizing another step in the company's regional expansion plans. A smooth start to the Gabon operation proceeded to end the year with strong and promising results.

I am confident that in 2014, Unipal CWA will continue to flourish in this nascent market by focusing on growth through a more comprehensive sales network, improved productivity and a more efficient chain of execution carried out by our dedicated and diligent Unipal CWA team.

Ali Al-Aggad
Chairman

Distribution

Founded in 1996 as a private shareholding company, Palestine Automobile Company (PAC) is the sole distributor for the Hyundai Motor Company's entire line-up of passenger cars, trucks and vans sold in showrooms in Ramallah, Hebron and Gaza and an extensive dealer network throughout Palestine. Hyundai, manufactured in South Korea, enjoys the leading market position in Palestine. PAC's guiding principle is to provide its customers with top-notch services, achieved through its large state-of-the-art parts and service facilities in Ramallah and Gaza, staffing them with qualified technicians and mechanics. PAC stocks three warehouses that ensure the prompt and continuous supply of spare parts and accessories.

In 2013, PAC obtained the distribution rights for Chrysler, Jeep and Dodge cars in the West Bank and Gaza. PAC owns and operates a total of four showrooms in Ramallah, Nablus and Gaza, with the newest set up for Chrysler in Ramallah.

Palestine Automobile Company (PAC)

In an environment beset by volatile economic conditions, tough market competition from traditional players and new entrants, and a decline in vehicle purchases by the government, PAC has emerged secure in its market position in 2013. It has achieved this by maintaining a strong focus on after-sales services and by remaining steadfast in its commitment to providing exceptional customer experiences.

A major development for PAC was the signing of an official distribution agreement with Chrysler Group International to represent the Chrysler, Dodge, Jeep and Ram brands in Palestine. In another significant move, the company successfully launched the new Hyundai Santa Fe 2013 model to complement the brand's strong ix35 SUV sales, cementing its leadership position in this segment in Palestine.

In 2014, PAC will launch a sales showroom and a maintenance center for its new line-up of Chrysler, Dodge, Jeep and Ram vehicles in Ramallah. Also in 2014 and as part of its efforts to position itself for the future and emerge as the clear leader in vehicle after-sales in Palestine, PAC plans to upgrade its existing Hyundai service center in Ramallah into a state-of-the-art facility.

A strong belief in community alliances has always been an integral part of PAC's business ethos. Accordingly, the company continues to support Injaz for the second year in its developmental and social efforts with Palestine's youth.

Ayman Sonnoqrot
General Manager

أبيك
APIC

Retail and Shopping

A publicly traded subsidiary of APIC, the Arab Palestinian Shopping Centers Company (PSE: PLAZA) offers the first and largest modern shopping and entertainment destinations in Palestine. Since the launch of its first project in 2003, at a cost of USD10.2 million, Plaza has become the nationwide leader in the retail industry, with five Bravo supermarkets, the Plaza Shopping Center and a children's indoor play area in three major West Bank cities. Plaza is a member of the Middle East Council of Shopping Centers and the International Council of Shopping Centers and employs 150 people.

Arab Palestinian Shopping Centers (Plaza)

Plaza entered 2013 on stronger footing, building on its solid market presence and delivering improved results overall. Management strategies set in 2012, including enhancing efficiency and increasing interactive market presence, resulted in a solid sales growth rate of 22% in 2013. Plaza maintained its overall gross profit margin, which – in tandem with successful cost control and management – led to a reduction of the company's net loss by 60% during 2013.

Plaza growth strategies in 2013 included the renovation of two Bravo branches, in Hebron and Ramallah, following the 2012 renovation of two branches in Ramallah, which were met with highly favorable customer feedback. Weekly and monthly promotional offers during 2013 coupled with continuous development of systems and hiring new experienced team were key factors in strengthening the company's leading competitive position in the market.

In 2014, Plaza will continue to focus on maintaining and improving positive operational trends, with emphasis on expanding efficiency and delivering outstanding customer service. With the recent formation of an experienced and revitalized team, Plaza anticipates the successful implementation of expansion strategies for the year to come.

Samer Deik

General Manager

أيبك
APIC

Services

Founded in 1996 as a private shareholding company, Sky Advertising, Public Relations and Event Management Company (Sky) is recognized as a pioneer in advertising, public relations and event management in Palestine, offering a full range of customized promotional services designed to maximize client profiles in competitive markets. Sky has a strategic alliance with M&C Saatchi, one of the largest advertising companies in the region. Sky employs specialized staff in five essential creative areas that encompass graphic design, public relations, event management, promotion, media and outdoor advertising.

Sky Advertising, Public Relations and Event Management (Sky)

Despite the prevailing difficult economic and political environment in the region, 2013 was a year of notable achievements for Sky. The company successfully steered through a landscape of intense competition to maintain its leading market position, with sales reaching USD6,043 million in 2013.

In line with its strategic vision, Sky launched new services, expanded its scope of work and enlarged its customer network. Recognizing that social media today is a vital component of any company's marketing strategy, Sky now provides its customers with advanced communication services on social media platforms including Facebook, Twitter, LinkedIn and YouTube. Moreover, the company has conducted special public campaigns promoting social media among its customers. Sky's catalogue of social media products offers clients premium visibility in this fast-paced era of communications.

Keen to keep up with the latest technological trends by providing its customers with a variety of choices Sky maintained its prominent position in the advertising market, by initiating the construction of Palestine's first network of electronic billboards, due for completion in 2014.

Finally, the company extends its deepest gratitude to its employees, who have dedicated themselves to the successful implementation of Sky's strategies and goals.

Nader Maree
General Manager

أيبك
APIC

Future Objectives

APIC aims to sustain the successes it has acquired over two decades of operation. In addition, APIC seeks to reinforce its expansion and development policy by targeting new markets and upgrading the products of its subsidiaries. APIC consistently pursues steady annual growth in line with its billion-dollar vision, while maintaining focus on its values and principles.

Corporate Social Responsibility: Efficient Role and Lasting Commitment

At APIC, corporate social responsibility (CSR) is a company-wide strategic priority, radiating from the belief in the importance of building trust, value and respect among its customers, business partners, employees and the community at large. To this end, APIC and its subsidiaries interact with the communities in which they operate through active participation with charities, educational institutions and in public events.

In cooperation with the British Council, APIC awards higher education scholarships to students through the Higher Education Scholarships for Palestine (HESPAL) program. This year, APIC awarded scholarships to three outstanding students from Palestine to complete their graduate studies in the United Kingdom.

Educational support and youth empowerment are two pillars of APIC's CSR program. Accordingly, the company has established a fund at King's Academy in Jordan awarding grants to distinguished students from Palestine.

In addition, each year APIC awards a full four-year scholarship at a Jordanian or Palestinian university to the highest scoring Tawjihi student among the children of its employees as well as selected students nominated by Bethlehem University.

Since 2007, APIC has supported Injaz Palestine through donations and volunteers from its employees. Moreover, APIC's COO, Ali Aggad, was elected chairman of the board for Injaz Palestine.

APIC firmly believes in the promotion of CSR by providing its communities with healthy career opportunities and its employees with a dynamic, safe and challenging work environment. As part of its corporate incentive program, APIC's CEO Award is presented annually to exceptional employees from each of its subsidiaries who demonstrate creativity and innovation.

2013 Financial Performance

APIC's financial performance in 2013 witnessed considerable growth in comparison to 2012. Total revenues grew to a record level of USD444.6 million achieving a growth of 20.5% compared to last year. The growth in the company's revenues can be mostly attributed to ongoing business expansion in the operations of subsidiaries through the acquisition of new distribution contracts and the maximization of market-leading shares to lay the foundation for solid and sustainable growth.

As a result of the rationalization policy of operational and administrative expenses in APIC Group, the overall net results of the Group have witnessed a marked increase in 2013 with a net profit after tax of USD10.98 million (including the rights of minority share) exceeding the profits achieved in 2012 by about 69.5%.

APIC's share (excluding minority shares) of the net profit of the group amounted to USD7.916 million with an increase of 93.3% compared to the net profit of the company's shareholders in 2012.

Balance Sheet

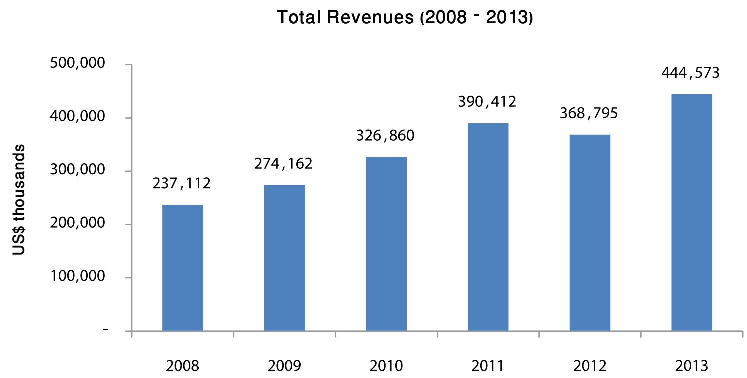
Total assets at the end of 2013 amounted to USD237.2 million, an increase of 10.4% over 2012, of which current assets amounted to USD143.1 million with an increase of 19.1%.

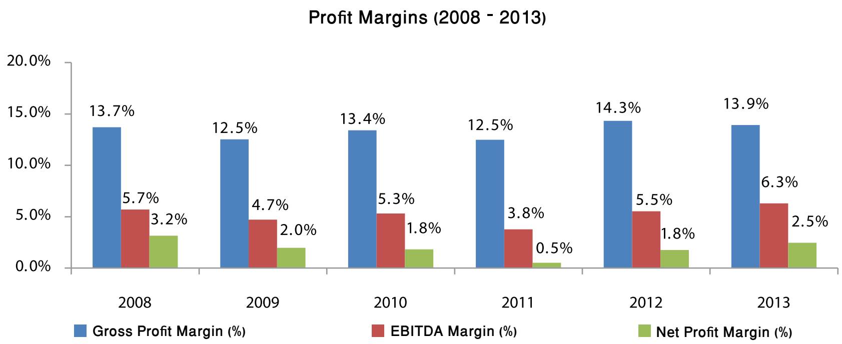
APIC's working capital amounted to USD40.73 million at the end of 2013, compared to USD26.14 million in 2012.

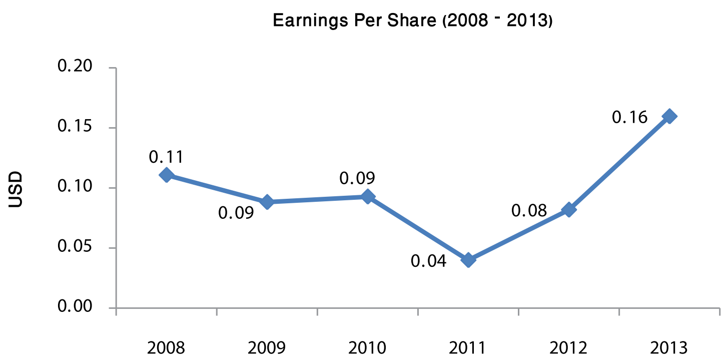
Bank borrowings dropped by 3.75% in 2013, amounting to USD79.04 million, as opposed to USD82.12 million in 2012.

Shareholder equity (including minority share) grew by 11.7% in 2013, amounting to USD93.27 million, while net shareholder equity (excluding minority share) amounted to USD69.97 million.

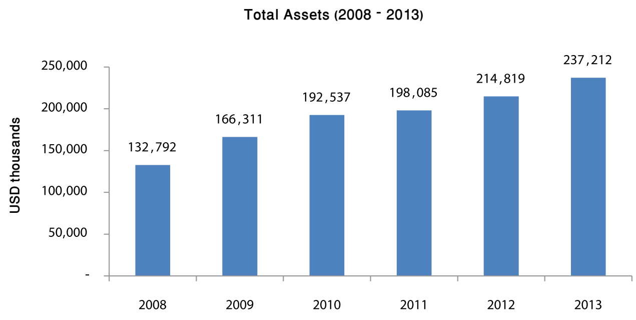
The following graphs demonstrate the development of revenues and different profit margins and ratios achieved between 2008 and 2013.

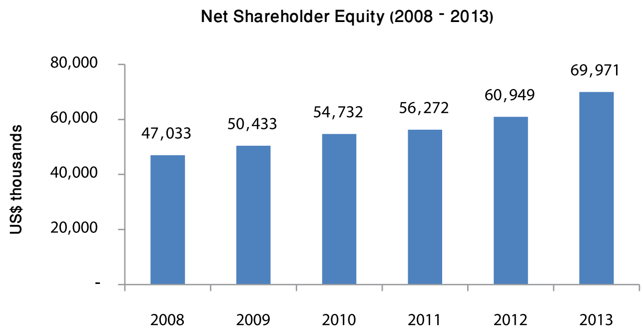

Total Revenues (2008 - 2013)
US$ thousands
500,000
400,000
300,000
200,000
100,000
-
237,112
274,162
326,860
390,412
368,795
444,573
2008
2009
2010
2011
2012
2013


Profit Margins (2008 - 2013)
20.0%
15.0%
10.0%
5.0%
0.0%
13.7%
5.7%
3.2%
12.5%
4.7%
2.0%
13.4%
5.3%
1.8%
12.5%
3.8%
0.5%
14.3%
5.5%
1.8%
13.9%
6.3%
2.5%
2008
2009
2010
2011
2012
2013
Gross Profit Margin (%)
EBITDA Margin (%)
Net Profit Margin (%)

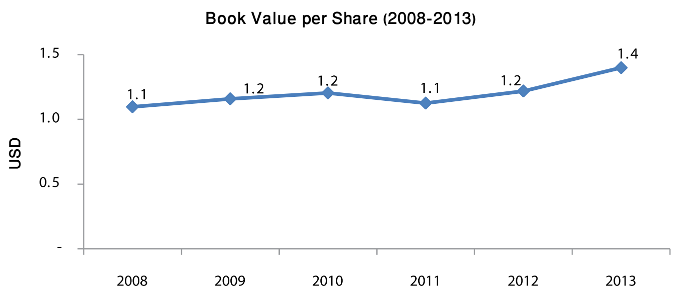

Earnings Per Share (2008 - 2013)
USD
0.20
0.15
0.10
0.05
0.00
0.11
0.09
0.09
0.04
0.08
0.16
2008
2009
2010
2011
2012
2013

The graphs below demonstrate total assets and net shareholder equity (2008 – 2013)





The following graph demonstrates the company's book value per share (2008-2013)



Board of Directors and Executive Management Benefits and Remuneration

The benefits of the board of directors in 2013 amounted to USD153,000 while the salaries and bonuses of the executive management teams amounted to USD1,195,393 for the same year.

Discrepancy Between Initial Disclosure and Final Audited Results of 2013

In February 2014, APIC disclosed its consolidated financial statements for the year 2013 before audit. After the completion of auditing, the following amendments were made to the financial statements:

Income Statement

- Revenues reported were less by 1.9% than initially disclosed after eliminating the intercompany commercial transactions within the group's subsidiaries.
- Reported net profit (including minority share) was less than the initial disclosure by USD87,600 due to the drop in the valuation of one of the company's investments.

Balance Sheet

- Some items were reclassified in the balance sheet to better reflect their nature.
- Applying International Financial Reporting Standard #10 (IFRS 10) has led to the reclassification of goodwill value resulting from the purchase of additional shares in one of the subsidiaries for USD500,400 from intangible assets to the shareholder equity section in the balance sheet.
- Based on the above, shareholder equity in the final audited results appears less than in the initial disclosure by nearly USD520,100.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

أيبك
APIC

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
DECEMBER 31, 2013

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Independent Auditor's Report

AM/ 30667

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

Introduction

We have audited the accompanying consolidated financial statements of Arab Palestinian Investment Company (Holding Company), which comprises of the consolidated statement of financial position as of December 31, 2013, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

Deloitte.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Palestinian Investment Company (Holding Company) as of December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Explanatory Paragraph

As stated in Note (39) to the accompanying consolidated financial statements, the Company's general assembly approved during the year 2013 on the transformation of the Company's legal title in the Palestinian Authority from Foreign Private Shareholding Company to Foreign Public Shareholding Company and to list the Company's shares on the Palestinian Stock Exchange. Moreover, the procedures for the transfer of the Company's legal title were completed on January 15, 2014 and the Company's shares were listed in the Palestine Stock Exchange on March 2, 2014.

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

Amman – Jordan
March 26, 2014

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

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

ASSETS	Note	December 31, 2013 USD	December 31, 2012 USD
Current Assets:			
Cash on hand and at banks	5	8,635,529	5,344,520
Accounts receivable and cheques under collection - net	6	65,912,677	54,910,120
Inventory - net	7	51,360,087	45,933,032
Due from related parties	36	181,613	935,490
Trading Financial assets	8	13,616	36,227
Other debit balances	9	16,991,189	12,959,981
Total Current Assets		**143,094,711**	**120,119,370**
Long-term checks under collection	10	641,327	242,273
Deferred tax assets	31	1,693,522	1,531,908
Available-for-sale financial assets	11	10,350,899	9,517,912
Investment in associate company	12	-	231,941
Investment in lands	13	776,239	776,239
Intangible assets - net	14	7,908,192	7,908,192
Property, Plant and Equipment			
Property, Plant and Equipment at cost		117,073,797	112,221,026
Less: Accumulated depreciation		44,968,928	38,965,086
Net Book Value of Property, Plant and Equipment	15	72,104,869	73,255,940
Projects under construction	16	642,505	1,235,574
TOTAL ASSETS		**237,212,264**	**214,819,349**

LIABILITIES	Note	December 31, 2013 USD	December 31, 2012 USD
Current Liabilities:			
Due to banks	23	33,295,726	33,827,167
Accounts payable		31,139,729	24,314,748
Short-term notes payable	17	590,561	2,140
Due to related parties	36	948,959	2,466,997
Postdated cheques	21	9,842,418	5,238,861
Short-term loans installments	19	11,586,654	17,112,062
Other credit balances	20	10,742,704	8,749,972
Income tax provision	31	4,216,767	2,272,395
Total Current Liabilities		**102,363,518**	**93,984,342**
Provision for end-of-service indemnity	24	7,413,933	6,172,325
Long-term bonds	18	20,000,000	20,000,000
Long-term loans installments	19	14,161,981	11,178,806
Total Liabilities		**143,939,432**	**131,335,473**
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)	50,009,398	50,009,398
Retained earnings		15,214,734	7,298,942
Cumulative change in fair value		1,688,161	711,932
Revaluation of Property, Plant and Equipment reserve	25	3,558,918	2,931,895
Difference in purchase of non-controlling interest		(500,398)	-
Foreign currencies translation differences		-	(3,608)
Total Shareholders' Equity		**69,970,813**	**60,948,559**
Non - controlling interests	22	23,302,019	22,535,317
Total Owners' Equity		**93,272,832**	**83,483,876**
TOTAL LIABILITIES AND OWNERS' EQUITY		**237,212,264**	**214,819,349**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

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

	Note	For the Year Ended December 31, 2013 USD	2012 USD
Net sales		436,541,866	361,200,371
Less: Cost of sales		378,423,225	313,325,349
Sales Gross Profit	26	**58,118,641**	**47,875,022**
Service revenue		8,031,614	7,594,535
Less: Service cost		5,354,741	5,884,399
Net Service revenue		**2,676,873**	**1,710,136**
Less: General and administrative expenses	27	28,615,635	24,654,110
Selling and distribution expenses	28	12,634,281	11,308,610
Profit from Operations		19,545,598	13,622,438
Gains from available-for-sale financial assets	29	253,001	349,677
Borrowings interest and expenses		(5,329,882)	(5,224,686)
Company's share of associate companies gain	12	-	48,365
Gains from sale of associate	12	68,059	-
(Losses) from the revaluation of trading financial assets		-	(2,917)
Other expenses - net	30	775,412	(193,947)
Profit for the Year before Income Tax		**15,312,188**	**8,598,930**
Income tax expense - subsidiary companies	31	(4,331,493)	(2,122,438)
Profit for the Year		**10,980,695**	**6,476,492**
Attributable to:			
Company's shareholders		7,915,792	4,094,654
Non-controlling interests	22	3,064,903	2,381,838
		10,980,695	**6,476,492**
Earnings per share for the Company's Shareholders / Basic and Deluted	38	-/158	-/082

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB PALESTINIAN INVESTMENT COMPANY

(HOLDING COMPANY)

BRITISH VIRGIN ISLANDS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2013	**2012**
	USD	**USD**
Profit for the year	10,980,695	6,476,492
Other Comprehensive Income Items:		
Comprehensive Income items which are transferable to Consolidated Statement of Income:		
Change in fair value - available-for-sale financial assets	976,229	568,575
Foreign currencies translation differences	5,012	23,322
Total Comprehensive Income	**11,961,936**	**7,068,389**
Total Comprehensive Income Attributable to:		
Company's shareholders	8,895,629	4,676,645
Non-controlling interests	3,066,307	2,391,744
	11,961,936	**7,068,389**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013 and 2012

	Paid -up Capital	Retained Earnings	Cumulative Change in Fair Value	Revaluation of Property, Plant and Equipment Reserve	Difference in Purchase of Non-Controlling Interest **	Foreign Currencies Translation Differences	Total Shareholders' Equity	Non - Controlling Interests	Total Owners' Equity
Year 2013	USD	USD	USD	USD		USD	USD	USD	USD
Balance - beginning of the year 2013	50,009,398	7,298,942	711,932	2,931,895	-	(3,608)	60,948,559	22,535,317	83,483,876
Change in fair value	-	-	976,229	-	-	-	976,229	-	976,229
Foreign currencies translation differences	-	-	-	-	-	3,608	3,608	1,404	5,012
Profit for the year	-	7,915,792	-	-	-	-	7,915,792	3,064,903	10,980,695
Total comprehensive income	-	7,915,792	976,229	-	-	3,608	8,895,629	3,066,307	11,961,936
Net change in non-controlling interests *	-	-	-	627,023	(500,398)	-	126,625	(2,299,605)	(2,172,980)
Balance - End of the Year 2013	**50,009,398**	**15,214,734**	**1,688,161**	**3,558,918**	**(500,398)**	**-**	**69,970,813**	**23,302,019**	**93,272,832**
Year 2012									
Balance - beginning of the year 2012	50,009,398	3,204,288	143,357	2,931,895	-	(17,024)	56,271,914	20,317,318	76,589,232
Change in fair value	-	-	568,575	-	-	-	568,575	-	568,575
Foreign currencies translation differences	-	-	-	-	-	13,416	13,416	9,906	23,322
Profit for the year	-	4,094,654	-	-	-	-	4,094,654	2,381,838	6,476,492
Total comprehensive income	-	4,094,654	568,575	-	-	13,416	4,676,645	2,391,744	7,068,389
Net change in non-controlling interests *	-	-	-	-	-	-	-	(173,745)	(173,745)
Balance - End of the Year 2012	**50,009,398**	**7,298,942**	**711,932**	**2,931,895**	**-**	**(3,608)**	**60,948,559**	**22,535,317**	**83,483,876**

* This item represents the net change in non-controlling interests resulting from the decrease in the non-controlling interests share in some of the subsidiary Companies' capital during the years 2013 and 2012.

** This item represents the difference between the acquisition cost of 401,689 shares of Siniora Food Industries' and it's net book value which leads the Company's share in the capital of the subsidiary company to be %61,18 in accordance with the requirements of International Financial Reprting Standards.

- Retained earning include an amount of USD 1,693,522 as of of December 31, 2013 relating to deferred tax assets. (USD 1,531,908 as of December 31, 2012).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

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APIC

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

	Note	For the Year Ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		**USD**	**USD**
Profit for the year before tax		15,312,188	8,598,930
Adjustments for:			
(Gains) losses from sale of property, plant and equipment	**30**	(171,233)	(37,322)
Depreciation of property, plant and equipment	**15**	7,364,558	6,584,235
Losses from the revaluation of trading financial assets		-	2,917
Provision for doubtful debts	**6**	359,465	626,995
Provision for slow-moving inventory	**7**	524,422	282,783
Company's share of associate company's (gain)	**12**	-	(48,365)
(Gains) from sale of associate company		(68,059)	-
Impairment of available-for sale assets financial assets	**29**	158,767	87,823
(Returned) from contingent liabilities	**30**	(598,307)	(181,575)
Provision for employees end-of- service indemnity	**24**	1,430,320	1,358,975
Cash Flows from Operating Activities before Changes in Working Capital		**24,312,121**	**17,275,396**
(Increase) in accounts receivable and other debit balances		(15,393,230)	(3,868,743)
(Increase) in inventory		(5,951,477)	(8,975,612)
(Decrease) in due from / to related parties		(764,161)	(1,814,297)
(Increase) decrease in long-term checks under collection		(399,054)	370,766
Increase in accounts payable and other credit balances		9,416,020	367,395
Net Cash Flows from Operating Activities before Employees End-of-Service Indemnity Paid and Income Tax Paid		**11,220,309**	**3,354,905**
End-of-service indemnity paid	**24**	(188,712)	(477,254)
Income tax paid	**31**	(2,548,735)	(2,683,716)
Net Cash Flows from Operating Activities		**8,482,772**	**193,935**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in trading finanical assets		22,611	(3,009)
(Increase) in available-for-sale financial assets		(15,525)	(2,979,405)
Procceds from sale of associate company		300,000	
(Increase) in intangible assets	**14**	-	(42,929)
(Additions) of property, plant and equipment		(5,727,165)	(6,256,059)
Proceeds from sale of property and equipment		1,210,163	491,344
Additions of projects under construction	**16**	(932,183)	(3,273,845)
Net Cash Flows (used in) Investing Activities		**(5,142,099)**	**(12,063,903)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in due to banks		(531,441)	7,086,418
Increase (repayment) of loans, checks and notes payable		2,649,745	(17,065,246)
Bonds		-	20,000,000
Foreign currencies translation differences		5,012	23,323
Net change in non - controlling interests		(2,172,980)	(173,745)
Net Cash Flows (used in) from Financing Activities		**(49,664)**	**9,870,750**
Net Increase (Decrease) in Cash		3,291,009	(1,999,218)
Cash on hand and at banks- beginning of the year		5,344,520	7,343,738
Cash on Hand and at Banks- End of the Year	**5**	**8,635,529**	**5,344,520**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

a. Arab Palestinian Investment Company (Holding Company) was established on September 20, 1994, and registered in the British Virgin Islands under Number (128626), with an authorized capital of USD 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 June 2, 2011 as per the decision made by the general assembly of the Company in its extraordinary meeting held on that same date, where the paid up capital of the company was increased by USD 4,546,309 thus the total paid up capital became USD 50,009,398. The increase was made through capitalizing part of the retained earnings. An approval was obtained from the supervising authorities in the British Virgin Islands on December 30, 2011.

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

d. Head Office located in Mecca Street, P.O. Box 941489 Amman 11194 – Jordan.

e. During the year 2013, the Company's General Assembly approved the transformation of the Company's legal title from a Foreign Private Shareholding Company to Foreign Public Company and to list the Company's shares in the Stock Exchange of Palestine, the procedures for the transformation were completed during the year 2014.

f. The Board of Directors approved the Company's consolidated financial statements on March 26, 2014.

2. Basis of Preparation of the consolidated financial Statements

1. The consolidated financial statements includes the financial statements of the Company and it's subsidiaries and entities. Control is achieved whereby the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. All intra-group transactions, balances, income, and expenses are eliminated.
2. The financial statements of the subsidiary companies are prepared for the same financial year of the Company using the same accounting policies adopted by the Company. If the accounting policies adopted by the subsidiary companies are different from those used by the Company, the necessary adjustments to the financial statements of the subsidiary companies are made so as to comply with the accounting policies used by the Company.

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

	December 31, 2013		December 31, 2012			
	Paid-up Capital	Equity Share	Paid-up Capital	Equity Share	Ownership Date	Main Business
	USD	%	USD	%		
Arab Palestinian Storage Company	4,500,000	64/59	4,500,000	64/59	1997	Management of refrigerated stores
Medical Supplies and Services Company *	3,227,990	50	3,227,990	50	1998	Trading in medicine and medical supplies
Unipal General Trading Company	7,042,253	83/69	4,929,577	83/69	1998	General trade
National Aluminum and Profiles Company	9,718,310	72/14	9,718,310	72/14	1995	Manufacturing of aluminum
Palestine Automobile Company	5,600,000	100	5,600,000	100	1998	Trading in cars
Sky Advertising, Publication and Promotion Company	845,068	100	845,068	100	2000	Advertising and publication
Siniora Food Industries Company	17,764,230	61/18	17,764,230	57/99	1996	Manufacturing of food
Arab Palestinian Shopping Centers Company	9,877,240	86/55	9,877,240	68/91	1999	Establishing and owning commercial centers
Jericho Natural Mineral Water Factory Company	4,803,734	85	4,803,734	85	2001	Natural mineral water
Arab Palestinian Spare Parts and Vehicles Services Company	165,000	80	165,000	80	2008	Trading in cars and spare parts
Central & West Africa for Commercial Agencies Companies *	2,824,858	50	2,824,858	50	2011	General trading
Arab Palestine Investment Company / Jordan (Exempted)	35,200	100	35,200	100	2011	Trading in cars and trading agency

The following is the most important financial information for the subsidiary Companies for the year 2013:

	December 31, 2013		For the year ended December 31, 2013	
	Total Assets	Total Liabilities	Total Revenue	Total Expenses
	USD	USD	USD	USD
Arab Palestinian Storage Company	1,661,863	2,442,447	309,292	534,560
Medical Supplies and Services Company	43,334,837	34,606,025	38,821,523	36,586,672
Unipal General Trading Company	47,238,571	31,066,215	273,184,862	267,257,853
National Aluminum and Profiles Company	29,814,018	15,906,138	21,242,142	20,189,123
Palestine Automobile Company	24,320,003	16,986,224	18,335,295	18,237,225
Sky Advertising, Publication and Promotion Company	3,148,214	1,530,465	6,065,609	5,731,751
Siniora Food Industries Company	53,651,896	24,746,496	53,886,801	49,908,048
Arab Palestinian Shopping Centers Company	13,198,078	3,824,663	28,120,432	28,614,017
Jericho Natural Mineral Water Factory Company	460	68,686	494	-
Arab Palestinian Spare Parts and Vehicles Services Company	254,524	2,172	-	3,674
Central & West Africa for Commercial Agencies Companies	9,609,682	8,263,464	12,952,924	14,951,873
Arab Palestine Investment Company / Jordan (Exempted)	2,826,366	1,037,361	2,905,349	1,151,544

- Subsidiaries results of operations are included in the consolidated statement of income from the date of its ownership i.e. the date in which the actual control is transferred over to the Company. In addition the results of operations for 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 percentage of a subsidiary's owner equity not owned by the Company.
- All subsidiary companies, excluding Siniora Food Industries Company and Arab Palestine Investment Company / Jordan which operate in Jordan, and Central and West Africa for Commercial Agencies Companies which operates in Cameron and Gabon have their facilities in the Palestinian National Authority Territories.

* The Company has actual control over the Medical Supplies and Services Company and Central & West Africa for Commercial Agencies Company through controlling its Management Committee, and consequently, controlling the Company's financial and operating policies.

3. Significant Accounting Policies

1. Basis of Preparation of the Consolidated Financial Statements:
   - The consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Standards Interpretation Committee.
   - The reporting currency of the consolidated financial statements of the Company and its subsidiaries is the US Dollar, which is also their functional currency.
2. The accounting policies adopted in the preparation of the consolidated financial statements for this year are consistent with those applied for the year ended December 31, 2012 except for what is mentioned in note (4/a) to the consolidated financial statements.

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

a. Trading Financial Assets

- Trading financial assets stated at Fair Value in the statement of income represent investments in companies shares traded on active markets. The objective of holding these assets is to generate income from the short-term market price fluctuations or trading profit margin.
- Trading financial assets 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 the changes in their fair values is taken to the consolidated statement of income.

b. Available-for-Sale Financial Assets

- These represent financial assets which the Company does not intend to classify as trading financial assets or held to maturity.
- Available-for-sale investments are stated at cost at the date of acquisition, and revalued to their fair values at year-end. The gain or loss resulting from revaluation is taken to a separate account in the consolidated statement of comprehensive income and in the consolidated owners' equity. When these assets are fully or partially sold, or determined to be impaired, the income or loss is taken to the consolidated statement of income, including the related amounts previously booked within owners' equity. The impairment loss previously recorded in the consolidated statement of income can be recovered if it becomes objectively evident that the increase in fair value has occurred in a period subsequent to the recording of the impairment loss. Moreover, the impairment loss in the companies shares is recovered through the cumulative change in the fair value and for debt instruments through the consolidated statement of income. Furthermore, investments in 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 while any gains or losses are recognized upon completion of a sale and taken to the consolidated statement of income. Moreover, 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 a provision for expired 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. Moreover, cost consists of all expenses incurred until the inventory reaches the Company's stores and showrooms or its stores at port (bonded).
- Spare parts inventory is stated at the lower of cost or net realizable value based on the weighted average method.

e. Investments in an Associate Company

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

f. Sales and Service Revenue

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

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue from services is recognized when services are preformed and the related invoices are issued.

g. 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. 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 the impairment loss (if any) is taken to the consolidated statement of income.
- Property, Plant and equipment useful lives are reviewed at the end of each year; and if the expected useful life differs from the previous estimate, the difference is booked in subsequent years as a change in accounting estimates.

h. Goodwill

- Goodwill is recorded at cost, which represents the excess amount paid to acquire or purchase on 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 the subsidiary companies is booked as a separate item within 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 on 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.

i. Accounts Receivable

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

j. Bank Interest Revenue and Expenses

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

k. Provision for Employees End-of-Service Indemnity

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

l. Income from Investments

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

m. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the 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.
- Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the financial statements and the value on the basis of which taxable income is calculated. Moreover, deferred taxes are calculated 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.

n. 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.

Accounting Estimates

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

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 the basis and estimates approved by management in conformity with the requirements of International Financial Reporting Standards (IFRSs).
- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and International Financial Reporting Standards. Moreover, deferred tax assets and liabilities and the income tax provision are booked.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.
- A provision is taken for lawsuits raised against the Company. This provision is subject to an adequate legal study prepared by the Company's legal advisor. Moreover, the study highlights potential risks that the Company may encounter in the future. Such legal assessments are reviewed periodically.
- Management frequently reviews financial assets stated at cost to estimate any decline in their value. Impairment is taken to the consolidated statement of income for the year.
- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4. Adoption of new and revised International Financial Reporting Standards (IFRSs)

4.a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs have been adopted in the preparation of the financial statements for which they did not have any material impact on the amounts and disclosures of the consolidation financial statements except for the disclousers related to IFRS (12) and (13); however, they may affect the accounting for future transactions and arrangements.

IFRS 10 **Consolidated Financial Statements**.	Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.

IFRS 11 Joint Arrangements.	Replaces IAS 31 *Interests in Joint Ventures*. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.
IFRS 12 Disclosure of Interests in Other Entities.	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
IFRS 13 Fair Value Measurement	Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.
IAS 19 Employee Benefits (2011)	An amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.
IAS 27 Separate Financial Statements (2011)	Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.
IAS 28 Investments in Associates and Joint Ventures (2011)	This Standard supersedes IAS 28 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.
Amendments to IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities	Amends the disclosure requirements in IFRS 7 *Financial Instruments*: *Disclosures* to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation.*

Annual Improvements IFRSs 2009-2011 Cycle	IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34.
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	Provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

4.b. New and revised IFRSs issued but not yet effective

The following new and revised IFRSs have been issued but are not effective yet:

The Company has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

	Effective for Annual Periods Beginning On or After
IFRS 9: Financial Instruments	1 January 2017.
Amendments to IAS 32 Financial Statements Offsetting Financial Assets and Liabilities.	1 January 2014.
Amendments to IFRS 7, 9	1 January 2017.
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities.	1 January 2014.
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014.
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.	1 January 2014.
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions.	1 July 2014.
IFRIC 21 Levies.	1 January 2014.

Management anticipates that each of the above standards and interpretations will be adopted in the financial statements by its date mentioned above without having any material impact on the Company's consolidation financial statements.

5. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2013	**2012**
	USD	**USD**
Cash on hand	686,849	1,006,935
Current accounts	7,948,680	4,337,585
	8,635,529	**5,344,520**

6. Accounts Receivable and Cheques under Collection- Net

This item consists of the following:

	December 31,	
	2013	**2012**
	USD	**USD**
Trade receivables	57,078,467	48,225,191
Less: Provision for doubtful debts	3,998,747	3,693,421
	53,079,720	44,531,770
Checks under collection *	11,617,787	9,670,446
Employees receivable	1,215,170	707,904
	65,912,677	**54,910,120**

* Cheques under collection mature up to the end of year 2014.

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

	2013	2012
	USD	USD
Balance - beginning of the year	3,693,421	3,292,101
Additions to the provision	359,465	626,995
Debts written-off	(168,199)	(253,646)
Currency exchange difference	114,060	27,971
Balance - End of the Year	**3,998,747**	**3,693,421**

- The Company adopts a policy of dealing with only creditworthy counterparties with good market reputation so as to mitigate the risk of financial losses from defaults. Moreover, the Company takes a provision for receivables not collected for more than 365 days. Due but not impaired receivables amounted to USD 53,079,720 as of December 31, 2013 (USD 44,531,770 as of December 31, 2012). The following are the details of due but not impaired receivables

	December 31,	
	2013	2012
	USD	USD
Up to 90 days	24,726,229	27,348,256
91 days up to 180 days	6,087,816	4,715,406
181 days up to 365 days	22,265,675	12,468,108
	53,079,720	**44,531,770**

Due and impaired receivables amounted to USD 3,998,747 as of December 31, 2013 (USD 3,693,421 as of December 31, 2012).

- Receivables include amounts due from The Palestinian Authority at an amount of approximately USD 21 million.

7. Inventory - Net

This item consists of the following:

	December 31,	
	2013	2012
	USD	USD
Finished goods	10,046,590	3,618,333
Medication	4,891,246	3,784,382
Medical materials	727,629	924,344
Consumable materials	16,936,559	19,281,699
Laboratory tools and materials	587,083	508,035
Medical equipment and machinery	1,043,066	699,209
Total Finished Goods	**34,232,173**	**28,816,002**
Raw materials	7,856,318	6,802,826
Scrap and other	606,919	122,152
Other materials	1,383,395	196,021
Cars and spare parts*	4,134,823	4,071,963
Total Inventory	**48,213,628**	**40,008,964**
Less: Provision for slow-moving inventory items**	947,251	486,005
Net Inventory	**47,266,377**	**39,522,959**
Goods in transit	2,615,619	2,583,052
Goods at bonded *	1,478,091	3,827,021
	51,360,087	**45,933,032**

* As stated in Note (19), inventory includes mortgaged vehicles in favor of banks against commercial loans.

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

	2013	2012
	USD	USD
Balance - beginning of the year	486,005	449,673
Additions to the provision during the year	524,422	282,783
Inventory written-off during the year	(63,176)	(246,451)
Balance - End of the Year	**947,251**	**486,005**

8. Trading Financial Assets

This item consists of the following:

	December 31,	
	2013	2012
	USD	USD
Quoted Shares in Palestine Stock Exchange	13,616	36,227
	13,616	**36,227**

9. Other Debit Balances

This item consists of the following:

	December 31, 2013 USD	December 31, 2012 USD
Receivables and claims	1,521,970	1,865,996
Value added tax	1,895,488	2,090,590
Prepaid expenses	2,955,928	2,137,248
Refundable deposits against LGs', LCs and others	1,642,868	1,598,970
Accrued revenue	454,000	320,000
Korean Hyundai Company claims	829,652	844,438
Advance payments to Suppliers	6,611,087	3,061,651
Other debit balances	1,080,196	1,041,088
	16,991,189	**12,959,981**

10. Long-term Cheques Under Collection

This item consists of the following:

	December 31, 2013 USD	December 31, 2012 USD
Palestine Automobile Company	605,915	242,273
Arab Palestinian Shopping Centers Company	35,412	-
	641,327	**242,273**

- The maturities of long-term Cheques under collection extends to November 15, 2017.

11. Available-for-Sale Financial Assets

This item consists of the following:

	Number of Shares	December 31, 2013	Number of Shares	December 31, 2012
		USD		USD
Listed Shares:				
Bank of Palestine Limited	1,875,006	6,000,019	1,675,000	5,008,265
		6,000,019		**5,008,265**
Unlisted Shares:				
Palestine Electricity Company *	3,654,550	3,654,550	3,654,550	3,654,550
Technology Acceladator Investment Company Limited	250,000	275,000	250,000	275,000
Catalyst Private Equity Fund **	14,995	187,997	14,995	346,764
Palestine for Electricity Generation Company	233,333	233,333	233,333	233,333
		4,350,880		**4,509,647**
		10,350,899		**9,517,912**

* Most of the shares are mortgaged against bank credit facilities as stated in Note (19) and include 250,000 shares restricted against the Board of Directors membership.

** During the year 2013 an impairment loss was booked against these assets for USD 158,767.

12. Investment in Associate Company

This item consists of the following:

	Contribution	December 31, 2013	Contribution	December 31, 2012
	%	USD	%	USD
Ultimate for Advance Turnkey Solutions Company	-	-	30	231,941
Company's share from gain of Ultimate Advanced Turnkey Solutions Company		-		48,365

- This investment was sold during the first half of the year 2013 that generated a gain of USD 68,059.
- The investment as of December 31, 201٢ is stated using equity method.

- The financial details for the associate company according to the financial statements are as follows:

	2013 USD	2012 USD
Total Assets	-	894,653
Total Liabilities	-	121,515
Total Owner's Equity	-	773,138

13. Investment in Lands

The fair value of these land amounted to USD 1,371,240 as of December 31, 2013 noting that part of these lands are mortgaged against bank credit facilities.

14. Intangible Assets - Net

This item consists of the following:

	2013 USD	2012 USD
Goodwill - net*	5,635,021	5,635,021
Trademark**	2,273,171	2,273,171
	7,908,192	**7,908,192**

* Additions to goodwill resulted from the Company's acquisition of new shares at a value exceeding the book value of the share in some of its subsidiaries, which stated at net of USD 5,635,021, after deducting the provision for the impairment in goodwill of USD 6,934,699 throughout prior years, the movement on goodwill was as follows:

	2013 USD	2012 USD
Balance – beginning of the year	5,635,021	5,592,842
Additions	-	42,179
	5,635,021	**5,635,021**

** This item includes the value of the trademark bought from the Specialty Food Company for Siniora Food Industries Company (Subsidiary Company) and ownership transfer fees.

15. Property, Plant and Equipment

a. **This item consists of the following:**

2013	Lands USD	Buildings and Constructions USD	Furniture and Fixtures USD	Computers USD	Vehicles USD	Leasehold Improvements USD	Machines and Equipment USD	Tools USD	Total USD
Cost:									
Beginning balance	9,565,547	30,716,511	4,959,900	2,684,998	8,617,166	3,752,469	48,309,188	3,615,247	##########
Additions / transfers	140,925	2,388,500	416,922	178,356	1,529,121	191,298	1,984,355	422,940	7,252,417
Disposals		(260,000)	(98,804)	-	(1,227,717)	(15,320)	(797,805)	-	(2,399,646)
Ending Balance	**9,706,472**	**32,845,011**	**5,278,018**	**2,863,354**	**8,918,570**	**3,928,447**	**49,495,738**	**4,038,187**	**117,073,797**
Accumulated Depreciation:									
Beginning balance	-	9,913,705	3,216,764	1,496,669	3,203,860	964,731	18,266,283	1,903,074	38,965,086
Additions	-	1,101,228	423,694	581,119	901,745	322,729	3,602,232	431,811	7,364,558
Disposals	-	(41,641)	(93,221)	-	(675,122)	(15,320)	(535,412)	-	(1,360,716)
Ending Balance	-	**10,973,292**	**3,547,237**	**2,077,788**	**3,430,483**	**1,272,140**	**21,333,103**	**2,334,885**	**44,968,928**
Net Book Value as of December 31, 2013	**9,706,472**	**21,871,719**	**1,730,781**	**785,566**	**5,488,087**	**2,656,307**	**28,162,635**	**1,703,302**	**72,104,869**
2012									
Cost:									
Beginning balance	9,474,371	26,857,564	5,316,029	2,534,615	7,480,160	3,498,194	45,254,315	1,975,831	102,391,079
Additions / transfers	91,176	3,858,947	161,193	174,163	2,008,286	254,275	3,644,943	1,818,252	12,011,235
Disposals	-	-	(517,322)	(23,780)	(871,280)	-	(590,070)	(178,836)	(2,181,288)
Ending Balance	**9,565,547**	**30,716,511**	**4,959,900**	**2,684,998**	**8,617,166**	**3,752,469**	**48,309,188**	**3,615,247**	**112,221,026**
Accumulated Depreciation:									
Beginning balance	-	8,981,116	3,192,980	1,220,703	2,614,847	678,415	15,830,864	1,589,192	34,108,117
Additions	-	932,589	564,853	294,704	989,371	286,316	3,006,916	509,486	6,584,235
Disposals	-	-	(541,069)	(18,738)	(400,358)	-	(571,497)	(195,604)	(1,727,266)
Ending Balance	**-**	**9,913,705**	**3,216,764**	**1,496,669**	**3,203,860**	**964,731**	**18,266,283**	**1,903,074**	**38,965,086**
Net Book Value as of December 31, 2012	**9,565,547**	**20,802,806**	**1,743,136**	**1,188,329**	**5,413,306**	**2,787,738**	**30,042,905**	**1,712,173**	**73,255,940**
Annual Depreciation Rates %	**-**	**2-4**	**6-15**	**15-25**	**20**	**15-25**	**10-20**	**6-10**	

b. Part of the Company and the subsidiary companies' property, plant and equipment is mortgaged against bank facilities (Notes 18, 19 and 23).

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

d. Arab Palestinian Shopping Centers Company revalued the land owned by the Company, stated it in the financial statements at its fair value, and recorded the difference in revaluation of USD 3,553,793 in the revaluation reserve within owners' equity as of December 31,2013 and 2012.

e. National Aluminum and Profiles Company revalued the land owned by the Company, stated it in the financial statements at its fair value, and recorded the difference in revaluation of USD 669,525 in the revaluation of property and equipment reserve within owners' equity as of December 31, 2013 and 2012.

16. Projects under Construction

This item represents costs of works relating to constructing and equipping the production facilities and administration offices and the renovation of different production lines for the subsidiary companies; the National Aluminum and Profiles Manufacturing Company, Siniora Food Industries Company and Unipal for General Trading which were not yet completed as of December 31, 2013 and 2012.

The movement on the projects under construction is as follows:

	2013 USD	2012 USD
Balance - beginning of the year	1,235,574	3,716,905
Additions	932,183	3,273,845
Transferred to property and equipment	(1,525,252)	(5,755,176)
Balance - End of the Year	**642,505**	**1,235,574**

17. Short–term Notes Payable

This item represents notes payable to the following companies:

	December 31	
	2013 USD	2012 USD
Unipal for General Trade Company	590,561	2,140
	590,561	**2,140**

18. Bonds

During February 2012, the Arab Palestinian Investment Company issued bonds with a total nominal value of USD 20 million, each bond has a nominal value of USD 10,000, the issuance date was January 31, 2012 and the maturity date is January 31, 2017. The coupon rate of the bonds is 5.5% 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 5.5%. The coupon rate is calculated on 360 days and paid every six months from the date of issuance. Note 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 grade mortgages which is not less than 125% of the nominal value of the bonds. These mortgages include shares and plots of lands.

19. Loans

a. The details of this item are as follows:

	Short-term	Long-term	Short-term	Long-term
	December 31, 2013		December 31, 2012	
	USD	USD	USD	USD
Bank of Palestine loan / Sinora Food Industries Company	-	984,621	695,725	2,317,891
Amman Cairo Bank Loan / Sinora Food Industries Company	-	9,555,955	1,800,000	5,400,000
Jordan Ahli Bank loans / National Aluminum and Profiles Company	2,866,013	581,109	2,577,032	1,028,124
Arab Islamic Bank loan / National Aluminum and Profiles Company	2,964,097	-	2,977,417	-
Bank of Palestine for Investment Loan: National Aluminum and Profiles Company	352,439	815,008	286,911	1,168,046
Cairo Amman Bank loans / National Aluminum and Profiles Company	1,084,290	200,000	907,703	300,000
Cairo Amman Bank loans / Palestine Automobile Company	-	-	295,670	-
National Bank loans / Palestine Automobile Company	1,764,511	19,875	2,274,633	91,922
The Housing Bank for Trade and Finance loan / Palestine Automobile Company	267,709	-	455,112	-
Jordan Kuwaiti Bank / Palestine Automobile Company	704,911	-	1,135,188	-
Egyptian Arab Land Bank loan / Palestine Automobile Company	-	1,569,508	1,946,112	-
Al Quds Bank loan / Palestine Automobile Company	158,867	-	-	-
Arab Islamic Bank loans/Arab Palestinian Shopping Centers Company	401,097	245,007	387,969	403,221
Palestinian Commercial Bank loan / Arab Palestinian Shopping Centers Company	238,538	23,649	292,090	221,477
The Housing Bank for Trade and Finance loans / Arab Palestinian Shopping Centers Company	123,042	38,283	308,748	162,252
Jordan Ahli Bank loans / Palestine Automobile Company	660,488	128,306	722,657	85,873
HSBC loan / Arab Palestinian Shopping Centers Company	-	-	47,095	-
	11,586,654	14,161,981	17,112,062	11,178,806

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

	Loan Value	Last Installment Maturity Date	Payment Method	Guarantee
	USD			
Bank of Palestine loan / Siniora Food Industries Company	5,000,000	November 2016	17 quarterly installments	Guarantee of Arab Palestinian Investment Company (holding company) & hypothecation of machinery and equipment to be purchased
Cairo Amman Bank loan/ Siniora Food Industries Company	9,555,955	During 2020	20 quarterly installments	Company's guarantee & mortgage on factory land & hypothecation of machinery and equipment & assignment of insurance compensations in the Bank's favor.
Jordan Ahli Bank loans / National Aluminum and Profiles Company	2,500,000	During 2014	Quarterly	Guarantee of Arab Palestinian Investment Company (holding company) & first mortgage of factory land and building & hypothecation of factory equipment & assignment of insurnace policy on the factory in the bank favor
	600,000	During 2015	Quarterly	Mortgage of factory land and building & hypothecation of factory equipment & Comprehensive factory insurance & guarantee of Arab Palestinian Investment Company (holding company)
	2,000,000	During 2017	Quarterly	Mortgage of factory land and building & hypothecation of factory equipment & Comprehensive factory insurance & guarantee of Arab Palestinian Investment Company (holding company)
Arab Islamic Bank loan/National Aluminum and Profiles Company	3,000,000	During 2014	8 monthly installments	Company's guarantee & guarantee of Arab Palestinian Investment Company (holding company) & mortgage for the value of JD 761 thousand & hypothecation of factory equipment for the value of USD 367 thousand
Cairo Amman Bank Loans / National Aluminum and Profile Company	1,500,000	During 2016	12 monthly Installments	Guarantee of the Company and Arab Palestinian Investment Company (holding company)
	300,000	During 2016	Quarterly	Guarantee of the Company and Arab Palestinian Investment Company (holding company)
Bank of Palestine loans/ National Aluminium and Profiles Company	1,500,000	During 2017	Quarterly	Mortgage of 2.2 million of the Company's shares in Arab Palestinian Shopping Centers (Plaza)
National Bank loans / Palestine Automobile Company	500,000	During 2015	36 monthly installments	Gurantee of Arab Palestinian Investment Company (holding company) mortgage of vehicles and endorsement of the insurance policy to the bank Guarantee of Arab Palestinian Investment Company
	3,000,000	During 2015	12 monthly installments	(holding company) Guarantee of Arab Palestinian Investment Company (holding company)
Jordan Kuwaiti Bank loan/ Palestinian Automobile Company	800,000	During 2014	12 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Housing Bank / Palestine Automobile company	900,000	During 2014	9 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Egyptian Arab Land Bank loan / Palestine Automobile Company	3,000,000	During 2014	3 installments	Guarantee of Arab Palestinian Investment Company (holding company) & Ministry of Finance transfer to the Bank
Al Quds Bank loan / Palestine Automobile Company	1,500,000	During 2014	12 monthly installments	Consists of $300K loans and a financing letter of credit with a value of 1.2 million & Guarantee of Arab Palestinian Investment Company (holding Company)
Arab Islamic Bank loan / Arab Palestinian Shopping Centers Company	1,310,000	During 2016	Annually	Guarantee of Arab Palestinian Investment Company (holding Company) & cash collateral in an amount of Sheikel 147,000 & USD 1,500
Palestinian Commercial Bank loan / Arab Palestinian Shopping Centers Company	1,000,000	February, 2015	48 monthly installments	Bank guarantee in an amount of Sheikel 1 million
The Housing Bank for Trade and Finance loans / Arab Palestinian Shopping Centers Company	434,000	During 2014	48 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Palestinian Shopping Centers Company	414,000	May 1, 2015	48 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Al Quds Bank loan / Arab Palestinian Shopping Centers Company	456,000	During 2016	60 monthly installments	Guarantee of Arab Palestinian Investment Company (holding company)
Jordan Ahli Bank loans / Palestinian Automobile Company	2,500,000	During 2015	12 monthly installments	Guarantee of Arab Palestinian Investment Company & mortgage of to-be-financed
	600,000	During 2015	36 monthly Installments	vehicles in the favor of the Bank until the full cash payment or cheques amounting to 100% of the financing amount

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

Jordanian Dinar	9%
US Dollar	LIBOR + 1.5% - LIBOR + 3%

20. Other Credit Balances

This item consists of the following:

	December 31,	
	2013	2012
	USD	USD
Accrued expenses	3,881,255	3,624,949
Accrued interest	536,684	509,324
Unearned revenues	1,189,164	268,680
Accrued salaries and bonuses	1,975,532	1,319,154
Accrued vacations	682,890	521,252
Social security deposits	40,979	38,014
Sales tax deposits	188,987	220,683
Income tax deposits – employees	383,964	86,821
Commitment against maintenance after sale	432,663	1,060,108
Customers advances	34,461	89,052
Other	1,396,125	1,011,935
	10,742,704	**8,749,972**

21. Postdated Cheques

This item consists of the following:

	December 31,	
	2013	2012
	USD	USD
National Aluminum and Profiles Company	1,293,020	539,023
Arab Palestinian Shopping Centers Company	1,148,190	134,787
Siniora Food Industries Company	1,964,786	982,856
Medical Supplies and Services Company	5,436,422	3,582,195
	9,842,418	**5,238,861**

- The maturities of postdated cheques extend to the end of the year 2014.

22. Non - Controlling Interests

This item represents non-controlling interest in the net shareholders' equity of the subsidiary companies. The details are as follows:

Company's Name	Non-Controlling Interest Share as of December 31, 2013 %	Paid-up Capital USD	Assets Revaluation Reserve USD	Statutory Reserve USD	Voluntary Reserve USD	Foreign Currencies Translation Differences USD	Accumulated (Losses) Gains USD	Profit (Loss) for the Year USD	Total Shareholders' Equity USD	December 31, 2013 Non-Controlling: Non - Controlling Interests USD	December 31, 2013 Non-Controlling: Interest Share of Profit (Loss) for the Year USD	December 31, 2012 Non - Controlling: Non- Controlling Interest USD	December 31, 2012 Non - Controlling: Interests Share of Profit (Loss) for the Year USD
Arab Palestinian Storage Company	35/41	4,500,000	-	-	-	-	(5,055,316)	(225,268)	(780,584)	(276,440)	(79,778)	(196,662)	(102,518)
Medical Supplies and Services Company	50	3,227,990	-	968,998	-	-	2,296,972	2,234,852	8,728,812	4,364,406	1,117,426	3,946,980	1,105,259
Unipal General Trading Company	16/31	7,042,253	-	3,482,889	-	(38,717)	(236,909)	5,909,228	16,158,744	2,636,053	964,001	2,168,272	785,477
National Aluminum and Profiles Company	27/86	9,718,310	669,525	2,148,699	22,410	-	295,917	1,053,020	13,907,881	3,871,099	293,096	3,477,342	62,735
Siniora Food Industries Company	38/82	17,764,230	-	2,296,535	-	-	4,117,956	4,726,678	28,905,399	11,222,521	1,835,133	10,154,520	1,688,296
Arab Palestinian Shopping Centers Company	13/5	9,876,543	3,553,793	71,602	-	-	208,207	(434,403)	13,275,742	1,785,751	(58,435)	2,325,418	(399,457)
Jericho Natural Mineral Water Factory Company	15	4,803,734	-	-	-	-	(4,872,454)	494	(68,226)	(10,234)	74	(10,308)	81
Arab Palestinian Spare Parts and Vehicles Services Company	20	165,000	-	6,719	-	-	42,998	(3,673)	211,044	42,209	(735)	44,509	(104)
Centeral & West Africa for Commercial Agencies	50	2,824,858	-	105,932	-	-	(1,585,523)	(2,011,761)	(666,494)	(333,346)	(1,005,879)	625,246	(757,931)
		59,922,918	4,223,318	9,081,374	22,410	(38,717)	(4,788,152)	11,249,167	79,672,318	23,302,019	3,064,903	22,535,317	2,381,838

23. Due to Banks

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

	December 31, 2013 USD	December 31, 2012 USD
Siniora Food Industries Company	368,111	615,240
National Aluminum and Profiles Company	1,735,658	1,540,424
Medical Supplies and Services Company	17,209,719	13,132,355
Unipal General Trading Company	13,636,510	15,257,966
Arab Palestinian Shopping Centers Company	-	2,354,844
Palestinian Automobiles Company	345,728	926,338
	33,295,726	33,827,167

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

	Nature of Credit Facilities	Credit Facilities Ceiling	Guarantees
*** Credit Facilities Granted to Siniora Food Industries Company**			
- Arab Bank	Overdraft	Sheikel 600,000	Guarantee of Siniora Food Industries Company
- Jordan Ahli Bank	Overdraft	Sheikel 800,000	Guarantee of Siniora Food Industries Company
- Jordan Ahli Bank	Overdraft	USD 600,000	Guarantee of Siniora Food Industries Company
- Bank of Palestine	Overdraft	Sheikel 1,000,000	Guarantee of Siniora Food Industries Company
- Arab Islamic Bank	Overdraft	USD 500,000	Guarantee of Siniora Food Industries Company
- Bank of Palestine	Overdraft	USD 500,000	Guarantee of Siniora Food Industries Company
- Arab Bank	Overdraft	USD 1,000,000	Guarantee of Siniora Food Industries Company
*** Credit Facilities Granted to National Aluminum and Profiles Company**			
- Jordan Ahli Bank	Overdraft	Sheikel 4,000,000	Guarantee of Arab Palestinian Investment Company (holding company) & mortgage of factory land and building & mortgage of factory equipment
- Arab Bank	Overdraft	Sheikel 800,000	Guarantee of Arab Palestinian Investment Company (Holding Company)
- Bank of Palestine	Overdraft	Sheikel 3,000,000	Guarantee of Arab Palestinian Investment Company (Holding Company)
*** Credit Facilities Granted to Medical Supplies and Services Company**			
- Cairo Amman Bank	Overdraft + Letters of credit	USD 150,000	Guarantee of Arab Palestinian Investment Company (Holding Company) & Retention of USD 90,000
- Cairo Amman Bank	Overdraft	Sheikel 500,000	Guarantee of Arab Palestinian Investment Company (Holding Company) & Medical Supplies and Services Company
- Bank of Jordan	Overdraft + Letters of credit	USD 11,850,000	Guarantee of Arab Palestinian Investment Company (holding company) & personal guarantee of Dr. Waleed Kayali & transfer from ministry of
- Bank of Jordan	Overdraft + Letters of credit	Sheikel 3,500,000	Health by transferring all the company's worth in Bank of Jordan & assignment of insurance policy in an amount of USD 3,5 million
- Arab Islamic Bank	Overdraft + Letters of credit	Sheikel 1,000,000	Guarantee of Arab Palestinian Investment Company (holding company) & endorsement of fire and burglary insurance policy on the stores to the favor of the Arab Islamic Bank for USD 667,000
- Arab Islamic Bank	Overdraft + Letters of credit (Mrabha)	USD 3,100,000	Guarantee of Arab Palestinian Investment Company (holding company) & endorsement of fire and burglary insurance policy on the stores to the favor of the Arab Islamic Bank for USD 667,000
- The Housing Bank for Trade and Finance	Overdraft	Sheikel 2,000,000	Guarantee of Arab Palestinian Investment Company (holding) & endorsement of the fire and burglary insurance policy to the favor of the bank for USD 1 million
- The Housing Bank for Trade and Finance	Overdraft + Letters of credit	USD 2,250,000	Guarantee of Arab Palestinian Investment Company (holding) & endorsement of the fire and burglary insurance policy to the favor of the bank for USD 1 million
- Palestinian Commercial Bank	Overdraft	Sheikel 4,000,000	Company's Guarantee and Guarantee of Arab Palestinian Investment Company (holding Company)

	Nature of Credit Facilities	Credit Facilities Ceiling	Guarantees
*** Credit Facilities Granted to Unipal General Trading Company**			
- Cairo Amman Bank	Overdraft + Letters of credit	USD 5,500,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Bank of Jordan	Overdraft + Letters of credit	USD 4,000,000	Guarantee of Arab Palestinian Investment Company (holding company) & Shareholders personal guarantees
- HSBC Bank	Overdraft + Letters of credit	USD 4,445,000	Guarantee of Arab Palestinian Investment Company (holding company)
- The Housing Bank for Trade and Finance	Overdraft + Letters of credit	USD 6,000,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Palestine Commercial Bank	Overdraft	USD 2,000,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Jordan Commercial Bank	Overdraft	USD 750,000	Guarantee of Arab Palestinian Investment Company (holding company)
*** Palestinian Automobile Company**			
- Jordan Ahli Bank	Overdraft	USD 300,000	Guarantee of Arab Palestinian Investment Company (holding company)
- The Housing Bank for Trade and Finance	Overdraft	USD 250,000	Guarantee of Arab Palestinian Investment Company (holding company)
- Jordan Kuwaiti Bank	Overdraft	USD 100,000	Guarantee of Arab Palestinian Investment Company (holding company)

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

US Dollar	LIBOR + 1/5% - LIBOR + 4/75%
Israeli Sheikel	prime + 2% - prime + 5%.
Euro	5%

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24. Provision for End-of-Service Indemnity

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

	December 31,	
	2013	2012
	USD	USD
Arab Palestinian Storage Company	58,113	49,259
Medical Supplies and Services Company	1,329,629	1,070,281
Unipal General Trading Company	2,084,519	1,796,704
National Aluminum and Profiles Company	770,339	608,542
Palestine Automobile Company	624,585	544,305
Arab Palestinian Shopping Centers Company	433,414	362,303
Arab Palestinian Investment Company (holding Company)	524,020	449,100
Sky Advertising, Publication and Promotion Company	339,437	345,027
Siniora Food Industries Company	1,249,877	909,396
Central & West Africa for Commercial Agencies Companies	-	37,408
	7,413,933	**6,172,325**

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

	2013	2012
	USD	USD
Balance - beginning of the year	6,172,325	5,290,604
Additions	1,430,320	1,358,975
Paid from the provision	(188,712)	(477,254)
Balance - End of the Year	**7,413,933**	**6,172,325**

25. Revaluation of Property and Equipment Reserve

This item consists of the following:

	December 31,					
	2013				2012	
	Revaluation Reserve	Ownership	Company's Share	Minority Interest Share	Company's Share	Minority Interest Share
	USD	%	USD	USD	USD	USD
Arab Palestinian Shopping Centers Company *	3,553,793	86/55	3,075,748	478,045	2,448,919	1,104,874
National Aluminum and Profiles Company **	669,525	72/17	483,170	186,355	482,976	186,549
	4,223,318		**3,558,918**	**664,400**	**2,931,895**	**1,291,423**

*** 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 its presentation in the financial statements at fair value. The land was revalued by two licensed real estate assessors at a price ranging from USD 480 to USD 500 per square meter. Accordingly, the Board of Directors resolved to adopt 75% of the lower assessed value. The revaluation difference is shown in the revaluation reserve account within owners' equity at USD 1,771,313.

According to International Financial Reporting Standards, the lands have been revalued as of December 31, 2008, as the price per meter was revalued from USD 660 to USD 680. Moreover, 90% of the lower valuation was taken and the accounting treatment was effected according to IAS (8), whereby the difference amounting to USD 592,299 was recorded in the consolidated statement of changes in owners' equity. The revaluation difference as of the date of the financial statements stated in owners' equity amounted to USD 3,553,793. Furthermore, the Company reassessed the value of the lands as of December 31, 2013, according to the management opinion the fair value of the land is close to its book value, therefore, no adjustments 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 its presentation in the financial statements at fair value. The revaluation difference was stated in the revaluation reserve account in owners' equity for an amount of USD 669,525. Furthermore, the Company reassessed the value of the lands as of December 31, 2013, according to the management opinion the fair value of the land is approximate to the book value, therefore, no adjustments 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	Cost of Production/ Operation	Inventory at the End of the Year	Cost of Sales	2013 Sales Gross Income	2012 Sales Gross Income
	USD	USD	USD	USD	USD	USD	USD	USD
Medical Supplies and Services Company	38,816,889	6,045,311	29,773,844	-	7,843,665	27,975,490	10,841,399	9,111,186
Unipal General Trading Company	268,236,127	15,291,924	252,429,414	-	16,233,057	251,488,281	16,747,846	14,344,080
National Aluminum and Profiles Company	21,242,142	4,467,492	18,588,472	-	6,115,156	16,940,808	4,301,334	2,989,422
Palestine Automobile Company	17,776,168	1,613,330	16,075,341	-	2,697,876	14,990,795	2,785,373	2,562,493
Siniora Food Industries Company	49,397,184	8,730,473	28,355,407	8,859,797	9,757,827	36,187,850	13,209,334	10,779,117
Arab Palestinian Shopping Centers Company	28,120,432	2,032,439	20,715,903	-	2,227,024	20,521,318	7,599,114	5,812,224
Central and West Africa for Commercial Agencies	12,952,924	1,827,995	11,829,711	-	3,339,023	10,318,683	2,634,241	2,276,500
	436,541,866	**40,008,964**	**377,768,092**	**8,859,797**	**48,213,628**	**378,423,225**	**58,118,641**	**47,875,022**

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27. General and Administrative Expenses

This item consists of the following:

	2013 USD	2012 USD
Salaries and wages	10,399,875	9,207,257
Bonuses and employees benefits	1,621,806	894,908
Provision for end-of-service Indemnity	1,149,183	981,296
Rents	1,603,366	1,345,673
Stationery and printing	241,269	231,326
Maintenance and cleaning	780,600	528,941
Communication	732,315	655,911
Hospitality	278,789	416,516
Donations	122,981	265,892
Transportation and travel expenses	1,033,714	896,260
Consultation, legal and professional expenses	925,571	944,117
Subscriptions, governmental expenses and fees	49,041	388,024
Board of Directors' expenses	547,408	196,481
Bank expenses	232,748	1,850
Insurance	639,151	575,638
Vehicles expenses	943,574	857,336
Utilities expenses	1,089,354	1,065,410
Advertising & publications	75,033	48,673
Property, plant and equipment depreciation	3,494,890	2,680,199
Provision for doubtful debts	359,465	626,995
Goods storage expenses	82,374	195,050
Provision for slow-moving inventory items	524,422	282,783
Training	135,791	132,918
Other	1,552,915	1,234,656
	28,615,635	**24,654,110**

28. Selling and Distribution Expenses

This item consists of the following:

	2013	2012
	USD	USD
Salaries and wages	4,458,948	4,056,011
Social security contributions	128,649	128,534
Advertising & publication	790,365	974,281
Sales bonuses and commissions	1,385,830	690,646
Cars and fuel expenses	2,067,845	1,861,105
Utilities expenses	36,499	495,820
Communication	155,426	91,496
Insurance	318,476	251,431
Depreciation of property, plant and equipment	405,160	635,245
Maintenance	97,742	79,495
Marketing	680,482	473,318
Transportation	238,332	87,834
Export expenses	425,775	196,321
Provision for end-of-service indemnity	168,000	201,762
Showrooms	86,230	80,405
Governmental expenses	-	5,729
Portage expenses	564,928	572,203
Hospitality	531	827
Rent	182,323	109,590
Stationery	19,464	-
Other	423,276	316,557
	12,634,281	**11,308,610**

29. Gains from Available-for-Sale Financial Assets:

This item consists of the following:

	2013	2012
	USD	USD
(Losses) of impairment of financial assets	(158,767)	(87,823)
Dividends income	411,768	437,500
	253,001	**349,677**

30. Other Revenue (Expenses) - Net

This item consists of the following:

	2013	2012
	USD	USD
Gains from sale of property, plant and equipment	171,233	37,322
Currency exchange differences	44,537	(189,612)
Returned from contingent liabilities provision	598,307	181,575
Other (expenses) - net	(38,665)	(223,232)
	775,412	**(193,947)**

31. Income Tax – Subsidiary Companies

a- Deferred Tax Assets

This item consists of the following:

	2013					2012
	Beginning Balance	Released Amounts	Additions	Ending Balance	Deferred Tax	Deferred Tax
Accounts Included	USD	USD	USD	USD	USD	USD
Provision for doubtful debts	3,596,773	131,405	171,589	3,636,957	578,058	556,535
Provision for slow-moving inventory items	672,084	75,176	169,117	766,025	128,157	114,066
Provision for employees end-of-service indemnity	5,170,027	155,196	1,038,528	6,053,359	985,451	859,451
Lawsuits provision	13,258	-	-	13,258	1,856	1,856
	9,452,142	**361,777**	**1,379,234**	**10,469,599**	**1,693,522**	**1,531,908**

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

  Sky Advertisement, Publicity and Promotion Company, Arab Palestinian Spare Parts and Vehicles Services Company, Arab Palestinian Storage Company, Jericho Natural Mineral Water Factory Company and Central & West Africa for Commercial Agencies.

The movement on deferred tax assets is as follows:

	2013	2012
	USD	USD
Balance - beginning of the year	1,531,908	1,077,270
Additions	231,682	670,600
Disposals	70,068	215,962
Balance- End of the Year	**1,693,522**	**1,531,908**

b. Income Tax Provision

The movement on the income tax provision is as follows:

	2013 USD	2012 USD
Balance - beginning of the year	2,272,395	2,379,035
Income tax paid	(2,548,735)	(2,683,716)
Accrued income tax	4,493,107	2,577,076
Balance – End of the Year	**4,216,767**	**2,272,395**

C. Income Tax expense

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

	2013 USD	2012 USD
Accrued income tax for the year	4,493,107	2,577,076
Deferred tax assets for the year	(231,682)	(670,600)
Deferred tax assets amortized	70,068	215,962
	4,331,493	**2,122,438**

- The Arab Palestinian Investment Company (Holding Company) performed final tax settlement with the income tax department up to the year 2010 in Jordan and 2011 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	2011
Sky Advertising, Publication and Promotion Company	2012
Medical Supplies and Services Company	2011
National Aluminum and Profiles Company	2011
Palestine Automobiles Company	2011
Arab Palestinian Storage Company	2005
Arab Palestinian Shopping Centers Company	2011
Siniora Food Industries Company (Jordan-Palestine)	2011 except 2007 and 2008 *
Jericho Natural Mineral Water Factory Company	Tax exempted up till 2003
Arab Palestinian Spare Parts and vehicles services Company	From Inception

* These are claims from the income and Sales Tax Department for JD 728,800 relating to prior years 2007 and 2008. These claims have been appealed and are still being looked at in the court of appeal and the court of first instance of the income tax. In the opinion of both management and its tax advisor, the provisions are sufficient to settle any liabilities that may arise from these claims as the Company contingently recorded a full provision against these claims.

In the management's opinion, the provisions booked as of December 31, 2013 are sufficient to settle the tax liabilities.

The company has received at the beginning of the year 2014 the decision made by the Court of Cassation on the case filed for income tax for the year 2007, which contains the Court of Cassation's response and their confirmation on the contested decision, as well as the return of the securities to their source. The decision had no financial impact on the consolidated financial statements as the company booked full provision against this case.

On February 9, 2012, Siniora Food Industries Company - Palestine obtained from the Palestine 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. The Income Tax Department objected to the Palestinian authorities about the 2010 and 2011 tax exemptions provided by the General Authority for Investment Promotion on February 9, 2012, as it considered it conflicting with article (41), paragraph (2), decision (8) for the year 2011, which refers to the Palestinian authority and states that no retroactive tax exemptions are to be provided after the enforcement of the decision mentioned. Consequently, the subsidiary's management went back to the General authority for Investment Promotion. The General Authority's record number ID-PIPA /1-1/13 directed to the Income Tax Department director, shows that based on the article (33) of the Investment Promotion Law number (1) for the year 1988 of the Palestinian Authority, the exemption granted to investment projects is calculated from the date of production and operation, it also states that the exemption begins from the date of production and activity, and not from the date of issuance of a certificate to confirm the investment (the exemption). The General Authority has also demanded the Income Tax Department to enforce the decision as stated in the certificate that confirms the investment. On the other hand, the company's tax and legal advisors have confirmed that the company is in a legally good position in terms of income tax, and that there is no need to take any provision for the years mentioned .

32. Contingent Liabilities

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

	December 31,	
	2013	2012
	USD	USD
Letters of credit	4,998,987	4,212,428
Bank guarantees	12,725,440	11,727,597
Outstanding bills	1,266,187	1,587,140
Bills of collection	400,096	1,319,350

33. Segmental Reporting

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

	Industrial	Trade	Service	Other	December 31, 2013	December 31, 2012
	USD	USD	USD	USD	USD	USD
Total revenues	70,639,326	365,902,540	8,031,614	1,096,472	445,669,952	369,190,031
Less: Cost of sales and services	53,128,656	325,294,569	5,354,741	-	383,777,966	319,209,748
Gross Profit	**17,510,670**	**40,607,971**	**2,676,873**	**1,096,472**	**61,891,986**	**49,980,283**
Expenses allocated to sectors	14,232,575	26,671,376	678,135	-	41,582,086	**37,282,706**
Less: Expenses not allocated to sectors	-	-	-	4,997,712	**4,997,712**	**4,098,647**
Profit before Tax	**3,278,095**	**13,936,595**	**1,998,738**	**(3,901,240)**	**15,312,188**	**8,598,930**
Less: Income tax	1,714,275	2,228,718	135,000	253,500	4,331,493	2,122,438
Profit for the Year	**1,563,820**	**11,707,877**	**1,863,738**	**(4,154,740)**	**10,980,695**	**6,476,492**

Other information					December 31, 2013	December 31, 2012
Sector's assets	83,465,913	145,128,680	4,810,077	-	233,404,670	198,535,811
Assets not allocated to sectors	-	-	-	3,807,594	3,807,594	16,283,538
	83,465,913	**145,128,680**	**4,810,077**	**3,807,594**	**237,212,264**	**214,819,349**
Sector's liabilities	40,652,638	96,272,180	3,972,912	-	140,897,730	109,686,918
Liabilities not allocated to sectors	-	-	-	3,041,702	3,041,702	21,810,555
	40,652,638	**96,272,180**	**3,972,912**	**3,041,702**	**143,939,432**	**131,497,473**

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

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

Company Name	Geographical Location	Revenues (For the Year Ended December 31, 2013)	Expenses (For the Year Ended December 31, 2013)	Assets (December 31, 2013)	Liabilities (December 31, 2013)
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	53,886,801	49,160,123	53,651,896	24,746,496
Central and West Africa for Commercial Agencies	Cameron	12,952,924	14,964,685	9,609,682	8,263,464
Arab Palestinian Investment Company / Jordan	Jordan	2,905,349	1,151,544	2,826,366	1,037,361

Company Name	Geographical Location	Revenues (For the Year Ended December 31, 2012)	Expenses (For the Year Ended December 31, 2012)	Assets (December 31, 2012)	Liabilities (December 31, 2012)
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	22,541,910	20,348,937	30,658,538	8,724,152
Central and West Africa for Commercial Agencies	Cameron	9,713,990	11,229,851	6,540,834	5,290,341

34. Lawsuits

a. Siniora Food Industries Company

There are lawsuits raised against Siniora Food Industries Company with an amount of USD 197,461 and other suits 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 is a lawsuit against Arab Palestinian Shopping Centers Company in the amount of USD 96,563, representing labor claims. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

c. Jericho Natural Mineral Water Factory Company

During the year 2008, the shareholder owning 15% of the Company's capital "Ahli Group Insurance Company" raised a lawsuit against Mr. Ali Al-Aqqad himself and against him as the chairman of Jericho Natural Mineral Water Factory Company and against the Arab Palestinian Investment Company (APIC) as a shareholder and a board member in Jerico Natural Mineral Factory Company, represented by Mr. Tarek Omar AL-Aqqad, claiming a compensation for JD 511,598, representing the plaintiff's shares in the Company's capital. Moreover, the plaintiff objected against the Company's management which incurred losses as well as against its previous sale contract 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 appeals accepting its principal and accordingly the Company's lawyer appealed this decision.

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

d. Unipal General Trading Company

There are several lawsuits against Unipal General Trading Company in the amount of USD 72,937, representing labor claims. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

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 Liabilities of the Company are evaluated at fair value at the end of each fiscal period, the following table 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	Note	Fair Value December 31, 2013	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
		JD				
Financial Assets at Fair Value						
Trading financial assets		13,616	Level One	Market Price	Doesn't apply	Doesn't apply
Available for sale securities		6,000,019	Level One	Market Price	Doesn't apply	Doesn't apply
Available for sale securities		4,350,880	Level Two	Compared with similar financial instruments	Doesn't apply	Doesn't apply
Total Financial Assets at Fair Value		10,364,515				

There were no transfers between level 1 and level 2 during the year 2013.

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

Except what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the Company approximate their fair value:

	December 31, 2013		The Level of
	Book value	Fair Value	Fair Value
	JD	JD	JD
Financial Assets of non-specified Fair Value			
Investment in land	776,239	1,371,240	Level Two
Total Financial Assets of non-specified Fair Value	**776,239**	**1,371,240**	
Financial Liabilities of non-specified Fair Value			
Long-term bonds	20,000,000	20,470,556	Level Two
Loans	25,748,635	25,814,763	Level Two
Total Financial Liabilities of non-specified Fair Value	**45,748,635**	**46,285,319**	

The fair value for the financial assets and liabilities for the level 2 were determined in accordance to an agreed pricing models, which reflects the credit risk of the parties that are dealing with it.

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, 2013**	**December 31, 2012**
	USD	USD
Aggad Investment Company – major Shareholder	140,894	590,449
Related parties receivables for subsidiary companies	40,719	345,041
	181,613	**935,490**

Due to related parties	**December 31, 2013**	**December 31, 2012**
	USD	**USD**
Executive management payables	-	74,517
Shareholders' payables – subsidiary Companies	948,959	2,392,480
	948,959	**2,466,997**

Transactions:

Year 2013	**Nature of Transaction**	**Amount USD**
Al- Aggad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	234,221

Year 2012	**Nature of Transaction**	**Amount USD**
Al- Aggad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	302,583

b. **The salaries, bonuses and other benefits of the executive management of the holding company and its subsidiaries amounted to USD 3,343,179 for the year 2013 (USD 2,974,373 for the year 2012).**

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 debts. Moreover, the Company manages and adjusts capital based on the changes in the economic conditions. Also, the capital is revised on a continuous basis upon the Board of Directors recommendations and the approval of the Company's General Assembly.

The following table shows the ratio of liabilities to equity as of December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
	USD	USD
Due to banks	33,295,726	33,827,167
Accounts payable	31,139,729	24,314,748
Short – term notes payable	590,561	2,140
Due to related parties	948,959	2,466,997
Postdated Cheques	9,842,418	5,238,861
Short–term loans installments	11,586,654	17,112,062
Other credit balances	10,742,704	8,749,972
Tax provision	4,216,767	2,272,395
Total Current Liabilities	102,363,518	93,984,342
Provision for end-of-service indemnity	7,413,933	6,172,325
Long-term Bonds	20,000,000	20,000,000
Long-term loans installments	14,161,981	11,178,806
Total Liabilities	143,939,432	131,335,473
Total Owners' Equity	93,272,832	83,483,876
Ratio of Debt to Owners' Equity	154%	157%

b. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Moreover, the Company manages liquidity risk through maintaining adequate reserves, banks facilities and continuously monitoring forecast and actual cash flows, and matches the maturities of financial assets with financial liabilities. Moreover, part of the Company's funds is invested in balances at banks, trading financial assets, accounts receivable and cheques 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 the following:

	December 31, 2013 USD	December 31, 2012 USD
Current Assets	143,094,711	120,119,370
Less: Current liabilities	102,363,518	93,984,342
	40,731,193	**26,135,028**

c. Credit Risk

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

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

d. Foreign Currency Risk

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

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

	Assets		Liabilities	
	December 31,		December 31,	
	2013	2012	2013	2012
	USD	USD	USD	USD
Jordanian Dinar	47,941,430	48,807,902	10,355,857	16,993,114
Sheikel	39,311,653	37,787,755	40,120,413	32,057,061
Euro	768,346	283,602	2,913,357	2,529,772
Central Africa Frank	5,833,914	4,481,901	4,111,702	308,559
Saudi Riyal	2,286,124	1,831,506	197,561	178,556

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency for the years 2013 and 2012 that impacts the statement of income and owners' equity is as follows:

	+1%		-1%	
	2013	2012	2013	2012
	USD	USD	USD	USD
Asset				
Sheikel	393,116	377,878	(393,116)	(377,878)
Euro	7,683	2,836	(7,683)	(2,836)
Central Africa Frank	58,339	44,819	(58,339)	(44,819)
Saudi Riyal	22,861	18,315	(22,861)	(18,315)
Liabilities				
Sheikel	(401,204)	(320,571)	401,204	320,571
Euro	(29,133)	(25,298)	29,133	25,298
Central Africa Frank	(41,117)	(3,086)	41,117	3,086
Saudi Riyal	(1,975)	(1,786)	1,975	1,786

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 for banks borrowings at the consolidated financial statements date. The analysis is prepared assuming that the amount of the liability outstanding at the statement of financial position date was outstanding for the whole year. An increase or decrease amounting to 1% is used which represents management's assessment of the probable and acceptable change in market interest rate:

	+1%		-1%	
	2013	2012	2013	2012
	USD	USD	USD	USD
Statement of income	(796,344)	(821,202)	796,344	821,202

f. Shares Prices Risk

Shares prices risk is the result of the change in the shares fair value. 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 on the Palestinian Stock Market.

	December 31, 2013		
	Change in Indicator	Effect on Statement of Income	Effect on Equity
Indicator	**USD**	**USD**	**USD**
Palestinian Stock Market	- + 5%	- + 681	- + 517,545

	December 31, 2012		
	Change in Indicator	Effect on Statement of Income	Effect on Equity
Indicator	**USD**	**USD**	**USD**
Palestinian Stock Market	- + 5%	- + 1,807	- + 475,896

g. Occupation and Sovereignty Risks

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

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

38. Earnings per Share for the Company's Shareholders

	For the Year Ended December 31,	
	2013	2012
	USD	USD
Profit for the year	7,915,792	4,094,654
	Share	Share
Weighted average number of shares	50,009,398	50,009,398
	USD/Share	USD/Share
Earnings per share for the year relating to the Company's shareholders / basic and deluted	0/158	0/82

39. Subsequent events:

The Company's general assembly approved during the year 2013 the transformation of the Company's legal title in the Palestinian Authority from a Foreign Private Shareholding Company to Foreign Public Shareholding Company and to the list the Company's shares on the Palestine stock Exchange. Moreover, the procedures for the transfer of the Company's legal title were completed on January 15, 2014 and the Company's shares were listed in the Palestinian Stock Exchange on March 2, 2014.