Annual Report 2018

APIC أيبك

APIC أيبك

Manufacturing

سنيوره siniora

نابكو NAPCO
Aluminum of Palestine

Trade and Distribution

UNIPAL يونيبال

Palestine Automobile Company
الشركة الفلسطينية للسيارات

Medical Supplies and Services Company
شركة التوريدات والخدمات الطبية

bravo برافو

Services

Sky
Advertising • Public Relations • Events

Arab Leasing Company
الشركة العربية للتأجير التمويلي

24
Years of Service

APIC…Driven By Excellence

Arab Palestinian Investment Company (APIC) has seen remarkable growth and has successfully built its position in Palestine and beyond through effective administrative and financial systems, as well as constant investment in human resources. APIC's work mechanisms, which are based on accumulated experiences and a thorough understanding of markets and economic realities, have consistently generated significant financial revenue and delivered substantial value for APIC, its subsidiaries, its shareholders and the communities in which it operates.

Subsidiaries

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

Individuals

APIC group's cumulative efficiency and knowledge lies within its about 1,900 employees who work in harmony and team spirit to achieve the group's vision and goals based on corporate values that rest on the belief that all employees are equally important, differing only in their level of responsibilities, efficiency and commitment. The company values and rewards those with leadership, self-motivation and innovation within five categories:

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

Global Partners

Subsidiaries of APIC offer a wide array of products and services through distribution rights agreements with multinational companies that include Philip Morris International, Procter & Gamble, Kellogg's, KraftHeinz, Ferrero, XL Energy Drink, Americana, Hyundai, Chrysler, Dodge, Jeep, Alfa Romeo, Fiat, Fiat Professional, GlaxoSmithKline, Sanofi- Aventis, Merck Sharp & Dohme, Abbott, GE Healthcare, Eli Lilly, Beiersdorf (Nivea), Janssen, Hitachi, Nihon Kohden, B. Braun, Shimatdzu, Trisa among many others.

Corporate Governance

APIC and its subsidiaries operate within systems of governance that regulate the management of operations at all levels. Members of the board of directors 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 at all levels. There are three committees that stem from the board of directors: the Audit Committee, the Investment Committee and the Remuneration Committee. There is a specialized internal audit department at APIC that oversees the application of policies and procedures of all administrative, financial and operational departments across APIC subsidiaries. Independent internal auditing for APIC and its subsidiaries is undertaken by Ernst & Young. Since its listing, APIC has been committed to the Palestine Exchange's listing, trading and disclosure regulations.

Corporate Social Responsibility in 2018

"APIC invested 8.7% of its net profit in 2018 in corporate social responsibility, amounting to USD 1.4 million"

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

Table of Contents

5. Contact Information

6. Financial Highlights 2018

8. Chairman's Statement

10. Board of Directors

12. About APIC

- 12. Milestones
- 13. Total Revenues 2014-2018
- 14. Establishment
- 14. Vision and Mission
- 14. Objectives and Activities
- 15. Corporate Culture
- 15. Executive Management
- 16. Corporate Governance
- 16. Legal Advisor
- 16. External Auditor
- 17. Global Partners

18. Shareholders

- 18. Shareholder Structure
- 19. Share Performance
- 20. Key Ratios
- 20. Key Decisions of the General Assembly
- 21. Communication with Shareholders
- 22. Dividend Policy
- 22. Board Remuneration
- 22. Executive Management Remuneration

23. APIC Investments

- 23. Competitive Position
- 23. Subsidiaries
- 42. Other Investments
- 42. Future Objectives

43. Corporate Social Responsibility

70. Financial Performance 2018

- 70. Summary of Financial Performance
- 70. APIC's Financial Position
- 74. Discrepancy between Initial Disclosure and Final Audited Results
- 75. Consolidated Statement of Financial Position

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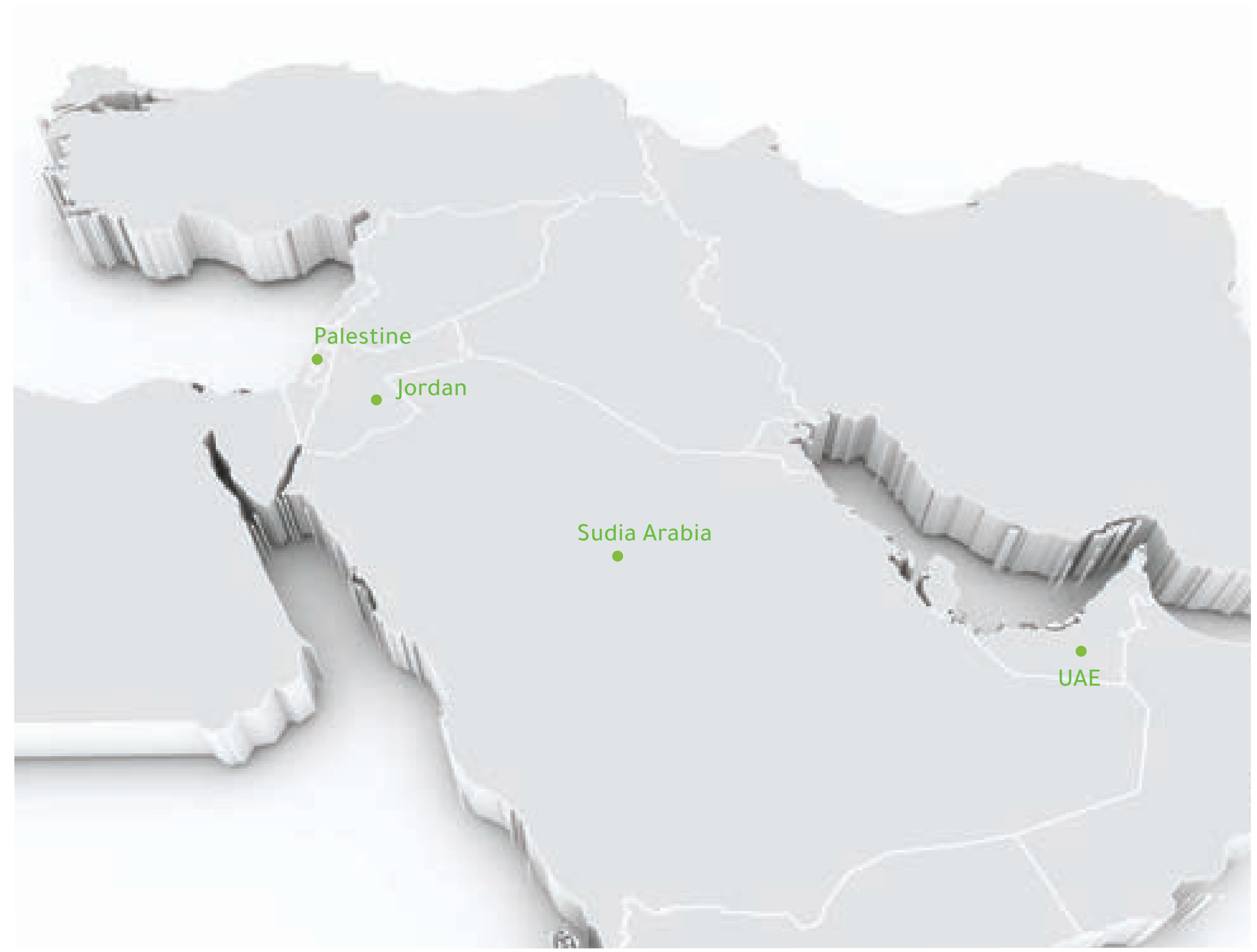

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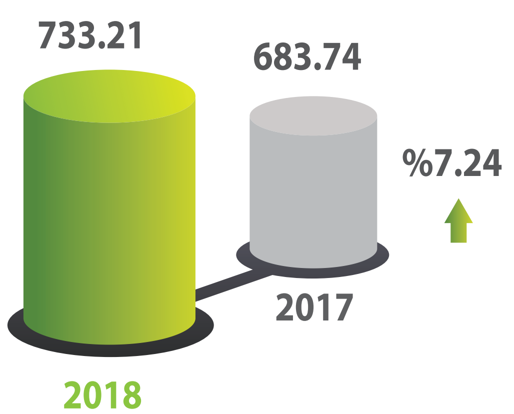
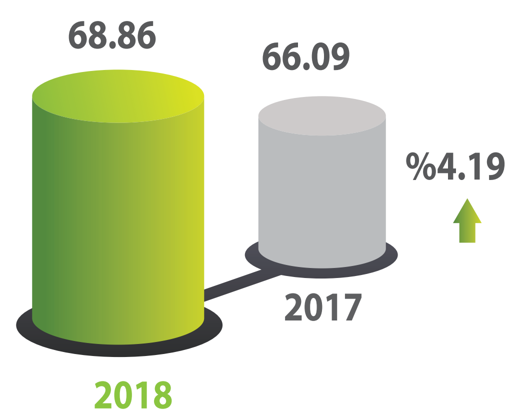
Financial Highlights 2018

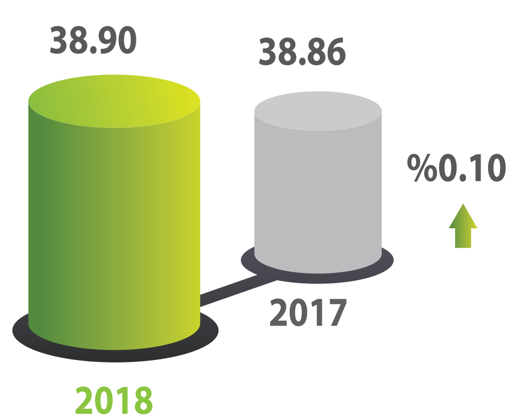
Revenues
(USD millions)



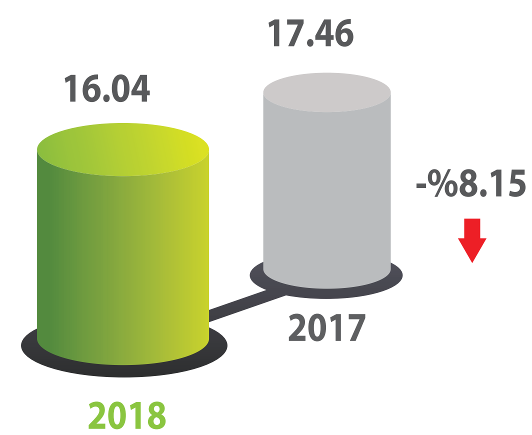
Expenses
(USD millions)



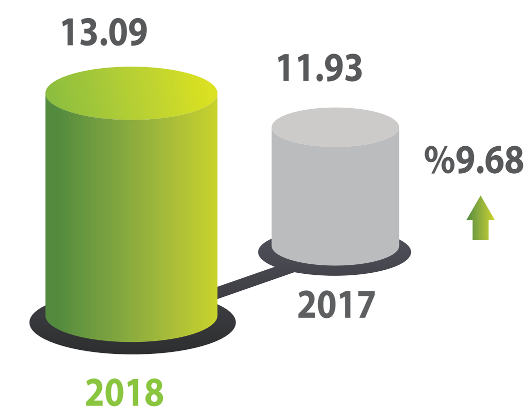
EBITDA
(USD millions)



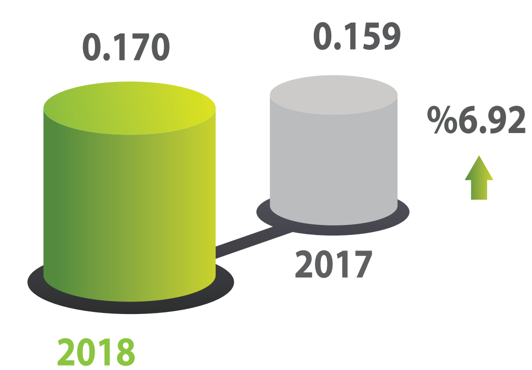
Net Profit After Tax
(USD millions)



Net Profits Attributed to APIC Shareholders
(USD millions)



Earnings Per Share
(USD)



Chairman's Statement

Dear Shareholders,

APIC group maintained its good performance in 2018, despite the numerous surrounding challenges. We were able to enhance the group's revenues to reach USD 733.2 million in 2018, a growth of 7.24% compared to 2017. Moreover, there was a marked increase in net profits attributed to our shareholders brought about through a number of investment expansions, which included an increase in ownership percentages in a number of APIC subsidiaries.

Capital acquisitions

In 2018, APIC acquired the remaining 50% of its subsidiary Medical Supplies and Services (MSS). APIC also increased its shareholding ownership percentage from 61.2% to 65.8% in its subsidiary Siniora Food Industries, a listed company on the Amman Stock Exchange. Moreover, APIC acquired a 6% stake in MadfooatCom, the operator of the national integrated e-bill payment platform in Jordan, in a deal worth USD 2.3 million.

Net profits attributed to APIC's shareholders grew by 9.7%

APIC group operated under some challenges in 2018, both locally and regionally. In Palestine, the main challenges were a slowdown of economic activity and the fluctuation in the rate of the NIS (the main currency of operations in Palestine) vis-a-vis the US dollar (the official currency of APIC's financial statements), which caused a negative impact of USD 2.3 million compared to previous year's results; the group's net profits amounted to USD 16.04 million in 2018, a drop of 8.15% year on year. However, net profits attributed to APIC shareholders increased by 9.7% compared to 2017, amounting to USD 13.1 million in 2018, due to the full acquisition of MSS and other investments.

APIC's market capitalization grew by 39%

APIC's share price performed well throughout the year, and closed at USD 2.35 at the end of 2018, a growth of 18.7% compared to 2017. APIC's market capitalization grew to reach USD 192.7 million by the end of 2018, a growth of 39% compared to 2017. This growth was driven by the increase in the share price, as well as in the number of issued shares from 70 to 82 million; five million bonus shares (7.14%) were distributed to APIC shareholders, with an additional seven million shares issued in a private placement to Dr. Walid Al Kayyali in exchange for acquiring his entire 50% stake in APIC subsidiary Medical Supplies and Services, making it wholly owned by APIC, in a share swap agreement.

Dividend distribution of 14.28% and increasing APIC's authorized capital to USD 100 million

In 2018, APIC distributed cash dividends to its shareholders amounting to USD 5 million (7.14%); accordingly, total distributed dividends (cash and bonus shares) amounted to USD 10 million, 14.28% of the company's paid-in capital. Moreover, in 2018, APIC increased its authorized capital from USD 70 million to USD 100 million, a step towards increasing APIC's paid-in capital in the future.

Significant operational developments of the group's subsidiaries

APIC subsidiaries witnessed various operational developments in 2018. Siniora Food Industries acquired Dubai-based Diamond Meat Processing Company (DMP) in its entirety. Siniora bought out the shares of its partner, Emerging Investment Partners (EIP), which represented 30% of the company, in a deal worth USD 6.14 million. Previously in 2016, Siniora had acquired 70% of the company in a deal worth USD 12 million at that time.

APIC
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Net profits attributed to APIC shareholders amounted to USD 13.1 million in 2018, a growth of 9.7% year on year

Solar power projects

In line with its vision to offer integrated engineering solutions and in keeping up with the latest global trends of utilizing renewable energy and environmentally-friendly natural resources, National Aluminum & Profiles Company (NAPCO) established a specialized renewable energy department towards the end of 2018, which offers integrated solar energy solutions that include design, supply, installation, supervision, quality assurance inspections as well as after-sales services through a team of highly-qualified engineers and experts. NAPCO worked on a number of solar power projects, one of which was at Birzeit University with a production capacity of 350 Kwp, and is considered one of the largest projects in Ramallah in terms of its production capacity. In addition, NAPCO installed solar panels at the SOS Children's Villages in Bethlehem with a production capacity of 124 Kwp. Through its new department, NAPCO aims to contribute to the development of the renewable energy sector in Palestine, offering solar energy as a strategic alternative, as well as providing new employment opportunities. Moreover, the group's subsidiaries continued installing solar photovoltaic panels to achieve full coverage of our energy needs in future.

Launching NAPCO's anodizing line

NAPCO re-launched the trial phase of its anodizing line, which had been halted for 18 years by the Israeli occupation. This line is expected to boost NAPCO's future sales and net profits.

New exclusive global distribution rights

Unipal General Trading Company, the exclusive distributer of Philip Morris International (PMI) in West Bank and Gaza Strip since 1996, obtained the distribution rights in East Jerusalem of PMI. Medical Supplies and Services Company obtained the exclusive distribution rights of Shimatdzu Company of Japan to provide a broad range of advanced X-ray systems.

USD 1.4 million investment in corporate social responsibility

APIC has maintained its effective corporate social responsibility role in the communities within which it operates through continuous investment in the education and health sectors, entrepreneurial projects and youth as well as through its support of social, charitable, humanitarian and cultural institutions. In 2018, APIC continued to forge strategic partnerships with institutions that play an active role in society, assisting them in fulfilling their missions. In 2018, a total of USD 1.4 million was invested in corporate social responsibility by APIC and its group of subsidiaries, representing 8.7% of the company's net profit.

Finally, and on behalf of myself and all my colleagues on the APIC Board of Directors, I convey my gratitude to you, our shareholders, for your trust and continued support of this company.

I also thank the group's 1,900 hard-working, dedicated employees who have led all these achievements and results.

Kindest regards,
Tarek Omar Aggad

Board of Directors

A new board of directors was elected for the next four years during APIC's general assembly 2018.
APIC's Board of Directors as at December 31, 2018 includes:

Mr. Tarek Omar Aggad
Chairman

Mr. Khaled Osaily
Vice Chairman

Dr. Durgham Maree
Member - Representing Palestine Investment Fund

Mr. Tarek Shakaa
Member - Representing Al-Said LTD

Mr. Firas Nasereddin
Member - Representing Birzeit Pharmaceuticals Company

Mr. Said Baransi
Member - Representing BCI Group

Mr. Bassam Aburdene
Member

Mr. Fuad Kattan
Member

Mr. Tareq Abbas
Member

Dr. Mazen Hassounah
Member

Mr. Nashat Masri
Member

Mr. Ali Aggad
Member

Committees of the Board of Directors

Investment Committee

The Investment Committee studies investment projects, takes investment decisions and informs the board of directors on the investment decisions and activities of the company. The committee is chaired by Mr. Nashat Masri, and committee members include Dr. Mazen Hassounah, Dr. Durgham Maree and Mr. Tarek Shakaa.

Remuneration Committee

The Remuneration Committee determines the salaries and bonuses of the CEO and CFO. The committee is chaired by Mr. Khaled Osaily, and committee members are Mr. Bassam Aburdene and Mr. Fuad Kattan.

Audit Committee

The Audit Committee oversees the financial reporting process, the system of internal control, the audit process, risk management and the company's process for monitoring compliance with laws and regulations. The committee reviews and discusses the internal audit reports and audit strategies prepared by the internal audit manager on a regular basis, as well as reviews the external auditor's reports. The committee is chaired by Dr. Mazen Hassounah, and committee members include Mr. Nashat Masri and Mr. Ali Aggad.

Milestones

Today

- Public shareholding listed and traded on Palestine Exchange (PEX: APIC)
- Paid-in capital of USD 82 million
- Authorized capital of USD 100 million
- Total revenues in 2018 amounted to USD 733.2 million
- 1,900 employees in Palestine, Jordan, Saudi Arabia and the United Arab Emirates

Growth

2014

- Listed its shares on the Palestine Exchange (PEX) on March 2, 2014 (PEX: APIC)
- Established Arab Leasing Company, Palestine

2013

- Became a public shareholding company

2000

- Established Arab Palestinian Shopping Centers Company (Bravo), Palestine
- Acquired Sky Advertising and Promotion Company, Palestine

1998

- Acquired Unipal General Trading Company, Palestine
- Acquired Palestine Automobile Company, Palestine
- Acquired Medical Supplies and Services Company, Palestine

Milestones

1996

- Acquired Siniora Food Industries, Palestine and Jordan
- Registered in Palestine as a foreign private shareholding company

1995

- Acquired National Aluminum and Profiles Company (NAPCO), Palestine

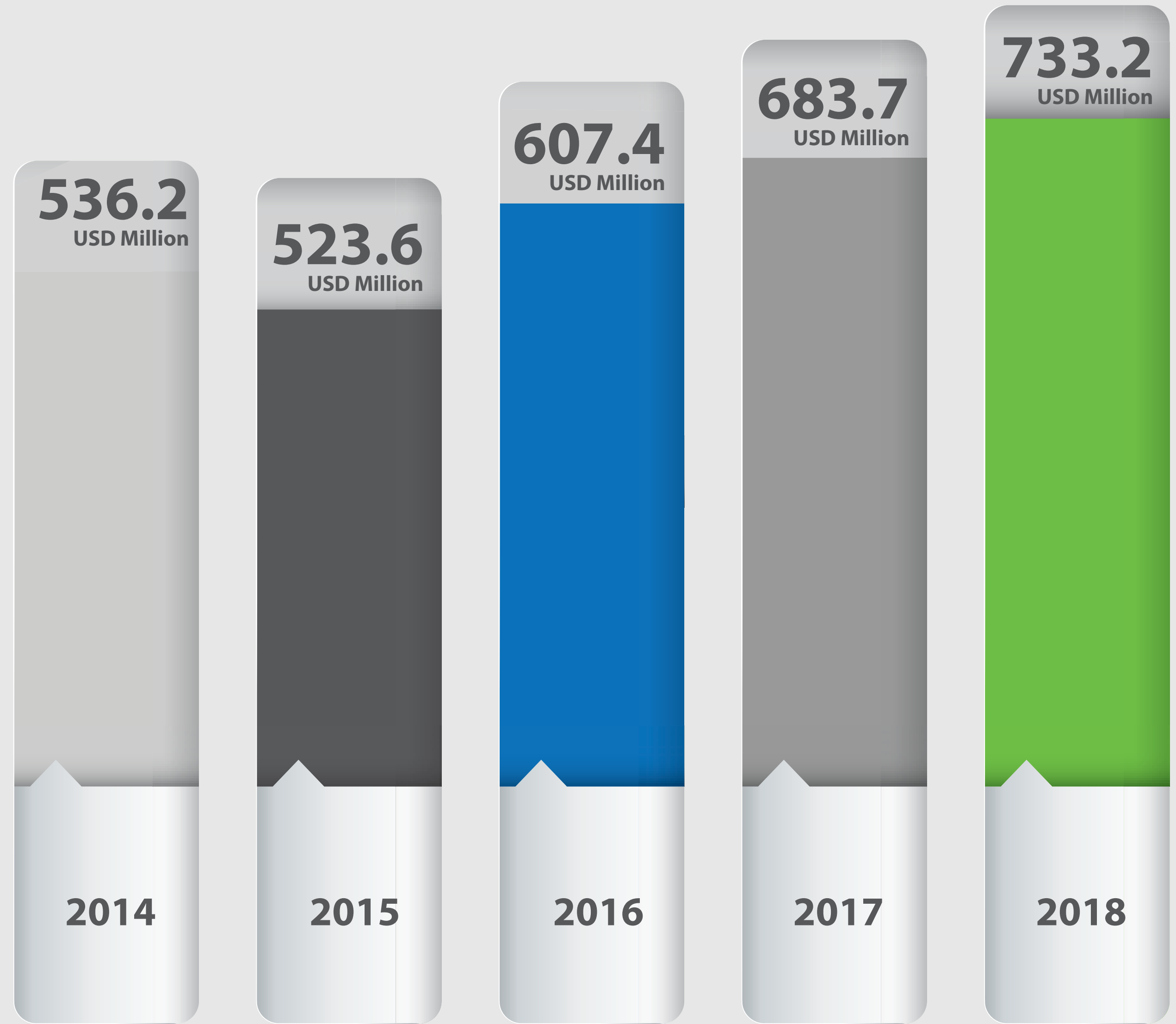
1994

- Established and registered in BVI as a private investment holding company with a capital of USD 70 million

Business Inauguration

Total Revenues 2014-2018

(USD Million)



Establishment

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

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

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

The company's authorized capital is USD 100 million divided into 100 million shares (USD 1.00 per share); while its paid-in capital is USD 82 million as of December 31, 2018.

Vision

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

Mission

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

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

Objectives and Activities

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

Subsidiaries of APIC offer a wide array of products and services through distribution rights agreements with multinational companies that include Philip Morris International, Procter & Gamble, Kellogg's, KraftHeinz, Ferrero, XL Energy Drink, Americana, Hyundai, Chrysler, Dodge, Jeep, Alfa Romeo, Fiat, Fiat Professional, GlaxoSmithKline, Sanofi- Aventis, Merck Sharp & Dohme, Abbott, GE Healthcare, Eli Lilly, Beiersdorf (Nivea), Janssen, Hitachi, Nihon Kohden, B. Braun, Shimatdzu, Trisa among many others.

APIC is also one of the founding shareholders of Palestine Power Generation Company and owns shares in Bank of Palestine and Palestine Private Power Company, MadfooatCom, Islamic Finance House, and Al-Fares National Company for Investment & Export (Optimiza).

Corporate Culture

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

Values

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

Structure

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

Incentives

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

People

APIC's cumulative efficiency and knowledge lies within in its people. The company creates a vision by setting tangible goals, which are fulfilled through harmony and team unity in a suitable working environment.

APIC's corporate values are based upon team spirit and cooperation between different departments and sub-sidiaries, capitalizing and benefiting from the experiences of all team members. Those values are divided into five categories:

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

Executive Management

APIC's executive management team as at December 31, 2018 are:

Mr. Tarek Omar Aggad	Mr. Nader Hawari	Mr. Tareq Abbas	Mr. Khaled Baradei
Chief Executive Officer	VP - Corporate Operations and Business Development	VP - Corporate Affairs	Chief Financial Officer
Mr. Ahmad Judeh	Mr. Murad Khatib	Mrs. Fida Musleh/Azar	
Chief Investment Officer	Internal Financial Auditor	Investor Relations and Corporate Communication Manager	

Corporate Governance

APIC and its subsidiaries operate within systems of governance that regulate the management of operations at all levels. Members of the board of directors 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 at all levels. There are three committees that stem from the board of directors: the Audit Committee, the Investment Committee and the Remuneration Committee. The Audit Committee oversees the financial reporting process, the system of internal control, the audit process, risk management and the company's process for monitoring compliance with laws and regulations. The committee reviews and discusses the internal audit reports and audit strategies prepared by the internal audit manager on a regular basis, as well as reviews the external auditor's reports.

The Internal Audit Department at APIC oversees the application of policies and procedures for all administrative, financial and operational departments across APIC subsidiaries. Internal audit reports are reviewed by the board of directors of each subsidiary.

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

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

Legal Advisor

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Global Partners

Shareholders

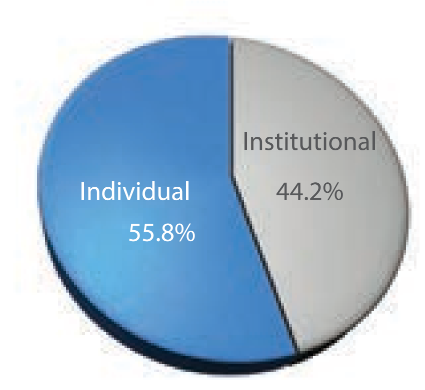
Shareholder Structure

By the end of 2018, APIC had 665 shareholders comprising both individuals and institutions of various nationalities. Shareholders holding 5% and above of the capital represented 49.8%, while the remaining shareholders represented 50.2%.

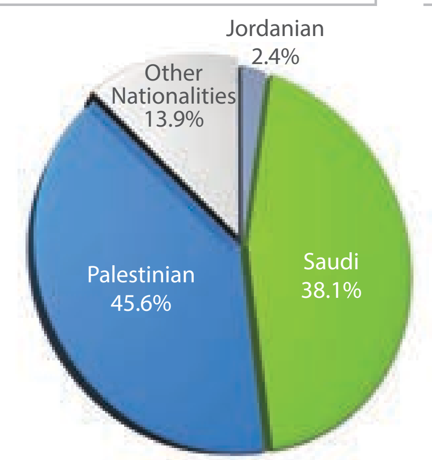
The following table lists the shareholders who directly and indirectly own 5% and above of the company's capital:

Shareholder	Ownership % as at December 31, 2018
Tarek Omar Aggad and related parties	24.40%
Palestine Investment Fund and related parties	15.98%
Walid Amen AlKayyali	9.42%

Distribution of ownership between individual and institutional shareholders at the end of 2018



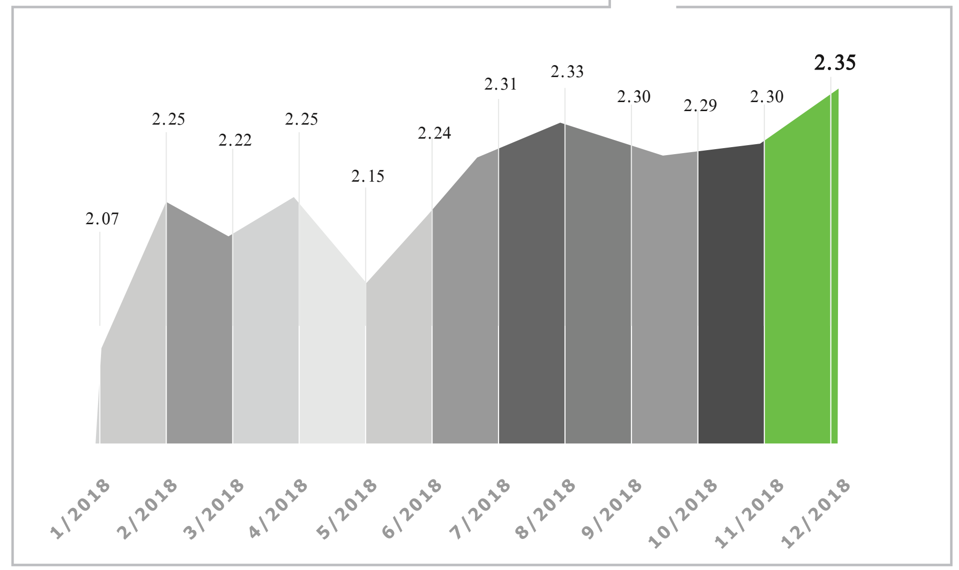
Distribution of shareholder ownership by nationality at the end of 2018



Share Performance

APIC's share performance	2018	2017	% change
Share close as at December 31 (USD)	2.35	1.98	18.69%
Trading volume (shares)	13,102,137	19,535,525	-32.93%
Trading value (USD)	28,942,022	36,345,261	-20.37%
Number of transactions	2,822	2,884	-2.15%
Number of trading days	215	227	-5.29%
Number of shareholders	665	576	15.45%
Free float percentage as at December 31	54.6%	45.1%	21.20%
Market capitalization as at December 31 (USD)	192,700,000	138,600,000	39.03%

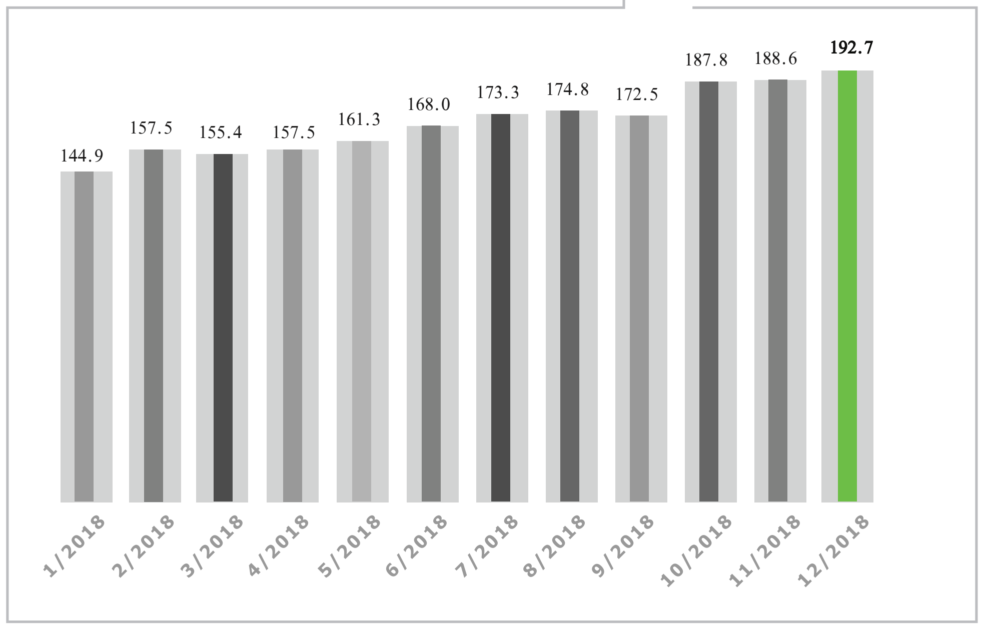
APIC's share monthly closing 2018 (USD)



* Stock price was adjusted by PEX on May 2, 2018, by the stock dividend payout ratio of 7.14%

High: USD 2.35 | Low: USD 1.97 | Turnover ratio: 16%

APIC's Market Capitalization 2018 (USD millions)



Key Ratios (As at December 31, 2018)

Earnings per Share (EPS)	0.17
P/E Ratio	13.8x
P/B Ratio	1.67x

Key Decisions of the General Assembly

Extraordinary General Assembly on May 2, 2018:

- Increasing APIC's authorized capital from USD 70 million to USD 100 million with par value of USD 1 each.
- Amending the number of the members of the Board of Directors to be not less than eight and not more than twelve.

Ordinary General Assembly on May 2, 2018

- Dividend distribution of 14.28% of the company's paid-in capital for registered shareholders as at May 1, 2018, as follows:
  - 7.14% bonus shares amounting to five million shares.
  - 7.14% cash dividend amounting to USD 5 million.
- A new board of directors of twelve members was elected for the next term of four years including:
  - Mr. Tarek Omar Aggad
  - Mr. Khaled Osaily
  - Dr. Durgham Maree, representing Palestine Investment Fund
  - Mr. Tarek Shakaa, representing Al-Said LTD
  - Mr. Firas Nasereddin, representing Birzeit Pharmaceutical Company
  - Mr. Said Baransi, representing BCI Group
  - Mr. Fuad Kattan
  - Mr. Bassam Aburdene
  - Mr. Tareq Abbas
  - Dr. Mazen Hassounah
  - Mr. Nashat Masri
  - Mr. Ali Aggad

Extraordinary General Assembly on September 19, 2018

The issuance of seven million shares of APIC's authorized capital of USD 100 million in a private placement to Dr. Walid AlKayyali in exchange for acquiring Dr. AlKayyali's entire 50 percent stake in APIC's subsidiary Medical Supplies and Services Company Ltd. (MSS), making it wholly owned by APIC, in a share swap agreement.

Communication with Shareholders

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

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

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

Dividend Policy

There is no written policy dedicated to dividend distribution at APIC. The following table shows dividend distribution since the company's listing on the Palestine Exchange:

Fiscal year	General assembly resolution date	Dividend type	% of paid-in capital		Paid- in capital (USD)	Amount of distributed cash dividend (USD)	Number of distributed bonus shares
2017	May 2, 2018	Cash & Bonus Shares	14.28%	Cash: 7.14% Bonus shares: 7.14%	70,000,000	USD 5,000,000	5,000,000 shares
2016	April 23, 2017	Cash & Bonus Shares	12.06%	Cash: 6% Bonus shares: 6.06%	66,000,000	USD 3,960,000	4,000,000 shares
2015	May 18, 2016	Cash & Bonus Shares	15%	Cash: 5% Bonus shares: 10%	60,000,000	USD 3,000,000	6,000,000 shares
2014	April 29, 2015	Cash	7.5%		60,000,000	USD 4,500,000	---
2013	April 29, 2014	Bonus Shares	19.98%		50,009,398	---	9,990,602 shares

Board Remuneration

The board remuneration policy stipulates that each board member receives the amount of USD 30,000 as annual compensation. The total board remuneration in 2018 amounted to USD 330,000.

Executive Management Remuneration

The executive management's total benefits of the holding company in 2018 amounted to USD 2,024,732 as per the following:

- Salaries: USD 914,873
- Bonuses: USD 1,109,859

APIC Investments

Competitive Position

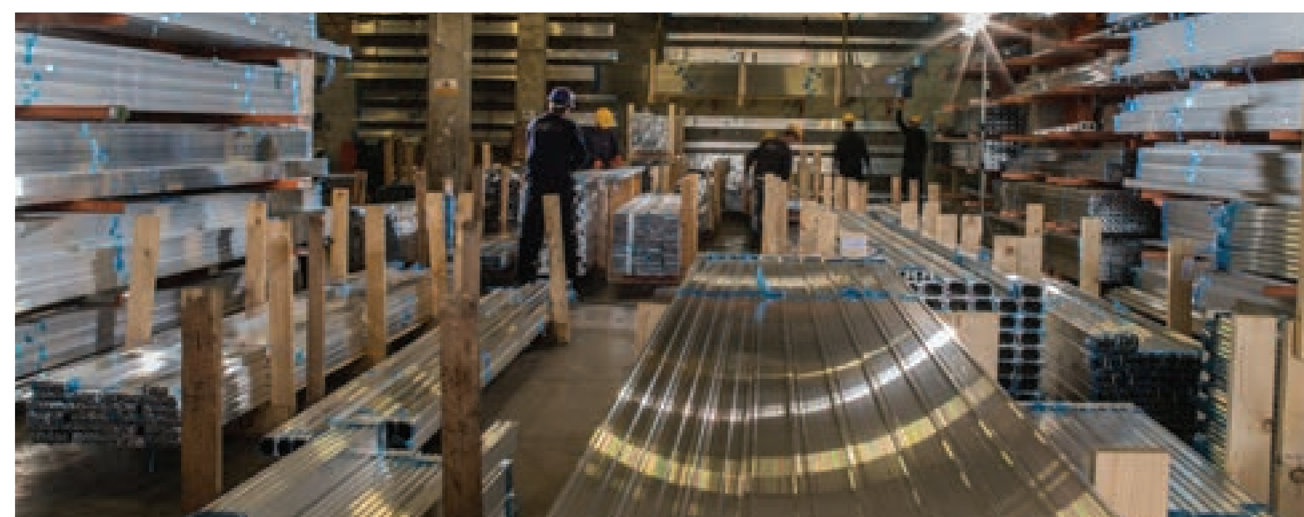
It is difficult to determine the overall competitive position of APIC given the diversity of its investments as well as the diversity of the sectors and markets in which it operates. However, the quality of its products and services both locally and regionally through its subsidiaries have led to APIC's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

Subsidiaries

Company	Ownership % as at December 31, 2018	Country of Registration	Country of Operations	Main Activities and Operations
Manufacturing Sector				
National Aluminum and Profiles Company PLC	72.99% [(1)]	Palestine	Palestine, Jordan	Manufacturing of aluminum and profiles
Siniora Food Industries Company PLC	65.77% [(2)]	Jordan	Jordan, Palestine, Saudi Arabia, UAE	Manufacturing of cold cuts, luncheon canned meat and frozen meat
Trade and Distribution Sector				
Unipal General Trading Company PSC	93.41%	Palestine	Palestine	Distribution of consumer products
Palestine Automobile Company PSC	100%	Palestine	Palestine	Distribution of cars and after-sales services
Medical Supplies and Services Company PSC	100%	Palestine	Palestine	Distribution of medical supplies, equipment and healthcare products
Arab Palestinian Shopping Centers Company PSC	99.78% [(3)]	Palestine	Palestine	Operating shopping centers and Bravo, the largest supermarket chain in Palestine
Services Sector				
Sky Advertising and Promotion Company PSC	100%	Palestine	Palestine	Advertising, public relations and event management
Arab Leasing Company PSC	100%	Palestine	Palestine	Leasing of vehicles
Arab Palestinian Storage and Cooling Company PSC	68.47% [(4)]	Palestine	Palestine	Storage and cooling

[(1)]This percentage represents APIC's direct ownership of 70.96% in addition to its indirect ownership of 2.03 % through its subsidiary Unipal.
[(2)]This percentage represents APIC's direct ownership of 65.633% in addition to its indirect ownership of 0.137% through its subsidiary Unipal.
[(3)]This percentage represents APIC's direct ownership of 99.16% in addition to its indirect ownership of 0.62% through its subsidiary Unipal.
[(4)]This percentage represents APIC's direct ownership of 31.1% in addition to its indirect ownership of 37.37% through its subsidiary Unipal.

About APIC Subsidiaries



“The first aluminum profiles manufacturer in Palestine”

Headquarters- Nablus
Beit Iba, Qusin Junction, Nablus
P.O. Box 178, Nablus, Palestine
Tel: +970 9 234 7222
Fax: +970 9 234 7616
E-mail: info@napco.com.ps

Ramallah Office
Al Masyoun, Sahwil Building
Tel: +970 2 296 5542
Fax: +970 2 296 5543
Email: info@napco.com.ps

Gaza Office
Mobile: +970 569 400 201
Email: infogaza@napco.com.ps

Jordan Branch
Mecca Street, Amman
Tel: +970 569 400 201
Fax: +962 6 552 7524
Email: infojordan@napco.com.ps

www.napco.ps

National Aluminium and Profiles Company (NAPCO)

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

In line with NAPCO's vision to offer integrated engineering solutions and in keeping up with the latest global trends of utilizing renewable energy and environmentally-friendly natural resources, in 2018 NAPCO established a specialized renewable energy department that offers integrated solar energy solutions including design, supply, installation, supervision, quality assurance inspections as well as after-sales services through a team of highly-qualified engineers and experts.

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

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

Manufacturing Sector

“The leader in the region’s meat manufacturing sector”

Palestine
P.O. Box 132, Bethany, Jerusalem
Tel: +970 2 279 6804
Fax: +970 2 279 9088
E-mail: akarmi@siniorafood.com

Jordan
King Abdullah II Industrial Estate, Sahab
P.O. Box 191, Amman 11512 Jordan
Tel: +962 6 402 3772
Fax: +962 6 402 3773
E-mail: info@siniorafood.com

Saudi Arabia
Alsulai, Shabaniah Street, Riyadh
P.O. Box 2256, Riyadh 11451
Tel: +966 11 244 8424
Fax: +966 11 244 2181

United Arab Emirates
Towers St., Clover Bay Tower, office # 1908
P.O. Box 413025, Dubai, Business Bay
Tel: +971 4 553 8529
Fax: +971 4 553 8520

Diamond Meat Processing
Umm Ramol – Rashidyah, Behind Dubai Duty Free
St. # 18/A, Building # 1
P.O. Box 20754, Dubai, UAE
Tel: + 971 4 286 0382
Fax: +971 4 286 0384
Email: infodmp@siniorafood.com

www.siniorafood.com

Siniora Food Industries Company

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

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

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

Trade and Distribution Sector

“The leading fast-moving consumer goods distributer in Palestine”

Headquarters
P.O. Box 2190, Ramallah, Palestine
Tel: +970 2 298 1060
Fax: +970 2 298 1065
E-mail: info@unipalgt.com

Main Distribution Center
P.O. Box 2190, Khalet Alskhol, Old City Street
Beitunia, Palestine
Tel: +970 2 290 2288
Fax: +970 2 290 2287

www.unipalgt.com

UNIPAL يونيبال

Unipal General Trading Company

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

Unipal is able to effectively drive its product portfolio to a leading market position in a short time span due to its extensive distribution network of over 6,000 retail outlets throughout Palestine. Moreover, Unipal owns a state-of-the art distribution center with a capacity of 8,600 pallets.

Trade and Distribution Sector

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

Headquarters
P.O. Box 1919, Ramallah, Palestine
Tel: 1800 700 500
Tel: +970 2 241 4363
Fax: +970 2 298 0662
E-mail: info@pac-pal.com

www.pac.ps

Palestine Automobile Company
الشركة الفلسطينية للسيارات

Palestine Automobile Company

Founded in 1995 as a private shareholding company, and acquired by APIC in 1998, Palestine Automobile Company (PAC) is the sole distributor for the Hyundai Motor Company’s entire line-up of passenger cars, trucks and vans, in addition to Fiat Chrysler Automobiles, which include the Fiat, Fiat Professional, Alfa Romeo, Chrysler, Jeep, Dodge and Ram brands.

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

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

Trade and Distribution Sector

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

Headquarters
P.O. Box 1909, Ramallah, Palestine
Tel: +970 2 295 9372
Fax: +970 2 295 9375
E-mail: info@msspal.com

Jerusalem Branch
P.O. Box 52039, Jerusalem
Tel: +972 2 6723388
Fax: +972 2 6723389

Gaza Branch
Ansar, Midhat Al-Wheidi Street, Abu Ouf Building, Gaza, Palestine
Tel: +970 8 282 5685
Fax: +970 8 282 7732

www.msspal.com

Medical Supplies and Services Company
شـركـة الـتـوريـدات والخـدمـات الطبيـة

Medical Supplies and Services Company

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

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

Trade and Distribution Sector

“The largest supermarket chain in Palestine”

Headquarters
P.O. Box 4185, Al Bireh, Palestine
Tel: +970 2 242 8581
Fax: +970 2 242 8582
E-mail: info@bravo.ps

www.bravo.ps

bravo برافو

Arab Palestinian Shopping Centres Company (Bravo)

Established by APIC in 2000, the Arab Palestinian Shopping Centers Company offers the first modern shopping malls in Palestine and Bravo Supermarkets. The company has grown to become the nationwide leader in the retail industry, with six Bravo supermarkets in three major West Bank cities, three of which are in Ramallah and Al-Bireh, two in Nablus, one of which is the largest retail outlet in Palestine, and one in Hebron. The main Bravo Shopping Centers in Al-Bireh and Nablus include various restaurants, a children's indoor play area and retail shops, among other services.

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

Headquarters
P.O. Box 4159, Al-Bireh, Palestine
Tel: +970 2 298 6878
Fax: +970 2 298 6879
E-mail: info@sky-adv.com

www.sky.ps

Sky Advertising and Promotion Company

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

“Developing innovative solutions in the field of financial leasing”

Headquarters
Al-Ayyam Newspaper Street, Industrial Zone, Beitunia, Ramallah, Palestine
P.O. Box 1919, Ramallah, Palestine
Tel: +970 2 298 0026
Fax: +970 2 298 0061
E-mail: info@pac-pal.com

Arab Leasing Company
الشركة العربية للتأجير التمويلي

Arab Leasing Company

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

Other Investments

Company Name	Country	Security Type	Number of Shares	Ownership % (as at December 31, 2018)
Bank of Palestine	Palestine	Shares	5,331,976	2.67%
Palestine Private Power Company *	Palestine	Shares	186,364	4.55%
MadfooatCom	Jordan	Shares	224,162	5.93%
Palestine Power Generation Company	Palestine	Shares	800,000	4.00%
Islamic Finance House Company	Jordan	Shares	615,000	7.50%
Al-Fares National Company for Investment & Export (Optimiza)	Jordan	Shares	354,000	2.21%

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

Future Objectives

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

Corporate Social Responsibility

Corporate Social Responsibility…An Effective Role and a Continuous Commitment

“APIC invested 8.7% of its net profit in 2018 in corporate social responsibility, amounting to USD 1.4 million”

Since its establishment, APIC has had an effective social role in the communities within which it operates. APIC’s strategic social responsibility vision lies on forming strategic partnerships with institutions that play an active role in society in the education and health sectors, entrepreneurial projects and youth, as well as through its support of social, charitable, humanitarian and cultural institutions. In 2018, APIC invested 8.7% of its net profit in corporate social responsibility, amounting to USD 1.4 million.

Orphans, Families and Persons with Special Needs

SOS CHILDREN'S VILLAGES PALESTINE

SOS Children’s Villages in Palestine

APIC has regularly supported SOS Children’s Villages in Palestine, helping the institution fulfil its humanitarian mission of providing quality education as well as stable, secure and loving care to children who have lost parental and community care.

In 2016, APIC sponsored a family of eight children in Bethlehem’s SOS Children’s Villages to cover three consecutive years, through 2018.

Also in 2016, and for three consecutive years, APIC dedicated a fund to the Education for a Better Future program, which will enable the Palestinian children of the SOS Children’s Villages to receive quality education at the schools they attend. In 2018, the children’s playground in the village in Bethlehem was rehabilitated and funded by APIC as well.

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

Orphans, Families and Persons with Special Needs

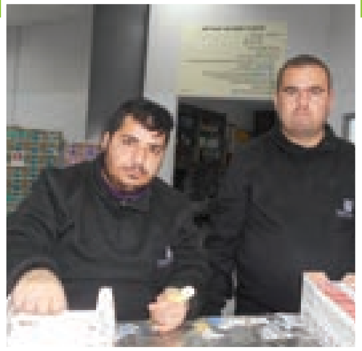
SOS CHILDREN'S VILLAGES PALESTINE

The installation of a solar power system

Moreover, in 2018, APIC installed a solar power system on the rooftops of the houses of SOS Children's Village in Bethlehem with a total operating capacity of 124 Kwp, in its pursuit of adopting clean and environmentally-friendly sources of energy.

SOS Children's Villages Palestine is a member association of SOS Children's Villages International, which works in 135 countries around the world, providing loving homes and families to children who have lost their parents or are at risk of losing parental care. It enables children to develop their characters and self-reliance to grow and face life challenges within a loving family. It also supports families going through challenging living conditions by providing care, education and health services. SOS Children's Villages Palestine began work in 1966, and was the first of its kind in the Middle East.

Orphans, Families and Persons with Special Needs



Star Mountain Rehabilitation Center

APIC has pledged support for a three-year period to Star Mountain Rehabilitation Center, from 2017 through to 2019, to assist the organization in fulfilling its mission of providing rehabilitation to persons with intellectual disabilities, offering them training and other opportunities needed in order to be active members of society. APIC's contribution to organizations that provide skills training to persons with intellectual disabilities reflects the company's strong belief in equal opportunities, respect for others and the importance of human rights. Also, jobs have been allocated to people with special needs within the group; two persons from Star Mountain have been employed at the manipulation/labeling section at Unipal's main distribution center since 2017.

Star Mountain Rehabilitation Center is an institution of the Worldwide Moravian Church working in Palestine. It contributes to helping secure dignified lives for persons with intellectual disabilities, through the provision of rehabilitation and training, integration and inclusion, awareness building and community mobilization, on the basis of love, dignity, justice and equality. The center's four programs include the inclusive kindergarten, a school, vocational training and community work. Star Mountain Rehabilitation Center works with people with intellectual disabilities, their families, the community, as well as national and governmental organizations to raise their awareness on disability rights and issues so that they can become change agents who support the process of creating an inclusive, disability responsive Palestinian state and community. The center is a member of several networks and forums in order to exercise pressure on policymakers to claim the rights of persons with disabilities and change negative attitudes. The center also provides support services to people with intellectual disabilities including physiotherapy, speech therapy, psycho-social support, protection from abuse, art, music and sports education, as well as drama, circus and dabkeh. The center currently supports 200 persons with intellectual disabilities of all ages.

Orphans, Families and Persons with Special Needs

The Society of Inash El Usra

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

Established in Al-Bireh, Palestine, the Society of Inash El Usra is a non-profit developmental and charitable organization launched by a group of committed Palestinian volunteer women in 1965. The society relies on its executive committee for volunteer work, in addition to a dedicated team of more than 114 employees to achieve its national objectives, which include social, humanitarian, cultural and economic efforts to empower women and facilitate professional access to community development roles and family support. Other objectives include the preservation of Palestinian cultural heritage from loss, plagiarism or theft, as well as child care in recognition of the role youth play in forming a better future of Palestine.

Orphans, Families and Persons with Special Needs

Give Palestine Association

In 2018, APIC launched strategic support for the Give Palestine Association for a period of three years, from 2018 through to 2020, which will be focused on the association's programs in the Gaza Strip.

Moreover, in 2018, APIC donated a Hyundai Ioniq car to the society, which will be used to facilitate the association's tasks.

The Give Palestine Association (GPA) is one of the leading associations in charitable and humanitarian work. The association is a non-profit, non-political, non-governmental and non-partisan association working in the Gaza Strip, Jerusalem and the West Bank, including areas and villages adjacent to the Separation Wall and Israeli settlements. GPA was established as a response to the emerging suffering of the Palestinian people living under occupation and siege in order to alleviate their suffering. The association was founded by merging the Association of Gaza Voluntary Relief Efforts (Ata` Gaza), which was established in 2003 in Gaza City, with Give Palestine Association that was founded in Ramallah in 2010. The association works in various fields such as relief, culture and sustainable development. In addition, the association focuses on marginalized and poor areas and works centrally in the Gaza Strip, where it works with less fortunate families, especially women and children. The total number of beneficiaries of the programs implemented by the association in 17 years is more than 700,000 people.

Youth and Education

Dar Al-Tifel Al-Arabi Organization – Jerusalem

APIC has been supporting Dar Al-Tifel Al-Arabi since 2017, within a strategic support plan that covers the years 2017 through 2021, and will see the company provide 20 scholarships for exceptional female students studying at Dar Al Tifel Al-Arabi secondary school in Jerusalem.

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

Youth and Education

The Industrial Secondary School – Jerusalem / Arab Orphan Committee

APIC has been supporting the Industrial Secondary School in Jerusalem since 2017, and has provided 25 scholarships to students studying in the vocational fields of auto-mechatronics, welding, central heating, air conditioning, carpentry and furniture, communications technology, maintenance of cellular devices, computers and networks and electrical wiring.

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

“The Dual Studies Program for Electrical Engineering is a very intensive study system but it offers the student a rich and rewarding experience at the same time. By joining the program, I was able to become involved in the labor market from the first day of my studies. I have benefited from the combination of the theoretical and practical systems, not only gaining theoretical knowledge but also received technical expertise and developing my personal skills in a work environment. The program has given me a great opportunity to achieve my ambition within this specialisation and has assisted me in making a clear difference in my career prospects.”

Moa’th Ayaseh,
Faculty of Electrical Engineering – National Aluminum and Profile Company (NAPCO)

Youth and Education

Dual Studies – Al-Quds University

APIC has been supporting Al-Quds University’s Dual Studies program since 2016, by hosting 15 students throughout their undergraduate studies. Students in the faculties of electrical engineering, information technology and business administration get the opportunity to intern at APIC subsidiaries during their four-year undergraduate studies.

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

Youth and Education

King’s Academy

Since 2014, APIC has supported distinguished students from Palestine to study at King’s Academy in Jordan. King’s Academy, located in Madaba Jordan, opened its doors in 2007. It is a non-profit, coeducational boarding and day school for middle and high school students (grades 7 to 12). The school provides a comprehensive curriculum based on the American Advanced Placement program and the College Board’s QUEST framework for teaching and learning. The dynamic curriculum includes an integrated co-curricular program of athletics, activities and community service, and boarding students live in a nurturing residential environment that allows them to flourish personally and intellectually. King’s students currently number 660 and hail from Jordan and 39 other countries.

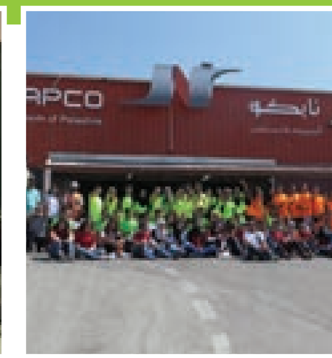
Youth and Education

Mahmoud Abbas Foundation

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

Mahmoud Abbas Foundation is a non-profit organization registered in Palestine and Lebanon, founded in 2011 in response to the difficult situation Palestinian people face in refugee camps in the Diaspora, especially in Lebanon. The foundation helps the refugees through three programs: the student's scholarship program that provides scholarships to Palestinian students, to date, around 4800 students have benefited from this program; the family interdependence program (Takaful), which provides symbolic aid to more than 300 families; and the youth empowerment program that aims to enhance and develop capabilities of the youth to prepare them for the labor market and increase their employability chances by offering them training opportunities at the Cisco Academy or in graphic design.

Youth and Education



INJAZ Palestine

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

INJAZ Palestine is an independent Palestinian organization run and sponsored by a group of pioneer Palestinian companies. It is a member of the Junior Achievement Worldwide organization, which was established in 1919. Through partnership with the private and education sectors, INJAZ provides programs delivered by experienced volunteers from the Palestinian private sector to inspire and educate youth about entrepreneurial and business innovation.

APIC's Scholarship for the Children of its Employees

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

Youth Leadership and Entrepreneurship

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

APIC has been providing strategic support to MIFTAH since 2017, as part of a strategic agreement until 2019 to support the Palestinian Youth Leadership Empowerment Program, which aims to empower and build the capacity of young leaders and enhancing their role at all levels to play an effective role in the sustainable development process.

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

Youth Leadership and Entrepreneurship

Gaza Sky Geeks

APIC has been providing strategic support to Gaza Sky Geeks since 2017, as part of a strategic agreement until 2019. Gaza Sky Geeks is a technology and education center that supports entrepreneurs and software developers in Gaza, Palestine.

Moreover, in 2018, APIC financed the expenses of the top three startup companies chosen for the Zain Innovation Campus program (ZINC) to gain access to the Zain campus for innovation during the implementation of the residence program with ZINC Jordan.

Gaza Sky Geeks (GSG) is the leading co-working space, pre-seed startup accelerator and technology education hub in Gaza. Its mission is to build an internationally competitive technology ecosystem in Palestine through online freelancing, outsourcing and tech startups that create high-salary jobs. In 2018, GSG helped generate over USD 800,000 in investment and revenue for startups and other online workers, helped train and educate over 2,000 unique individuals in technology and business, and made it easier for Palestinian businesses to receive payments online.

Youth Leadership and Entrepreneurship

TEDx AlQuds University

In 2018, APIC sponsored TEDx AlQuds University, a global conference under the slogan "Ideas Worth Spreading" in the fields of technology, entertainment and design.

In the spirit of ideas worth spreading, TEDx is a program of local, self-organized events that bring people together to share in a TED-like experience, where x denotes an independently organized TED event. TEDx AlQuds University brought together a diverse group of students, alumni, faculty members, guests and brilliant speakers, providing an exciting opportunity for undergraduate and graduate students to learn in an engaging and interactive atmosphere that lies at the core of modern educational systems and techniques. The group of attendees and speakers represented some of the brightest minds from the Palestinian community from diverse backgrounds and disciplines.

Youth and Sport

Palestinian Football Association

In 2018, APIC sponsored the participation of the Olympic team of the Palestinian Football Association in the Asian Games in Jakarta, Indonesia, which took place in August and September 2018.

Palestine Football Association (PFA) was established in 1998, when FIFA accepted its membership. PFA holds several male leagues for the first, second, and third divisions, and besides professional leagues and age-group leagues, it also offers several leagues for women's football, futsal and beach soccer. The association is also responsible for developing grassroots football and football for special needs. In 2016, the Palestinian national team reached its highest rank in FIFA, coming in at 72nd internationally. PFA offers its services to all Palestinians in the West Bank, Jerusalem, Gaza Strip and the Diaspora.

Cancer Patients Charitable Society

APIC signed a strategic agreement with the Cancer Patients Charitable Society in 2018, for three years, during which APIC will co-finance three-dimensional mammography machine for early breast cancer detection.

The society was established in Hebron, Palestine in 2015, with a vision to provide special and advanced services for citizens using the latest technologies and best qualifications for early cancer detection as well to educate and spread awareness on preventing and curing cancer diseases.The society provides the necessary health and preventive services for Palestinian citizens in general and in Hebron in particular, including early cancer detection, supportive services, cancer awareness and prevention programs, in cooperation with other charitable organizations in Palestine in supporting, and diagnosis cancer programs.

Aid and Hope Program for Cancer Patients Care

In 2018, APIC launched a strategic support partnership with Aid and Hope Program for Cancer Patients Care for three years, running from 2018 through 2020.

Aid and Hope Program for Cancer Patients Care (AHP) is a Palestinian non-governmental not-for-profit organization that was established in 2010, in the Gaza Strip. AHP was the first of its kind in Gaza, and provides awareness workshops and psychosocial support for breast cancer patients. AHP provides personalized, emotional, practical and psychosocial support and basic palliative care services to women diagnosed with breast cancer, and their families. AHP's vision is to collaborate with primary and secondary health facilities and other organizations to maximize the effectiveness of their activities, while avoiding the duplication of efforts, as well as breast cancer prevention and early detection programs. Aid and Hope Program for Cancer Patient Care is improving women's awareness on breast cancer and improving the lives of breast cancer patients in the Gaza Strip.

Culture and Heritage

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

In 2018, APIC sponsored Al Bireh Festival, which is one of the most prominent cultural festivals in Palestine, taking place every summer in the heart of Al Bireh City, Palestine. The festival hosts Palestinian and Arab singers and musical acts each year, as well as various other activities.

Culture and Heritage

El-Funoun Palestinian Popular Dance Troupe

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

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

Culture and Heritage

Yabous Cultural Center

APIC has been providing strategic support to Yabous Cultural Center since 2017, as part of a strategic agreement until 2019 to support the center in carrying out its mission to revive cultural life in Jerusalem.

Yabous is a Jerusalem-based nonprofit Palestinian organization founded in 1995, by Suhail Khoury and a group of culture enthusiasts. Yabous works to preserve the Palestinian national identity and revive the cultural life in Jerusalem through the organization of various and continuous cultural and artistic programs and events throughout the year. In order to achieve its objectives and to implement its programs and activities, Yabous has been keen to rehabilitate the former Jerusalem Cinema and transform it to a multi-purpose cultural center that provides basic facilities to accommodate these activities, including the Cinema Al Quds Hall, a meeting room, the Faisal Husseini Hall for music, dance, festivals and conferences, the salon of Mahmoud Darwish for exhibitions and workshops specialized in visual arts, the art shop, which deals with the marketing of works and artistic, literary and craft publications that are produced and issued in Palestine, and some that are produced outside Palestine, and a coffee shop that hosts the center's visitors and the general public of Jerusalem.

Other Areas of Support

Solar Energy System- Birzeit University

In 2018, APIC installed a solar energy system on the top roof of the Omar Aggad Engineering Building at Birzeit University (BZU), with a total operational capacity of 258 Kwp for self-consumption at Birzeit University.

Founded on the principles of excellence and opportunity for all, Birzeit University has become Palestine's leading academic institution. It is an academic powerhouse with a clear focus on excellence that has secured its national and international recognition unparalleled with other established institutions. Birzeit University is a vibrant community of scholarship and learning that stands in the service of the country and the community. The university has been a thorn in the side of the occupation, insisting on playing its role of enlightenment and creating a multicultural Palestinian society on the campus grounds. Additionally, BZU constantly works to meet today's standards, and the expectations of 14,000 students attending its faculties of science, arts, business and economics, education, engineering and technology, graduate studies, law and public administration, pharmacy, nursing and health professions, and art, music and design.

Other Areas of Support

Eye on Palestine Economic Program on CNBC Arabia

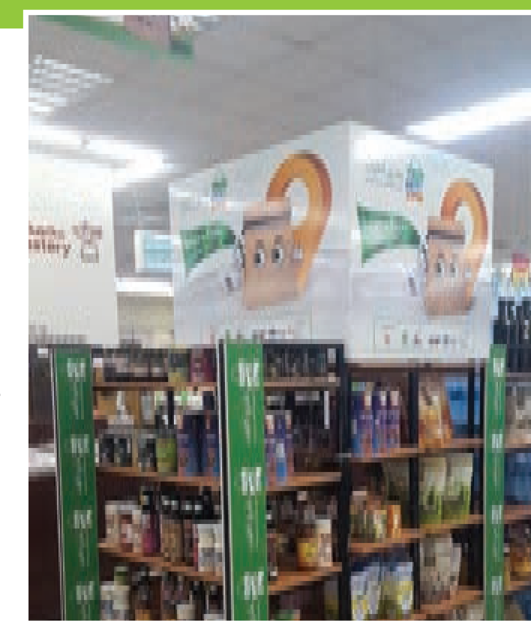
APIC sponsors the "Eye of Palestine" economic program, which was launched in November 2017 on CNBC Arabia. This comes as part of its belief in the importance of contributing to changing the stereotype about the Palestinian economy among the Arab business community and media, in addition to promoting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

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

بلدي أطيب
طيبة وجودة في بلدي موجودة

Other Areas of Support

PALTRADE
مركز التجارة الفلسطيني
PALESTINE TRADE CENTER



Palestine Trade Center (PalTrade)

In 2018, APIC launched strategic support for two years in favor of the Baladi Atyab campaign executed by PalTrade, which aimed to raise awareness about the quality of Palestinian products.

PalTrade was established in 1998 as a non-profit development organization, and was mandated as the Palestinian national export development organization with a mission to lead the development and sustainable increase of Palestinian exports as a driving force for sustainable national economic growth. PalTrade provides a wide range of support in the areas of export development and market intelligence, export promotion, and export policy and advocacy. PalTrade was endorsed by the Palestinian cabinet as the national export development organization in 2005, and was named as the secretariat of the Palestinian Exports Council (PEC) in 2014. PalTrade is a board member at the Arab Union for International Exhibitions & Conferences and a board member at the Coalition for Accountability and Integrity (AMAN). It is also a member in the Private Sector Coordination Council and Chair of the Council for six months every three cycles.

Other institutions

Throughout 2018, APIC and its subsidiaries provided financial and in-kind support to various groups and organizations, including:

- Palestine Federation of Industries
- Beitunia Municipality
- Ramallah Convention
- Koubar Development Association – (Koubar Society Kindergarten)
- Palestinian Journalist Syndicate - International Federation of Journalists Conference - Ramallah
- Le Trio Joubran - The Long March Album Release - Ramallah
- The General Union for Palestinian Women in Lebanon.
- Al-Ahli Hospital – Hebron
- Al-Awda Hospital in Gaza
- Sports, cultural and youth centers and clubs
- A number of institutions working to increase global awareness of the socio-economic, political and cultural characteristics of Palestine



Financial Performance 2018

Summary of Financial Performance

In 2018, the group achieved total revenues of USD 733.2 million, a growth of 7.24% compared to the previous year. However, the gross margin on revenues in 2018 declined by 1.1% year on year, which was mainly due to the fluctuation of shekel's rate versus the US dollar and the time difference in the exchange rate when buying and importing goods vis-à-vis the exchange rate when sales are achieved. It is also important to note that most of the group's sales are acquired in shekels, while all operational activities are translated into US dollars when realized and the final financial statements are converted into US dollars. Thus, this decline in the gross margin is considered the main reason for the drop in the group's net profits in 2018 compared to 2017. The group's net expenses increased by 4.2% over the year 2017, mainly due to the increase in depreciation and financing expenses, as the group's total bank borrowing by the end of year 2018 increased by USD 23 million compared to 2017, combined with the increase of the globally libor rate during 2018. The group's EBITDA amounted to USD 38.9 million in 2018, which is about the same as in 2017. Accordingly, the group's net profits, including non-controlling interest in 2018, amounted to USD 16.04 million, a drop of 8.15% year on year, while net profits attributed to APIC shareholders grew by 9.7% compared to 2017 to reach USD 13.09 million in 2018, largely brought about by the full acquisition of APIC's subsidiary Medical Supplies and Services.

APIC's Financial Position

Certain items were restated in the statement of financial position in the previous year 2017 to comply with International Financial Reporting Standards (IFRS), particularly after presenting all land held by the group at its fair value instead of cost value as allowed by IFRS 16. Some of the land owned by the group was presented in the financial statements at its fair value, while others at their cost value. In 2018, and after adopting the presentation of land owned by the group at its fair value, the financial statements were restated accordingly; the effect of fair value difference on net assets and on net equity was eliminated from previous years' data, while the full effect of the fair value difference on these pieces of land was presented in the financial statements of 2018. It is important to note that the comparative figures have not been adjusted to include the impact of all land valuation at its fair value retroactively; it is impractical to do so because it is difficult to obtain assessments of all land at the end of previous years. Therefore, total assets amounted to USD 383.14 million at the end of 2018, an increase of 8.6% over 2017, with part of the growth related to the company's decision to present the land at its fair value, causing an increase in the value of these lands by USD 16.9 million.

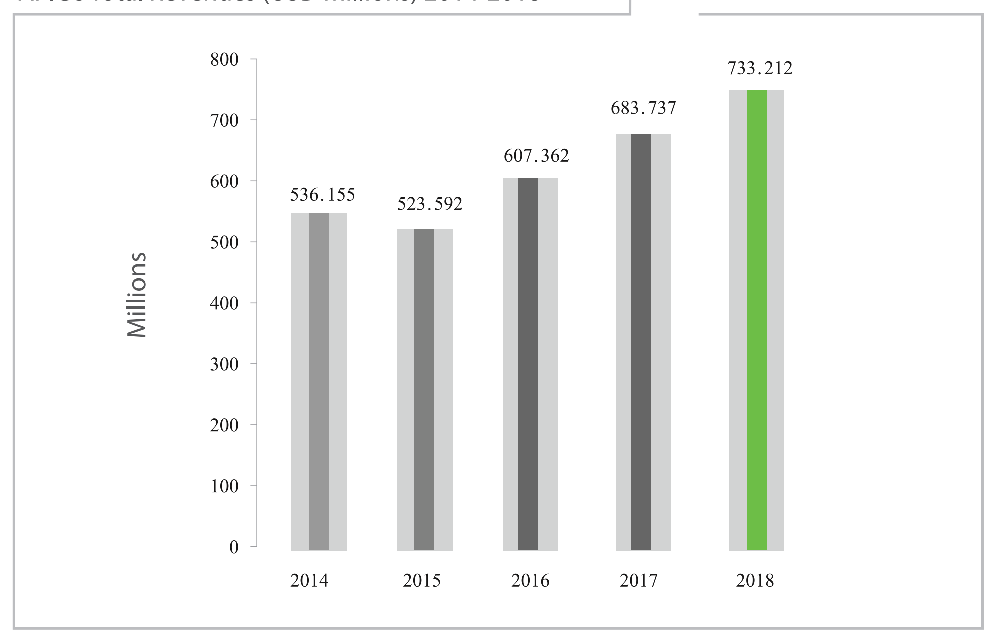
Current assets amounted to USD 214.3 million at the end of 2018, an increase of 6.3% over 2017. The group's working capital amounted to USD 59.3 million at the end of 2018, an increase of 10.5% over 2017.

The group's bank borrowing and bonds increased, reaching USD 154.35 million by the end of 2018, a rise of 17.5% over 2017. The increase in short-term borrowing related to operation financing of the group was USD 9.5 million, while the increase in the long-term borrowing related to financing new fixed assets and long-term investments was USD 13.47 million. The borrowing balance included USD 35 million bonds, which the holding company issued in January 2017 with a total nominal value of USD 35 million, and maturity date of January 2022. USD 20 million was utilized to repay the nominal value of the first issued bonds, which matured on January 31, 2017; USD 8 million was used to settle a portion of the company's bank loans during that period, while the remaining balance was utilized in financing various company investments; thus, the bonds represented 22.7% of the group's total borrowing at the end of 2018.

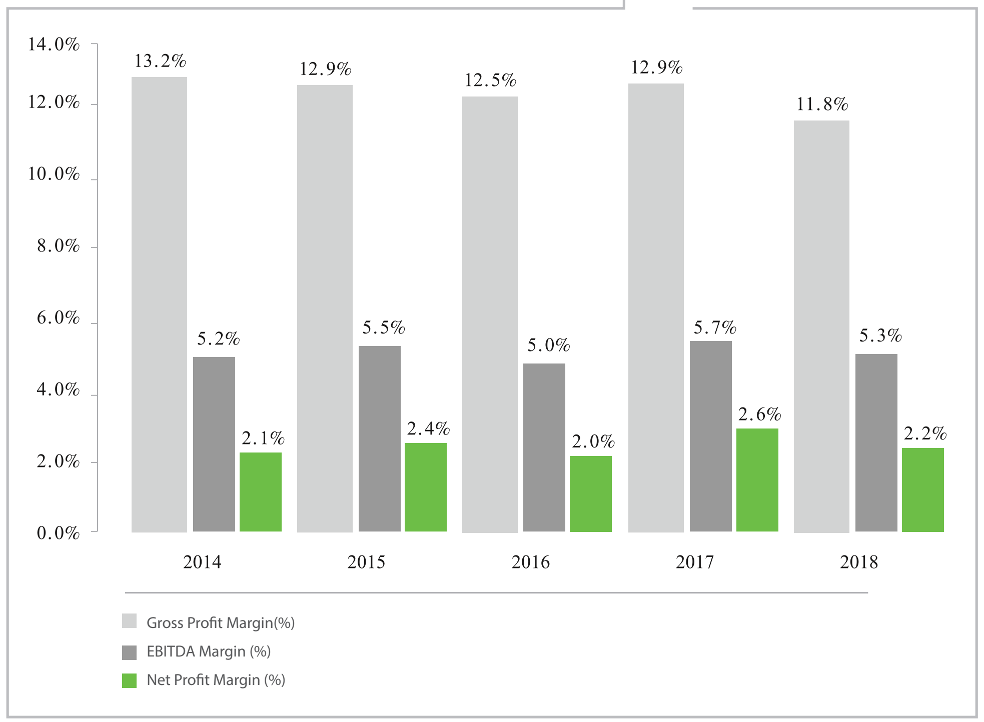
As for owners' equity in 2018, USD 5 million was distributed as cash dividends to shareholders. Moreover, the company's capital was increased by 12 million shares; 5 million as bonus shares were distributed to APIC shareholders, and 7 million shares were issued in a private placement to Dr. Walid AlKayyali in a share swap transaction in return for acquiring his entire 50% stake in APIC subsidiary Medical Supplies and Services, making it wholly owned by APIC. Accordingly, the company's paid-in capital became USD 82 million. Furthermore, net profit of USD 14.75 million was realized from the consolidated statement of comprehensive income, of which USD 11.8 million was attributed to APIC shareholders. It is worth noting that the share swap transaction with Dr. Walid AlKayyali caused an increase in shareholder equity through the premium issuance value of the share for Dr. AlKayyali, which amounted USD 8.05 million, also causing a drop in net equity due to the variance balance between the company's book value and the fair value of the shares that were bought in Medical Supplies and Services. This also applies to the acquisition of Diamond Meat Processing Company in the United Arab Emirates by APIC subsidiary Siniora Food Industries Company. Moreover, the company's decision to unify its accounting policy by presenting all land owned by the group at its fair value also contributed to increasing net equity by USD 16.9 million, of which USD 14.8 million was attributed to APIC shareholders. Hence, total owner equity, including non-controlling interest, amounted to USD 139.4 million at the end of 2018, an increase of 11.3% over 2017. APIC shareholder equity amounted to USD 115.89 million at the end of 2018, an increase of 27.8% over 2017.

The following charts demonstrate the development of revenues, various profit margins and ratios achieved between 2014 and 2018:

APIC's Total Revenues (USD millions) 2014-2018



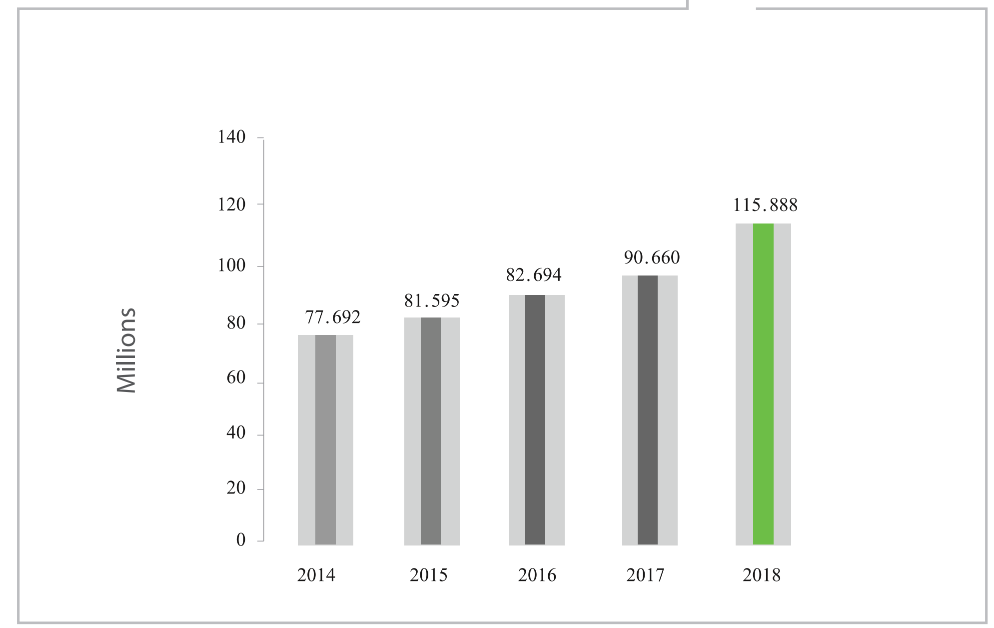
APIC's Historical Profit Margins 2014-2018



The charts below demonstrate total assets and net shareholder equity between 2014 and 2018:

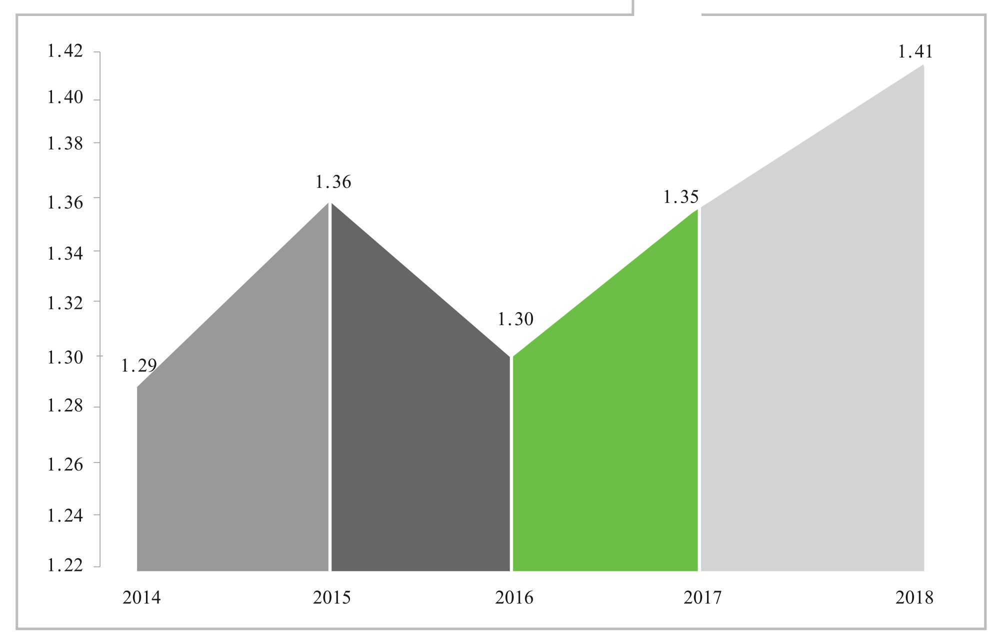
APIC's Total Assets (USD millions) 2014-2018

APIC's Net Shareholder Equity (USD millions) 2014-2018



The following chart demonstrates the company's book value per share between 2014 and 2018:

Book Value Per Share (USD) 2014-2018



Discrepancy Between Initial Disclosure And Final Audited Results

In February 2019, APIC disclosed its consolidated preliminary financial statements for 2018 before audit by the external auditor and auditor's expressed opinion thereon. No major discrepancies were found after the completion of auditing except for an increase of USD 330,000 in the fair value of some financial assets available for sale in the consolidated statement of comprehensive income, in addition to some minor modifications and classifications accredited by the auditors.

Consolidated Statement of Income

- Revenues were slightly lower than the preliminary results, which was caused by the implementation of the IFRS 15 related to presetting the value of some revenues in certain transactions at their net value after the clearance of expenses related to these transactions. Also, some revenues and their related expenses were reclassified in relation to revenues from sales and revenues from services, as well as redirecting part of the expenses that had a direct relation to expenses of sales and revenues.
- Net profit, including non-controlling interest, in the audited results was very close to what was disclosed in the preliminary results, with a variance of only USD 4,600. This was due to the recovery of certain provisions.

Consolidated Statement of Financial Position

A number of accounts and items have been reclassified in the statement of financial position in accordance with the auditor's accredited classification. The effect of additional gains in fair value arising from the consolidated statement of comprehensive income was added, as well as the effect of the reclassification of some comparative records related to the valuation of the land owned by the group.

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
DECEMBER 31, 2018

TABLE OF CONTENTS

	Page
Independent Auditor's Report	77-81
Consolidated Statement of Financial Position	82
Consolidated Statement of Income	83
Consolidated Statement of Comprehensive Income	84
Consolidated Statement of Changes in Owners' Equity	85
Consolidated Statement of Cash Flows	86
Notes to the Consolidated Financial Statements	87-134

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INDEPENDENT AUDITOR'S REPORT

AM / 001 / 006655

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

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of Arab Palestinian Investment Company (Holding Company) and its subsidiaries "The Group" which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statements of income, comprehensive income, changes in owners' equity, and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Emphasis of a Matter:
We draw your attention to note (38) of the financial statements, which describes that the group has restated the figures of the consolidated financial statements retrospectively to adjust for a change in accounting policies used by to the Group, whenever was practical to do so. Our opinion is not qualified in respect of these matters.

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Key Audit Matters

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

We have performed the tasks mentioned in the auditor responsibility paragraph that is related to the audit of the consolidated financial statements of the Group, in addition to all matters related, therefore our audit comprehensively involves the performance of the procedures that were designed as a response to the risk of material misstatement of the consolidated financial statements.

The results of the performed audit procedures, including those related to the treatment of the items specified below provides basis for our opinion regarding the audit of the accompanied consolidated financial statements.

A description was provided regarding how each of the matters below was tested as part of the audit procedures.

Implementation of IFRS 9 "Financial Instruments"

The Group has adopted IFRS 9 "Financial Instruments" effective January 1st, 2018, this standard supersedes the requirements of IAS 39 "Financial instruments - recognition and measurement".

We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivable. The ECL model involves the use of various assumptions, macro-economic factors and the study of historical trends relating to the Group's trade receivables collections experience.

As of December 31, 2018, the carrying value of trade receivables, checks under collection and other financial assets applicable to the statements amounted to approximately USD 130 million.

How our audit addressed the key audit matter

We performed the following procedures in relation to the implementation of IFRS 9:

- Reviewed management's assessment of the impact of IFRS 9 in terms of the classification and measurement of its financial assets and liabilities, and understood the approach taken towards implementation.
- Reviewed the expected credit losses model developed by management to that required by IFRS 9 and reviewed the reasonable of the methodology in comparison to accepted best practice. We also tested the arithmetical accuracy of the model;
- Tested key assumptions, used by management, by comparing to historical data. We also considered the incorporation of forward looking factors (predominantly economic) to reflect the impact of future events on expected credit losses;
- Review a sample of the receivables aging provided to us by the Group's management.
- Involved our accounting subject matter specialists to review the methodology used in the expected credit losses model; and compared this against accepted best practice.

The important accounting policies and accounting estimates are presented in Notes (3), (4), and (5) in the consolidated financial statements.

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Provision for expected credit loss related to accounts receivable and checks under collection

The Expected credit loss related to accounts receivable and checks under collection is considered a key audit matter. It requires the Group's management to use assumptions to assess the collectability of accounts receivable and checks under collection based on the customers' financial conditions and related credit risks. The balance of net accounts receivable and checks under collection amounted to USD 94.7 million, representing approximately 24.7% of the assets amount as of December 31, 2018.

The nature and characteristics of Group's accounts receivable are varied. They include export, local sales, governmental receivables and other receivables. This requires making assumptions and using estimates to take the provision for expected credit loss related to those receivables.

Scope of Audit to Address Risks

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

The important accounting policies and accounting estimates are presented in Notes (3), (4), and (5) in the consolidated financial statements.

Inventory

Inventory is a key audit matter. It requires the Group's management to use assumptions to its net realizable value and whether there's a need for a provision for impairment or to write-off part of it. The balance of net inventory amounted to around USD 76.4M representing approximately 20% of the assets amount as of December 31, 2018.

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

Scope of Audit to Address Risks

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

The important accounting policies and accounting estimates are presented in Notes (3), (4), and (5) in the consolidated financial statements.

Other Matter

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control of the group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on effectiveness of internal control.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain appropriate and suitable evidence regarding the financial information and the workplace activities within the group "The company and its subsidiaries" to present an opinion on the consolidated financial statement. We are responsible for the coordination, supervision and performance of the group's audit. We are solely responsible regarding our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements
The Group maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman - Jordan
March 27, 2019

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010105

Arab Palestinian Investment Company

(Holding Company)

British Virgin Islands

Consolidated Statement of Financial Position

	Note	December 31, 2018 2018	December 31, 2018 2017 (Restated)	Janauary 1, 2017 (Restated)
Assets		USD	USD	USD
Current Assets				
Cash on hand and at banks	6	21,711,261	21,456,243	10,314,805
Accounts receivable and short term checks under collection - net	7	92,680,110	79,098,086	86,013,721
Inventory - net	8	76,443,448	77,092,623	66,065,747
Due from related parties	35	715,030	963,146	622,165
Financial assets at fair value through profit or loss	9	12,513	11,261	144,661
Other debit balances	10	20,270,317	18,842,505	22,693,504
Leasing contracts receivable- short term	11	2,446,175	4,045,901	1,496,842
Total Current Assets		214,278,854	201,509,765	187,351,445
Non-Current Assets				
Leasing contracts receivable- long term	11	4,855,096	5,471,931	4,715,411
Cheques under collection - long term	12	2,006,796	3,406,331	1,146,235
Deferred tax assets	22	1,655,630	1,622,245	1,461,959
Financial assets at fair value through other comprehensive income	13	25,836,667	24,011,533	19,544,112
Investment property	14	1,326,884	1,326,884	1,326,884
Intangible assets - net	15	16,920,201	17,039,791	17,085,612
Property and equipment - net	16	111,827,167	96,944,871	89,505,554
Projects under construction	17	4,428,186	1,519,878	3,983,948
Total Non-Current Assets		168,856,627	151,343,464	138,769,715
Total Assets		383,135,481	352,853,229	326,121,160
Liabilities and Equity				
Current Liabilities				
Due to banks	18	46,383,855	36,866,412	43,154,556
Accounts payable		50,524,785	56,691,730	43,363,783
Notes payable within one year and postdated checks	19	6,734,867	5,350,902	7,467,578
Due to related parties	35	739,017	852,407	852,344
Short term loan installments	20	31,299,551	26,586,064	31,595,701
Other credit balances	21	16,526,302	18,675,328	16,540,740
Income tax provision	22	2,796,094	2,847,604	1,970,625
Total Current Liablilities		155,004,471	147,870,447	144,945,327
Non Current Liabilities				
End of service indemnity provision	23	12,062,613	11,850,220	9,909,246
Long term bonds payable	24	35,000,000	35,000,000	20,000,000
Long term loans installments	20	41,664,561	32,909,310	36,631,472
Total Non-Current Liabilities		88,727,174	79,759,530	66,540,718
Total Liabilities		243,731,645	227,629,977	211,486,045
Equity				
Shareholders Equity				
Paid up capital	1 / b	82,000,000	70,000,000	66,000,000
Share premium		8,050,000	-	-
Retained earnings		21,551,798	19,325,865	15,354,726
Cumulative change in fair value		1,354,372	2,593,563	1,966,894
Property and equipment revaluation reserve	25	14,797,456	-	-
Foreign currency translation effect		(16,336)	37,278	319
Difference on the purchase of minority interest		(11,849,672)	(1,296,901)	(627,918)
Total shareholders equity		115,887,618	90,659,805	82,694,021
Non controlling interest	26	23,516,218	34,563,447	31,941,094
Total Equity		139,403,836	125,223,252	114,635,115
Total Liabilities and Equity		383,135,481	352,853,229	326,121,160

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

ARAB PALESTINIAN INVESTMENT COMPANY

(HOLDING COMPANY)

BRITISH VIRGIN ISLANDS

CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2018 2018	For the Year Ended December 31, 2018 2017
		USD	USD
Net sales		726,691,620	677,101,155
Less: Cost of sales		(643,650,976)	(592,542,314)
Sales Gross Profit	27	83,040,644	84,558,841
Service revenue		6,520,482	6,635,832
Less: Service cost		(3,060,506)	(3,332,578)
Net Service revenue		3,459,976	3,303,254
Less: General and administrative expenses	28	(37,855,649)	(34,731,256)
Selling and distribution expenses	29	(21,865,373)	(23,632,521)
Profit from Operations		26,779,598	29,498,318
Unrealized gain (loss) from financial assets at profit or loss		1,251	(26,664)
Gain from financial assets at fair value through other comprehensive income	30	1,195,027	992,498
Interest and borrowing cost		(9,142,709)	(7,728,354)
Other revenue (expenses) - net		1,522,420	(855,354)
Profit for the Year before Income Tax		20,355,587	21,880,444
Income tax expense - the Company and its subsidiaries	22	(4,317,251)	(4,418,466)
Profit for the Year		16,038,336	17,461,978
Attributable to:			
Company's shareholders		13,085,969	11,931,139
Non-controlling interest	26	2,952,367	5,530,839
Profit for the year		16,038,336	17,461,978
Earnings per share attributable to the Company's shareholders	37	0.170	0.159

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ARAB PALESTINIAN INVESTMENT COMPANY

(HOLDING COMPANY)

BRITISH VIRGIN ISLANDS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2018	**2017**
	USD	**USD**
Profit for the year	16,038,336	17,461,978
Other Comprehensive Income Items:		
Comprehensive Income items which are transferable to the Consolidated Statement of Income:		
Change in fair value - financial assets at fair value through other comprehensive income	(1,239,191)	626,669
Foreign currency translation	(53,614)	36,959
Total comprehensive income for the year	14,745,531	18,125,606
Total Comprehensive Income Attributable to:		
Company's shareholders	11,793,164	12,594,767
Non-controlling interest	2,952,367	5,530,839
Total Comprehensive Income for the year	14,745,531	18,125,606

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

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

	Note	For the year ended December 31, 2018	2017
		USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before tax		20,355,587	21,880,444
Adjustments for:			
Loss (gain) from the sale of property, plant and equipment		132,432	(69,991)
Depreciation of property and equipment	16	9,404,879	9,255,182
Unrealized (Gain) loss from financial assets at fair value through profit and loss		(1,252)	26,664
Provision for expected credit loss	7	216,004	748,756
Provision for slow moving items	8	664,103	692,907
Provision for End of service indemnity	23	2,118,884	2,780,563
Provision for Uneared leasing contracts	11	42,364	120,102
Cash Flows from Operating Activities before Changes in Working Capital		32,933,001	35,434,627
Decrease (increase) in accounts receivable and other debit balances		(15,225,840)	10,017,878
(Increase) in inventory		(14,928)	(11,719,783)
(Decrease) in due from / to related parties		134,726	(340,918)
Decrease (increase) in long-term checks under collection		1,399,535	(3,305,579)
Decrease (increase) in financial leasing contracts		2,174,197	(2,260,096)
(Decrease) increase in accounts payable and other credit balances		(8,315,971)	15,462,535
Net Cash Flows from Operating Activities before End-of-Service Indemnity and Income Tax Paid		13,084,720	43,288,664
Paid from End-of-service indemnity provision	23	(1,906,491)	(839,589)
Paid from Income tax provision	22	(4,409,890)	(3,701,773)
Net Cash Flows from Operating Activities		6,768,339	38,747,302
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in financial assets at fair value through profit or loss		-	106,736
(Increase) in financial assets at fair value through other comprehensive income		(1,825,134)	(4,467,421)
Purchase of Property and Equipment	16	(11,237,567)	(17,322,243)
Proceeds from the sale of Property and Equipent		3,636,523	3,632,745
Additions to projects under construction	17	(2,980,657)	(942,509)
Net Cash Flows (used in) Investing Activities		(12,406,835)	(18,992,692)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends distributed		(5,000,000)	(3,960,000)
Increase (decrease) in due to banks		9,517,443	(6,288,144)
Increase (decrease) in loans, checks and notes payable		14,852,703	(10,848,475)
Net change in non - controlling interest and foreign currency translation and others		(13,476,632)	(2,516,553)
Increase in Bonds		-	15,000,000
Net Cash Flows from (used in) Financing Activities		5,893,514	(8,613,172)
Net Increase in Cash		255,018	11,141,438
Cash on hand and at banks- beginning of the year		21,456,243	10,314,805
Cash on Hand and at Banks- End of the Year	6	21,711,261	21,456,243
Non Cash Items			
Property and Equipment revaluation impact	16	16,924,300	-
		16,924,300	-

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ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

a. Arab Palestinian Investment Company (Holding Company) was established on September 20, 1994 and registered in the British Virgin Islands under Number (128626), The company's authorized capital amounted to USD 100 million divided into 100 million shares at a par value of USD 1 per share.

b. Several amendments were made to the Company's paid up capital during the year 2018, As on May 2, 2018 upon the decision of the company's general assembly meeting held on the that date raised its paid up capital by USD 5 Million through capitalizing part of its retained earnings, The company has also on the September 19, 2018 raised its paid up capital upon the decision of its general assembly meeting held on that date by USD 7 million to reach USD 82 million through the performance of a share swap agreement. The approvals were obtained from the regulatory authorities in Palestine and the British Virgin Islands.

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

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

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

f. The Board of Directors approved the Company's consolidated financial statements on March 25, 2019.

2. Basis of Preparation of the consolidated financial Statements

- The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:
  - has the power over the investee;
  - is exposed, or has rights, to variable returns from its involvement with the investee; and
  - has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Company and its subsidiaries are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in income statement is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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

	December 31, 2018		December 31, 2017			
	Paid-up Capital	Equity Share	Paid-up Capital	Equity Share	Ownership Date	Main Activity
	USD	%	USD	%		
Arab Palestinian Storage Company	4,500,000	68.47	4,500,000	68.47	1997	Management of refrigerated stores
Medical Supplies and Services Company **	4,000,000	100	4,000,000	50	1998	Trade of medicine and medical supplies
Unipal General Trading Company	7,042,253	93.41	7,042,253	93.41	1998	General trading
National Aluminum and Profiles Company	9,732,017	72.99	9,732,017	72.99	1995	Manufacturing of aluminum
Palestine Automobile Company	14,500,000	100	14,500,000	100	1998	Trading of cars
Sky Advertising, Public Relations and Events Company	845,068	100	845,068	100	2000	Advertising, public relations and events
Siniora Food Industries Company*	35,260,931	65.77	31,029,619	61.74	1996	Food industries
Arab Palestinian Shopping Centers Company	9,876,543	99.78	9,876,543	99.72	1999	Establishing and owning commercial / shopping malls
Jericho Natural and Mineral Water Factory Company	4,803,734	85	4,803,734	85	2001	Natural and mineral water
Arab Leasing Company	3,000,000	100	3,000,000	100	2015	Financial Leasing
Arab Palestinian Investment Company / Jordan (Exempted)	70,400	100	70,400	100	2011	Trading of cars and commercial agencies

The following are the most important financial information for the subsidiary companies for the year 2018:

	December 31, 2018		For the Year Ended December 31, 2018	
Company's Name	Total Assets	Total Liabilities	Total Revenue	Total Expenses
	USD	USD	USD	USD
Arab Palestinian Storage Company	859,542	2,695,262	272,639	543,582
Medical Supplies and Services Company	65,461,396	44,867,774	61,996,075	57,638,138
Unipal General Trading Company	81,404,138	50,076,449	512,051,642	501,027,008
National Aluminum and Profiles Company	38,148,595	21,437,578	25,739,618	24,935,400
Palestine Automobile Company	52,731,162	34,338,821	32,592,702	32,560,802
Sky Advertising, Public Relations and events Company	3,823,741	1,828,829	6,437,127	6,060,663
Siniora Food Industries Company	90,536,305	39,451,876	78,505,893	72,405,592
Arab Palestinian Shopping Centers Company	26,746,010	12,794,904	30,250,475	30,346,315
Jericho Natural and Mineral Water Factory Company	15,106	71,286	-	8,141
Arab Leasing Company	11,288,476	7,547,748	1,012,428	752,020
Arab Palestinian Investment Company / Jordan (Exempted)	2,514,323	1,149,565	1,068,115	226,729

* On April 30, 2018, Siniora Food Industries Company has signed an agreement to purchase the shares of the partner in Diamond Meat Processing Company for the amount of JD 3,752,466 (USD 5,292,618). The Company has completed the ownership transfer procedures with the legal authorities during the second half of the year 2018.

** On September 19, 2018, The Arab Palestinian Investment Company has signed an agreement to acquire and purchase the shares of the partner in Medical Supplies and Services Company through a strategic deal wherein the shares of the partner are acquired, the value of this deal is covered through the issuance of an additional 7 million shares of its USD 100 million authorized capital at a par value of USD 1 per share in addition to share premium of USD 1.15 per share to the new shareholder. The Company has completed the ownership transfer procedures with the legal authorities during the second half of the year 2018.

3. Significant Accounting Policies

1. Basis of Preparation of the Consolidated Financial Statements:

- The consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Standards Interpretation Committee, emanating from the International Standards Board.

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

2. The accounting policies adopted in the preparation of the consolidated financial statements for this year are consistent with those applied for the year ended December 31, 2017 except for what is mentioned in note (5/a) (5/b) and the effect of the retrospective application of accounting principles as mentioned in note (38) of the consolidated financial statements.

The following are the most significant accounting policies adopted:

Financial Instrument
Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets
Financial assets are recognised in the Group's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Provision for expected credit losses
The Group has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Group assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Write off
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 24 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of income.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through statement of income.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised consolidated statement of income.

Dividends Income:
Dividends Income is realized once the right to receive payments is acquired, which is the date before dividends are distributed for publically listed companies, and usually the date of approval for the distribution of dividends by the shareholders of non-publically listed companies.

The distribution of dividends income at the consolidated statement of profit and loss on the classification and measurement of the investment in shares, where in:

- Regarding equity instruments that are held for trading, Dividends income is listed on the consolidated statement of profit and loss within the Profit (Loss) from financial assets at fair value through profit and loss financial statements line, And

- As to equity instruments that are classified at fair value through other comprehensive income, Dividends income is listed on the consolidated statement of profit and loss within the dividends from financial assets at fair value through other comprehensive income financial statements line, And

As to equity instruments that are not measured at fair value through other comprehensive income and that are not held for trading, Dividends income is listed as net income from other instruments at fair value through the statement of profit and loss.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Fair value measurement
Fair value is defined as the a price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to take these factors into account at the measurement date. The fair value of the measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement measures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1) or (2) or (3) based on the extent to which the inputs are clear to fair value measurements and the importance of inputs to the full fair value measurements, which are identified as follows:

Input Level (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that the enterprise can obtain on the measurement date;

Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and;

Input level (3) are inputs to assets or liabilities that are not based on quoted market prices.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Impairment of non-financial assets

At the reporting date, the Company assesses whether there is evidence that the asset has been impaired. If any evidence exists, or when an impairment test is required, the Company assesses the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset or cash-generating unit less cost of sales and value in use whichever is higher and is determined for the individual asset, unless the asset does not generate substantially independent internal cash flows from those arising from other assets or assets of the company. Where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

In assessing the fair value used, future cash flows are discounted to their present fair value using a pre-tax discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset. In determining fair value less cost of sales, recent transactions in the market are taken into consideration if available. If such transactions cannot be identified, the appropriate valuation model is used.

Inventory

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

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

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

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

Revenue recognition

The Company recognises revenue mainly from sale of goods.

Revenue is measured based on the consideration to which the company expects to be entitled (net after returns and discounts) in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer, being when the goods have been shipped to the specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

If customers have a right of return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

For certain customers, the goods are sold with discounts retroactively on the basis of 12 months of total sales. Revenue of these sales is recognized based on the price specified in the contract less estimated discounts. The Company uses its accumulated historical experience to estimate discounts and the revenue is recognized to the extent that it is probable that there will be no material reversal. Liabilities for discounts on payments to customers are recovered in respect of sales made during the year.

The Company account for consideration payable to a customer (listing fee and promotional expenses) which occur in conjunction with purchase of goods from the Company as a reduction of the transaction, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

Property and Equipment

- Property and equipment are stated at cost and depreciated using the straight-line method at annual rates ranging from 2% to 25% except for land which is measured at fair value with the change in its fair value presented in owners' equity.

- When the expected recoverable amount of any property 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 it existed) is taken to the consolidated statement of income.

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

- Property and equipment are disposed of when there are no expected future benefits from its use or its disposal.

Intangible Assets

Goodwill

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

- Goodwill is distributed among cash generating unit(s) for the purpose of impairment test.

- The value of goodwill is reviewed on the date of the consolidated financial statements, Goodwill value is reduced when there is evidence that it is impaired or the recoverable value of the cash generating unit(s) is less than the book value of the cash generating unit(s), The decline in value is booked as an impairment loss and charged to the consolidated statement of income.

Other Intangible Assets (Trademarks)

- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

- Intangible assets are to be classified on the basis of either definite or indefinite useful life, Intangible assets with definite useful lives are amortized over their useful lives and charged to the consolidated statement of income, Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is charged to the consolidated statement of income.

- No capitalization of intangible assets resulting from the Company's operations is made, they are charged to the consolidated statement of income in the year incurred.

- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustments are made in the subsequent periods.

Foreign Currencies

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in the functional currency of the Company, and the presentation currency for the consolidated financial statements.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated statement of income in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to consolidated statement of income on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated statement of income.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in consolidated statement of income. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to consolidated statement of income.

Investment Property

Investment property is accounted for at fair value. Any gains or losses that arise from the revaluation of investment property are recognized in the consolidated statement of income.

Interest income and expenses
Interest income and expense for all financial instruments are recognized in the statement of income using the effective interest method.The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

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

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

Income Tax
- Income tax expenses represent accrued taxes and deferred taxes.

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

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

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

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

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.

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

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

4. Significant Accounting Judgments and Key Sources of Uncertainty
The preparation of the consolidated financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenue, expenses and provisions in general and expected credit losses. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The key estimates used by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Useful life of tangible assets and intangible assets
The management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

Income tax
The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

Lawsuits provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company's legal counsel that identifies potential risks in the future and periodically reviews the study.

Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the consolidated statement of income for the year.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

5. Application of new and revised International Financial Reporting Standards

a. Amendments with no material effect on the consolidated financial statements of the Group:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS (1) *"Application of International Standards for the First Time"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*. The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: *"Foreign currency transactions and advances".*	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance. This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • A consideration in foreign currency or priced in foreign currency exists; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and • Prepaid assets or deferred income liabilities are not cash.

5. Application of new and revised International Financial Reporting Standards

a. Amendments with no material effect on the consolidated financial statements of the Group:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS (1) *"Application of International Standards for the First Time"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*. The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: *"Foreign currency transactions and advances".*	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance. This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • A consideration in foreign currency or priced in foreign currency exists; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and • Prepaid assets or deferred income liabilities are not cash.

New and revised standards	Amendments to new and revised IFRSs
Amendments to IAS 40: *"Investment properties".*	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)
Amendments to IFRS 2 *"Share-based Payment".*	These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following: 1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments. 2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net. 3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows: a. Abrogation of the original obligation; b. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and c. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income
Amendments to IFRS 4: *"Insurance contracts".*	These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.

New and revised standards	Amendments to new and revised IFRSs
IFRS 15 Revenue from Contracts with Customers.	IFRS 15 was issued in May 2014, which established a comprehensive model for enterprises to be used in accounting for revenue generated from contracts with customers. This standard will replace current income recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The basic principle of this standard is that an entity must recognize revenue to indicate the transfer of goods or services to the customer in an amount that reflects the consideration that the entity expects to receive for such goods or services. In particular, the standard provides a five-step approach to revenue recognition: Step 1: Determining the contract (s) concluded with the client. Step 2: Defining performance obligations in the contract. Step 3: Determining the selling price. Step 4: Assigning a sale price to the performance obligations in the contract. Step 5: Recognizing revenue when the entity meets (or fulfills) an obligation to perform. Under this Standard, an entity recognizes revenue when (or at the time) it fulfills its performance obligation, that is, when control over the goods or services underlying the performance obligation is transferred to the customer. More mandatory guidelines have been added to the Standard to deal with specific scenarios. In addition, the standard requires comprehensive disclosures.
Amendments to IFRS 15 *"Revenue from Contracts with Customers"*.	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

b. Amendments with material effect on the consolidated financial statements of the group in addition to the changes in accounting policies in note (38) to the consolidated financial statements:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS 9 "Financial Instruments" issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements. Moreover, the Company has early adopted IFRS 9 (first phase), regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Group has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 *"Financial Instruments: Recognition and Measurement"*, concerning the application of IFRS 9.

IFRS 9 has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS 9 also modifies other standards that address financial instruments such as IFRS 7 *"Financial Instruments: Disclosures"*.

The final version of IFRS 9 includes the accounting requirements for financial instruments and supersedes IAS 39 *"Recognition and Measurement"*. The new version of the standard includes the following requirements:

Classification and Measurement:
Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:
The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:
The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

Derecognition:
The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS 39.

The details of the accounting policies adopted by the Group and the significant estimates used by the group's management in accordance with IFRS 9 as set out and applied in the current period are stated in note. The disclosure regarding the impact of the adoption of the IFRS 9 on the opening balance as of January 1, 2018 is as follows:

Item	IAS (39)	IFRS (9)	Impact of adoption
	USD	USD	USD
Accounts receivables and checks under collection - net	79,098,086	78,190,469	(907,617)
Retained Earnings	19,325,865	18,465,829	(860,036)
Non-controlling interest	34,754,119	34,706,538	(47,581)

The following is the effect of application of IFRS (9) as of December 31, 2018:

	Provision balance as January 1, 2018 (Adjusted)	Expected credit loss for the year	Written off debt	Foreign currency translation effect	Provision balance as December 31, 2018
	USD	USD	USD	USD	USD
Provision for expected credit loss	6,470,156	216,004	(1,165,282)	(96,471)	5,424,407

IFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

The Group has adopted IFRS 15 using the cumulative effect approach. Accordingly, the Company did not adjust the comparative figures until December 31, 2017 as previously recorded, and did not have an impact on the opening balances of the current retained earnings. Details of the Company's accounting policies were disclosed in detail in note (2) above.

The effect of the adoption of IFRS 15 on the consolidated statement of profit and loss for the year 2018 is as follows:

Item	The Balance Reported in the Statement of Income	Effect of Application of International Financial Reporting Standard (IFRS 15)	Balance without Application Effect
	USD	USD	USD
Sales revenue	78,505,893	(1,517,616)	76,988,277
Selling and distribution expenses	11,973,540	1,075,990	13,049,530

c. New and revised IFRS in issue but not yet effective and not early adopted

The Group has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements with its details as follows:

New and revised IFRS	Amendments to new and revised IFRSs
Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 *"Business Combinations"*, IFRS 11 *"Joint Arrangements"*, IAS 12 *"Income Taxes"* and IAS 23 *"Borrowing Costs."*
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses: • whether the tax treatment should be considered in aggregate; • assumptions regarding the procedures for the examination of tax authorities; • determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates; • The impact of changes in facts and circumstances.
IFRS 16 "*Leases*" (Effective form on January 1, 2019).	IFRS 16 defines how the preparer of the reports can recognize, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS 16 on accounting of lessors has not changed significantly from IAS 17.
Amendments in IFRS 9 "*Financial Instruments*" (Effective form on January 1, 2019).	These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Amendments to IAS 28 *"Investment in Associates and Joint Ventures"* (Effective form on January 1, 2019).	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 "Financial Instruments" to long-term shares in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.
Amendment to IAS 19 "Employee Benefits" (Effective form on January 1, 2019).	These amendments are related to amendment, curtailment or settlement of a defined benefit plan.

New and revised IFRS	Amendments to new and revised IFRSs
Amendment to IAS 1 *"Presentation of financial statement"* (Effective form on January 1,2020)	These amendments are related to definition of material.
Amendment to IFRS 3 *"Business Combinations"* (Effective form on January 1, 2020).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
IFRS 17 *"Insurance Contracts"* (Effective form on January 1, 2022).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 requires measurement of insurance liabilities at the present value of the liability.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 *"Investments in Associates and Joint Ventures* (2011)" **(Effective date deferred indefinitely. Adoption is still permitted.)**	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations, and amendments to the consolidated financial statements of the Group when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Group's consolidated financial statements in the initial application period except for the effect of the adoption of IFRS (16), as shown below:

Effect of Application of IFRS 16 "Leases"
The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and lessees. It will also replace IAS (17) "Leases" and related interpretations when they become effective for financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS (16), the Group has not restated the comparative figures. Any changes in the carrying amounts of assets and liabilities have been recognized on the transition date in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books and IFRS (16) and IAS (17).

The change in the definition of the lease relates mainly to the concept of control. IFRS (16) distinguishes between leases and service contracts based on whether the customer controls the use of a specific asset, and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

<u>Effect on Accounting Treatment in the Lessee's Records</u>
<u>Operating leases</u>
Under IFRS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17 has been changed. They used to be classified as off-balance sheet items in the consolidated statement of financial position.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

a. Recognition of "right of use" assets and lease commitments in the consolidated statement of financial position, initially measured on the basis of the present value of future cash flows paid.

b. Recognition of the depreciation of "right of use" assets and interest on lease commitments in the consolidated statement of income.

c. Separation of the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the consolidated statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize rental expenses on a straight-line basis as permitted by IFRS (16).

The Group's management believes that the effect of adopting IFRS (16) is immaterial and will not be reflected on the financial statements of the consolidated financial statements of the company as all leasing contracts are considered short term contracts and are automatically renewed on a yearly basis.

Benefits related to operational leasing commitments that were recognized previously will be derecognized and the amount will be reflected in the valuation of assets and liabilities related to the right of use.

And as per IFRS (17), all operational lease payments are demonstrated as part of cash flows from operating activities, wherein due to the fact that the impact of applying IFRS (16) is immaterial and will not be reflected on the consolidated financial statements of the company under the framework of IFRS (16); there will not be an effect on cash flow generated from operating activities and net cash used in financing activities.

Finance Leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognize as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application, the Company will present the related asset previously included in the financial statements within the line item for right-of-use assets, and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on analysis of the Group's finance leases as at December 31, 2018 in light of the facts and circumstances existing at that date, it was deemed that this change will not impact the recognized amount in the consolidated financial statements of the Group.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular, regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Because of this change, the Group will reclassify certain sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses will be recognized on the finance lease receivables. The leased assets will be derecognized and finance lease asset receivables recognized. This change in accounting will change the timing of recognition of the related revenue.

The Group is aiming to apply the standards based on the accumulated impact approach as an adjustment to the beginning balance of retained earnings for the period of the annual report that includes the date of the initial application, the Group is in the verge of analyzing the impact of these changes and will be disclosed in the consolidated financial statements of the Group as of December 31, 2019 which includes the impact since the standards' effective date.

6. Cash on Hand and at Banks

This item consists of the following:

	December 31, 2018	
	2018	2017
	USD	USD
Cash on hand	972,726	1,724,079
Current accounts	20,337,314	19,124,464
Time Deposits *	401,221	607,700
Total	**21,711,261**	**21,456,243**

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

7. Accounts Receivable and Checks under Collection- Net

This item consists of the following:

	December 31, 2018	
	2018	2017
	USD	USD
Trade receivable	76,604,759	67,259,982
Checks under collection *	20,918,560	15,838,782
Employees Receivable	251,599	1,561,861
Other accounts receivable	329,599	-
	98,104,517	**84,660,625**
Less: Provision for expected credit loss	(5,424,407)	(5,562,539)
Total	**92,680,110**	**79,098,086**

* The maturities of checks under collection extend up to the end of the year 2019.

The movement on the provision for expected credit loss is as follows:

	2018	2017
	USD	USD
Beginning Balance	5,562,539	4,734,008
IFRS 9 application impact	907,617	-
Beginning Balance (Adjusted)	**6,470,156**	**4,734,008**
Additions	216,004	748,756
Written off debts **	(1,165,282)	(90,787)
Foreign currency differences	(96,471)	170,562
Ending Balance	**5,424,407**	**5,562,539**

During the year 2018, the Group has written off debts in the amount of USD 1,165,282 based on the recommendation of the audit committee that recommended to write off the debts of the Group's companies prior to 2005 covered by provision of 100% of these debts.

The details regarding the aging of trade receivables is as follows:

	December 31, 2018	
	2018	2017
	USD	USD
Up to 90 Days	52,670,171	45,653,257
91 -181 Days	12,011,050	10,410,894
181 - 365 Days	6,499,130	5,633,292
Total	**71,180,351**	**61,697,443**

The above balances include amounts due from The Palestinian Authority with an amount of approximately USD 23.57 Million.

8. Inventory - Net

This item consists of the following:

	December 31, 2018	
	2018	2017
	USD	USD
Finished goods	1,950,444	5,369,681
Medicine	6,341,344	5,702,861
Medical equipment	750,171	1,011,530
Consumable materials	30,327,517	35,098,182
Laboratory tools and materials	883,079	819,287
Medical equipment and machinery	4,430,129	3,022,893
Total Finished Goods	**44,682,684**	**51,024,434**
Raw materials	8,444,212	9,049,990
Scrap and other materials	800,948	366,867
Other materials	3,025,399	3,192,918
Costumed cars and spare parts *	19,642,176	13,655,464
Total Inventory	**76,595,419**	**77,289,673**
Less: Provision for slow-moving inventory **	(2,044,993)	(1,644,635)
Net Inventory	**74,550,426**	**75,645,038**
Goods in transit	1,893,022	1,447,585
Total	**76,443,448**	**77,092,623**

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

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

	2018	2017
	USD	USD
Balance - beginning of the year	1,644,635	1,596,041
Additions to the provision during the year	664,103	692,907
Written-off inventory during the year	(263,745)	(644,313)
Balance - End of the Year	2,044,993	1,644,635

9. Financial Assets at fair value through profit or loss

This item consists of the following:

	December 31, 2018	
	2018	2017
	USD	USD
Listed Shares in Palestine Stock Exchange	12,513	11,261
Total	**12,513**	**11,261**

10. Other Debit Balances

This item consists of the following:

	December 31, 2018	
	2018	2017
	USD	USD
Receivable Claims	6,128,647	8,428,543
Value added tax	508,413	1,202,296
Prepaid expenses	2,637,694	2,386,438
Refundable deposits against LGs', LCs and others	2,093,004	2,167,488
Advance payments to Suppliers	7,378,030	3,086,407
Other debit balances	1,524,529	1,571,333
Total	**20,270,317**	**18,842,505**

11. Leasing Contracts Receivable

This item consists of the following:

	December 31, 2018	
	2018	2017
	USD	USD
Leasing contracts receivable – short term	2,446,175	4,045,901
Leasing contracts receivable – long term	4,855,096	5,471,931
Total	**7,301,271**	**9,517,832**

	Minimum Lease Payments	Current amount of the Minimum Lease Payments
December 31, 2018	USD	USD
Lease payments due within one year or less	3,282,262	2,624,191
Lease payments due more than one year or more and Less than 5 years	5,373,151	4,855,096
Total	**8,655,413**	**7,479,287**

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

	December 31, 2018	
	2018	2017
	USD	USD
Total investment cost in the financial leasing	8,655,413	12,659,306
Less: Unearned revenue	(1,176,126)	(3,005,822)
Current amount of the financial leasing contract	**7,479,287**	**9,653,484**
Less: Provision for unpaid leases	(178,016)	(135,652)
Financial lease installments due within one year	(2,446,175)	(4,045,901)
Financial leasing receivables (long term)	**4,855,096**	**5,471,931**

12. Long-term Checks Under Collection

This item consists of the following:

	December 31, 2018	
	2018	2017
	USD	USD
Arab Leasing Company	666,892	-
Medical supplies and services company	422,695	-
Palestine Automobile Company	917,209	3,342,095
Unipal General Trading Company	-	64,236
Total	**2,006,796**	**3,406,331**

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

13. Financial assets at Fair Value through Other Comprehensive Income.

This item consists of the following:

	Number of Shares	December 31, 2018	Number of Shares	December 31, 2017
		USD		USD
Listed Shares:				
Bank of Palestine limited *	5,331,976	12,370,184	5,093,244	13,497,097
Al – Faris National company for Investment and Exports	354,000	787,775	354,000	498,592
		13,157,959		**13,995,689**
Unlisted Shares:				
Palestine Private Power Company	372,728	3,727,280	372,728	3,693,446
Technology Accelerator Investment Company Limited	250,000	275,000	250,000	275,000
Palestine for Energy Generation Company / Palestine for Electricity	800,000	800,000	800,000	800,000
Islamic Finance House	615,000	911,787	522,500	774,648
Madfooatkom for electronic payments solutions	224,162	2,324,068	-	-
		8,038,135		**5,543,094**
Investment Fund:				
Catalyst Private Equity	14,995	133,602	14,400	178,135
EuroMena Fund	-	710,959	-	574,732
Lumia Capital	-	2,680,442	-	2,546,378
Ibtikar Fund	-	177,984	-	177,500
Al-Mahfaza company fund	-	-	-	396,000
Mashvisor	-	100,000	-	100,000
LIV Dublin	500	837,586	500	500,005
		4,640,573		**4,472,750**
		25,836,667		**24,011,533**

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

14. Investment Property

This item consists of the following:

	December 31,		January 1,
	2018	2017 (Restated)	2017 (Restated)
	USD	USD	USD
Arab Palestinian Investment Company	819,127	819,127	819,127
National Aluminum and Profiles Company	507,757	507,757	507,757
Total	**1,326,884**	**1,326,884**	**1,326,884**

The cost of these is Investment Property USD 776,239 , noting that some of these land are pledged as collaterals against credit facilities obtained through banks.

15. Intangible Assets - Net

This item consists of the following:

	December 31st	
	2018	2017
	USD	USD
Goodwill – net *	14,535,385	14,631,149
Trademarks **	2,269,221	2,408,642
Computer Software	115,595	-
Total	**16,920,201**	**17,039,791**

* Goodwill has resulted from the purchase of shares at amounts higher than the book value per share at some of the Group's securities.

** This item represents the value of trademarks purchased from the Excellent Food Company of Siniora for Food Manifacturing Company (a subsidiary) in addition to the fees for ownership transfer.

16. Property and Equipment - Net

This item consists of the following:

	Lands	Buildings and Constructions	Furniture and Fixtures	Computers	Vehicles	Leasehold Improvements	Machinery and Equipment	Tools	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
For the Year Ended December 31, 2018									
Cost:									
Beginning balance	18,929,760	53,171,719	9,887,485	2,354,989	9,030,629	9,516,301	67,626,089	1,925,754	172,442,726
Prior years adjustments (Note 38)	(4,222,060)	-	-	-	-	-	-	-	(4,222,060)
Beginning Balance (Adjusted)	14,707,695	53,171,719	9,887,485	2,354,989	9,030,629	9,516,301	67,626,089	1,925,754	168,220,661
Additions	1,703,798	3,084,031	675,983	1,026,776	738,296	202,184	2,602,767	1,203,732	11,237,567
Revaluation of Propert and Equipment impact *	16,924,300	-	-	-	-	-	-	-	16,924,300
Disposals	(18,344)	(2,262,742)	(1,051,683)	(139,689)	(991,082)	(398,444)	(1,783,197)	-	(6,645,381)
Transfers	-	370,065	172,638	-	-	-	352,215	(894,918)	-
Differences due to Translation	2,205	7,836	733	767	444	-	23,467	-	37,452
Ending Balance	**33,319,454**	**54,370,909**	**9,685,156**	**3,242,843**	**8,778,287**	**9,320,041**	**68,823,341**	**2,234,568**	**189,774,599**
Accumulated Depreciation:									
Beginning balance	-	16,070,798	6,701,227	1,832,867	4,781,168	3,543,847	37,197,116	1,149,567	71,275,790
Additions	-	1,921,878	846,663	438,700	851,072	952,839	4,335,855	57,870	9,404,879
Disposals	-	(1,240)	(577,104)	(129,165)	(469,057)	(215,897)	(1,357,996)	-	(2,750,459)
Differences due to Translation	-	3,783	408	529	364	-	12,138	-	17,222
Ending Balance	-	**17,995,219**	**6,971,194**	**2,142,931**	**5,163,547**	**4,279,889**	**40,187,113**	**1,207,437**	**77,947,432**
Net Book Value as of December 31, 2018	**33,319,454**	**36,375,690**	**2,713,960**	**1,099,912**	**3,614,740**	**5,040,152**	**28,636,228**	**1,027,131**	**111,827,167**
For the Year Ended December 31, 2017									
Cost:									
Beginning balance	13,611,139	49,295,899	9,924,283	2,620,239	8,741,186	8,223,930	65,374,754	1,427,438	159,319,016
Prior years adjustments (Note 38)	(4,313,060)	-	-	-	-	-	-	-	(4,313,060)
Beginning Balance (Adjusted)	9,298,079	49,295,899	9,924,283	2,620,239	8,741,186	8,223,930	65,374,754	1,427,438	155,105,951
Additions	5,309,621	3,582,620	692,083	124,116	909,643	1,949,072	3,754,309	1,000,479	17,322,243
Revaluation of Propert and Equipment impact *	-	-	-	-	-	-	-	-	-
Disposals	-	(33,178)	(765,289)	(389,486)	(820,328)	(652,139)	(1,547,580)	-	(4,228,000)
Transfers	-	326,378	40,849	-	190,330	-	44,606	(502,163)	-
Differences due to Translation	-	-	15,259	-	9,798	(4,590)	-	-	20,467
Ending Balance	**14,707,695**	**53,171,719**	**9,887,485**	**2,354,869**	**9,030,629**	**9,516,301**	**67,626,089**	**1,925,754**	**168,220,661**
Accumulated Depreciation:									
Beginning balance	-	14,267,088	6,376,672	2,032,695	4,411,803	3,112,832	34,114,803	1,084,504	65,600,397
Additions	-	1,836,888	1,092,014	184,518	851,575	828,427	4,396,697	65,063	9,255,182
Disposals	-	(33,178)	(765,302)	(384,346)	(490,530)	(407,185)	(1,314,384)	-	(3,394,925)
Differences due to Translation	-	-	(2,157)	-	8,320	9,973	-	-	15,136
Ending Balance	-	**16,070,798**	**6,701,227**	**1,832,867**	**4,781,168**	**3,543,847**	**37,197,116**	**1,149,567**	**71,275,790**
Net Book Value as of December 31, 2017	**14,707,695**	**37,100,921**	**3,186,258**	**522,122**	**4,249,461**	**5,973,254**	**30,428,973**	**776,187**	**96,944,871**
Annual Depreciation %	-	2 - 4	6 - 15	15 - 25	20	15 - 25	10 - 20	6 - 10	

- Some of the groups' assets are mortgaged against credit facilities.

- Some of the subsidiary companies' buildings are located and constructed on lands leased from others.

- During the year 2018, the Group has accounted for land recorded within property and equipment at fair value instead of cost, IAS (16) authorizes the presentation of land at either fair value or cost, the Group's objective behind the change in accounting policy of presenting land at fair value is to align the vision of the Group of evaluating its, land at market value (Note 38).

17. Projects under construction

This item represents costs of work relating to constructing and equipping the production facilities and administration offices and the renovation of different production lines for the subsidiary companies represented by National Aluminum and Profiles Company, Siniora Food Industries Company, Unipal General Trading Company and Arab Palestinian Shopping Centers Company, which were not yet completed as of December 31, 2018

The movement on the projects under construction is as follows:

	2018	2017
	USD	USD
Balance - beginning of the year	1,519,878	3,983,948
Additions	2,980,657	942,509
Transferred to property and equipment	(72,349)	(3,406,579)
Balance - End of the Year	**4,428,186**	**1,519,878**

The cost to complete of the above projects amounted to USD 2.1 millions.

18. Due to banks

This item consists of facilities granted to the company as follows:

	December 31,	
	2018	2017
	USD	USD
National Aluminum and Profiles Company	4,582,468	2,698,926
Medical supplies and services company	26,608,997	17,841,299
Unipal for general trading company	14,384,044	14,830,390
Palestinian Automobile Company	131,122	1,495,797
Arab Palestinian Investment Company (Exempted)	677,224	-
Total	**46,383,855**	**36,866,412**

19. Notes Payable due within one year and Deferred Checks

This item represents notes payable to the following companies:

	December 31,	
	2018	2017
	USD	USD
National Aluminum and Profiles Company	351,504	1,035,999
Medical supplies and services company	3,699,501	2,866,561
Siniora Food Industries Company	1,193,132	496,988
Arab Palestinian Shopping Centers	1,490,730	951,354
Total	**6,734,867**	**5,350,902**

20. Loans

The details of this item are as follows:

	December 31, 2018		December 31, 2017	
	Short-term	Long-term	Short-term	Long-term
	USD	USD	USD	USD
Arab Palestinian Investment Company:				
Arab Bank Loan	1,336,000	-	1,332,000	1,336,000
Jordan Ahli Bank Loan	1,166,000	4,664,000	-	-
	2,502,000	**4,664,000**	**1,332,000**	**1,336,000**
Siniora Food Industries Company:				
Jordan Ahli Bank Loan	741,044	741,044	4,800,846	1,482,088
Arab Bank Loan	6,240,726	16,105,484	741,044	13,501,269
	6,981,770	**16,846,528**	**5,541,890**	**14,983,357**
National Aluminum and Profiles Company:				
Jordan Ahli Bank Loans	3,515,408	1,540,433	2,867,821	1,745,394
Al Quds Bank Loans	981,587	1,249,155	299,632	864,948
Bank of Palestine for Investment Loans	-	-	876,410	354,643
Cairo Amman Bank Loans	1,265,348	333,804	1,676,868	554,190
Arab Bank Loan	1,213,086	-	595,003	-
Bank of Palestine Loan	1,241,062	143,615	-	-
	8,216,491	**3,267,007**	**6,315,734**	**3,519,175**
Palestinian Automobile Company:				
National Bank Loans	1,952,855	-	647,688	-
The Housing Bank for Trade and Finance Loan	1,385,726	-	1,033,149	-
Jordan Kuwait Bank Loans	-	-	1,993,168	-
Arab Bank Loan	1,210,706	-	1,499,002	-
Al Quds Bank Loans	2,288,266	816,227	1,455,688	1,218,026
Jordan Ahli Bank Loans	2,345,822	2,978,067	2,264,985	250,184
Cairo Amman Bank Loans	383,464	1,109,828	-	-
Bank of Palestine limited Loan	-	-	948,754	-
Arab Islamic Bank Loan	295,043	782,420	177,553	1,071,447
Bank of Jordan Loan	1,193,684	2,007,363	-	-
Safa Bank Loan	547,531	-	214,170	-
	11,603,097	**7,693,905**	**10,234,157**	**2,539,657**
Arab Leasing Company:				
National Bank Loan	378,847	575,514	379,520	704,824
Jordan Ahli Bank Loan	817,928	773,175	485,296	1,067,453
Al Quds Bank Loan	359,405	474,405	115,314	176,961
Italian Development Cooperation Agency *	-	836,200	-	888,000
Palestine Investment Bank Loan	138,176	265,408	-	-
	1,694,356	**2,924,702**	**980,130**	**2,837,238**
Arab Palestinian shopping centers company:				
Arab Islamic Bank Loan	-	-	133,147	454,883
Arab Jordanian Investment Bank Loan	156,234	298,648	-	-
Cairo Amman Bank Loan	145,603	5,969,771	600,000	7,239,000
	301,837	**6,268,419**	**733,147**	**7,693,883**
Arab Palestinian Investment Company (Exempted):				
Jordan Ahli Bank Loan	-	-	1,449,006	-
	-	-	**1,449,006**	-
	31,299,551	**41,664,561**	**26,586,064**	**32,909,310**

- The loan rates above range from 3.7% to 7% and are granted in Palestine , Jordan, the United Arab Emirates and Cyprus.

* This loan is granted by the Italian Development Cooperation Agency in Palestine without interest and with a grace period of up to 5 years.

21. Other Credit Balances

This item consists of the following:

	December 31,	
	2018	2017
	USD	USD
Accrued expenses	5,896,729	7,830,373
Accrued interest	943,229	1,067,061
Unearned revenue	263,824	302,097
Accrued salaries and bonuses	3,315,362	3,027,931
Accrued vacations	978,061	918,457
Social security deposits	86,882	80,251
Sales tax deposits	131,492	75,324
Income tax deposits – employees	670,996	869,264
Obligations against after-sale maintenance	-	466,327
Customers advances	1,042,020	1,189,241
Sundry provision	456,499	2,001,345
Others	2,741,208	847,657
Total	**16,526,302**	**18,675,328**

22. Income Tax - Subsidiaries

a. Income tax provision

The movement on income tax provision is illustrated as follows:

	2018	2017
	USD	USD
Balance - Beginning of the year	2,847,604	1,970,625
Income tax paid	(4,409,890)	(3,701,773)
Income tax expense	4,358,380	4,578,752
Balance - End of the year	**2,796,094**	**2,847,604**

b. Income tax expense

Income tax expense shown in the consolidated statement of Profit or loss is illustrated as follows:

	2018	2017
	USD	USD
Income tax expense for the year	4,358,380	4,578,752
Deferred tax assets for the year	(170,051)	(234,858)
Amortized deferred tax assets	141,941	74,572
Effect of change in income tax rate	(13,019)	-
	4,317,251	**4,418,466**

The Arab Palestinian Investment Company (holding company) has performed a final tax settlement with the income tax department up to the year 2017 in Jordan and 2017 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	2017
Sky Advertising, Public Relations and Events Company	2017
Medical Supplies and Services Company	2017
National Aluminum and Profiles Company	2017
Palestine Automobile Company	2017
Arab Palestinian Storage Company	2017
Arab Palestinian Shopping Centers Company	2016
Siniora Food Industries Company (Jordan and Palestine)	2017
Jericho Natural and Mineral Water Factory Company	Liquidated
Arab Leasing Company	2016
Arab Palestinian Investment Company / Jordan (Exempted)	2016

In the management and its tax consultant's opinion, the provisions recorded as of December 31, 2018 are sufficient to settle the tax liabilities.

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

c. Deferred Tax Assets

This item consists of the following:

	2018					2017
	Beginning Balance	Additions	Released Amounts	Ending Balance	Deferred Tax	Deferred Tax
	USD	USD	USD	USD	USD	USD
Expected Credit Loss (Accounting Receivable)	4,846,075	819,029	(1,191,305)	4,473,799	364,351	361,990
Provision for slow-moving inventory	1,644,636	664,103	(263,745)	2,044,994	122,878	80,192
End-of-service indemnity provision	9,593,996	1,872,596	(1,720,184)	9,746,408	1,168,401	1,180,063
	16,084,707	**3,355,728**	**(3,175,234)**	**16,265,201**	**1,655,630**	**1,622,245**

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

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

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The movement on deferred tax assets is as follows:

	2018	2017
	USD	USD
Balance - beginning of the year	1,622,245	1,461,959
Additions	170,051	234,858
Disposals	(141,941)	(74,572)
Effect of changes in income Tax Rate	13,019	-
Foreign currency translation effect	(7,744)	-
Balance - End of the Year	**1,655,630**	**1,622,245**

23. Provision for End-of-Service Indemnity

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

	December 31,	
	2018	2017
	USD	USD
Unipal General Trading Company	3,215,594	3,216,201
Siniora Food Industries Company	2,894,740	2,674,317
Medical Supplies and Services Company	2,442,640	2,249,170
National Aluminum and Profiles Company	1,204,859	1,163,293
Palestine Automobile Company	682,914	1,005,016
Arab Palestinian Investment Company (holding company)	528,623	498,441
Sky Advertising, Public Relations and Events Company □	498,862	510,934
Arab Palestinian Shopping Centers Company	456,626	444,493
Arab Palestinian Storage Company	83,862	83,557
Arab Leasing Company	53,893	4,798
Total	**12,062,613**	**11,850,220**

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

	2018	2017
	USD	USD
Balance - beginning of the year	11,850,220	9,909,246
Additions	2,118,884	2,780,563
Paid from the provision	(1,906,491)	(839,589)
Balance - End of the Year	**12,062,613**	**11,850,220**

24. Bonds

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

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

25. Property and Equipment Revaluation Reserve

This items cosists of:

Company Name	December 31, 2018				December 31, 2017 (Restated)		
	Revaluation Reserve	Percentage of Ownership	Company's Share	NoC controlling interestI	Revaluation Reserve	Company's Share	Non Controlling Interest
	USD	%	USD	USD	USD	USD	USD
Arab Palestinian Shopping Centers Company	7,041,188	99.78	7,025,597	15,591	-	-	-
National Aluminum and Profiles Company	2,003,134	72.99	1,462,096	541,038	-	-	-
Unipal General Trading Company	2,075,098	93.41	1,938,326	136,772	-	-	-
Siniora Food Industries Company	4,101,330	65.77	2,697,383	1,403,947	-	-	-
Palestinian Automobile Company	1,610,000	100	1,610,000	-	-	-	-
Arab Palestinian Cooling and Storage Company	93,550	68.47	64,054	29,496	-	-	-
	16,924,300		14,797,456	2,126,844	-	-	-

The general assembly has approved as per its meeting conducted on the 22nd of March 2018 the revaluation of land owned by the Group and to present them at their fair value as per the following schedule:

Company Name	Cost		Fair Value		Property and Equipment Revaluation Reserve	
	As of December 31,		As of December 31,		As of December 31,	
	2018	2017	2018	2017 (Restated)	2018	2017 (Restated)
	USD	USD	USD	USD	USD	USD
Arab Palestinian Shopping Centers Company	3,148,352	3,148,352	10,189,540	-	7,041,188	-
National Aluminum and Profiles Company	896,256	896,256	2,899,390	-	2,003,134	-
Unipal General Trading Company	1,067,902	1,067,902	3,143,000	-	2,075,098	-
Siniora Food Industries Company	6,780,406	5,092,947	10,881,736	-	4,101,330	-
Palestinian Automobile Company	4,136,833	4,136,833	5,746,833	-	1,610,000	-
Arab Palestinian Cooling and Storage Company	365,405	365,405	458,955	-	93,550	-
	16,395,154	14,707,695	33,319,454	-	16,924,300	-

The movement on the property and equipment revaluation reserve is demonstrated as follows

	2018	2017 (Adjusted)
	USD	USD
Balance - Beginning of the year	4,222,065	4,213,065
Prior periods adjustments	(4,222,065)	(4,213,065)
Adjusted Balance - Beginning of the year	-	-
Current year impact on shareholders equity	14,797,456	-
Current year impact on non controlling interest	2,126,844	-
Balance - End of the Year	16,924,300	-

28. General and Administrative Expenses

This item consists of the following:

	2018	2017
	USD	USD
Salaries and wages	12,923,990	13,423,734
Bonuses and employees benefits	3,308,597	3,925,965
Provision for End-of-service indemnity	1,932,680	1,465,544
Rent	1,369,664	1,297,354
Stationery and printing	194,306	183,185
Maintenance and cleaning	817,265	708,071
Telecommunication	691,239	597,246
Hospitality	586,130	459,593
Donations	1,406,414	1,244,602
Transportation, travel and business trips expenses	1,448,530	1,275,088
Consultation, legal and professional expenses	1,864,444	965,350
Subscriptions, governmental expenses and fees	474,858	372,572
Board of Directors' expenses	443,381	342,326
Insurance	1,006,144	998,821
Vehicles expenses	1,021,161	1,049,398
Water and Electricity	1,088,454	1,136,971
Advertising	290,277	4,128
Depreciation of Property and equipment	4,502,544	2,958,571
Expected credit loss (Note 7)	216,004	748,756
Provision for unpaid leases	42,364	120,102
Goods storage and security expenses	191,854	335,063
Provision for slow-moving inventory items (Note 8)	664,103	692,907
Training	267,275	308,322
Others	1,103,971	117,587
Total	**37,855,649**	**34,731,256**

29. Selling and Distribution Expenses

This item consists of the following:

	2018	2017
	USD	USD
Salaries and wages	4,862,505	4,410,349
Company's share in social security & Provision for End of service	609,863	552,495
Advertising	1,966,334	1,811,641
Sales bonuses and commissions	4,505,492	4,070,955
Vehicles and fuel expenses	3,982,225	3,662,748
Water and Electricity	28,169	29,480
Telecommunication	155,643	171,407
Insurance	347,941	685,984
Depreciation of Property and equipment	758,038	695,939
Maintenance	26,643	15,106
Marketing	1,902,929	5,031,950
Transportation and travel	783,870	832,613
Export expenses	318,470	499,636
Showrooms' expenses	288,588	121,725
Hospitality	8,130	17,579
Rent	590,945	220,657
Stationery	12,814	11,700
Others	716,774	790,557
Total	**21,865,373**	**23,632,521**

30. Gain from Financial Assets at Fair Value Through Other Comprehensive Income

This item consists of the following:

	2018	2017
	USD	USD
Dividends Income	1,195,027	992,498
	1,195,027	**992,498**

31. Contingent Liabilities

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

	December 31,	
	2018	2017
	USD	USD
Letters of credit	7,494,843	6,396,191
Bank guarantees	22,802,050	24,215,963
Outstanding bills	97,777	33,495

32. Segmental Analysis

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

					For the Year ended December 31,	
	Industrial	Service	Trade	Other	2018	2017
	USD	USD	USD	USD	USD	USD
Total revenue	97,873,666	5,365,441	629,972,995	-	733,212,102	683,736,987
Less: Cost of sales and services	(71,504,703)	(3,060,506)	(572,146,273)	-	(646,711,482)	(595,874,892)
Gross Profit	**26,368,963**	**2,304,935**	**57,826,722**	-	**86,500,620**	**87,862,095**
Less: Expenses allocated to sectors	(16,724,651)	(835,775)	(37,038,105)	(5,122,490)	(59,721,021)	(58,268,796)
Less: Expenses not allocated to sectors	(2,119,154)	(253,112)	(1,665,879)	(2,385,867)	(6,424,012)	(7,712,855)
Profit before Tax	**7,525,158**	**1,216,048**	**19,122,738**	**(7,508,357)**	**20,355,587**	**21,880,444**
Less: Income tax	(620,640)	(131,254)	(3,475,357)	(90,000)	(4,317,251)	(4,418,466)
Profit for the Year	**6,904,518**	**1,084,794**	**15,647,381**	**(7,598,357)**	**16,038,336**	**17,461,978**

	December 31,	
	2018	2017 (Adjusted)
	USD	USD
Total Assets	383,135,481	352,853,229
Total Liabilities	243,731,645	227,629,977

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

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

Company's Name	Geographical Location	For the Year Ended December 31, 2018		December 31, 2018	
		Revenues	Expenses	Assets	Liabilities
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	32,355,650	29,622,131	86,433,550	39,451,876
Arab Palestinian Investment Company / Jordan (Exempted)	Jordan	1,068,115	226,729	2,514,323	1,149,565

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

33. Lawsuits

a. Siniora Food Industries Company

There are lawsuits held against Siniora Food Industries Company – Palestine with an amount of USD 95,906 in addition to other lawsuits with an unidentifiable value. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

b. Arab Palestinian Shopping Centers Company

There are lawsuits held against Arab Palestinian Shopping Centers Company with an amount of USD 4,219,002. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

c. Jericho Natural and Mineral Water Factory Company

During the year 2008, the shareholder owning 15% of the Company's capital "Ahleia Insurance Group" raised a lawsuit against Mr. Ali Al-Aqqad personally and against him as the chairman of Jericho Natural and Mineral Water Factory Company and against the Arab Palestinian Investment Company (APIC) as a shareholder and a board member of Jericho Natural and Mineral Factory Company, represented by Mr. Tarek Omar AL-Aqqad, claiming a compensation for USD 721,577, representing the plaintiff's shares in the Company's capital. The plaintiff objected against the Company's management which incurred losses as well as against its previous sale of the Company's assets. On December 6, 2011 a verdict was issued to dismiss the case, in which the prosecutor appealed the verdict in the specialty court. On October 3, 2013 a verdict was issued from the court of appeal accepting its principal and accordingly the Company's lawyer appealed this decision. The court's decision was to refuse the appeal and to return the case to the court of first instance. The court's decision to reject the cassation and return the papers to the Court of First Instance to proceed the case on 2 June 2015. The company has filed a request to return lawsuit and the court will look into the filed request on the postponed session in November 17, 2016.

On 26 January 2017, the application from the lawyer was accepted and the claim was reinstated. The application was appealed on 27 November 2017 and the decision of the Court of Appeal to cancel the appeal and the request of the company and return the case to the source to continue from where it has been reached. The company has applied for a cassation of the decision issued by the court of appeal through the court of cassation, the court of cassation issued later on its decision to reject the cassation on the 6th of May 2018 where it considered that the submitted for cassation judgment is not listed under the judgments where a cassation ruling can be requested, the papers were returned to supreme court to proceed with the case and to limit the exposure of the related parties, In the opinion of the Company's lawyer and its management no assumption can be built regarding the outcome of the case.

d. Unipal General Trading Company

There are lawsuits held against Unipal General Trading Company with an amount of USD 82,145. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

e. National Aluminum and Profiles Company

There are lawsuits held against National Aluminum and Profiles Company with an amount of USD 12,741. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

f. Palestine Automobile Company

There are lawsuits held against Palestine Automobile Company with an amount of USD 349,426. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

g. Sky Advertising, Public Relations and Investments Company

There are lawsuits held against Sky Advertising, Public Relations and Investments Company with an amount of USD 34,422. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

h. Arab Palestinian Storage and Cooling Company

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

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

34. Fair Value Hierarchy

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

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

Financial Assets/Financial Liabilities	Book Value December 31, 2018	Fair Value December 31, 2018	The Level of Fair Value	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
	USD	USD				
Financial Assets at Fair Value						
Financial assets at Fair Value through profit or loss	12,513	12,513	Level One	Market Price	Doesn't apply	Doesn't apply
Financial assets at Fair Value through Other Comprehensive Income	11,157,959	11,157,959	Level One	Market Price	Doesn't apply	Doesn't apply
Financial assets at Fair Value through Other Comprehensive Income	8,698,135	8,698,135	Level Two	Compared with similar financial instrument	Doesn't apply	Doesn't apply
Investment Funds	4,640,573	4,640,573	Level Two	Compared with similar financial instrument	Doesn't apply	Doesn't apply
Investment Properties	1,326,884	1,326,884				
Total Financial Assets at Fair Value	27,176,064	27,176,064				

There were no transfers between level One and level Two during the year 2018.

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

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

	Book Value December 31, 2018	Fair Value December 31, 2018	The Level of Fair Value
	USD	USD	
Non-specified Fair Value Financial Liabilities			
Long-term bonds	35,000,000	35,811,806	Level Two
Loans	72,964,112	73,095,535	Level Two
Total Non-specified Fair Value Financial Liabilities	107,964,112	108,907,341	

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

- The fair value mentioned above is as of December 31, 2018.

35. Related Parties Balances and Transactions

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

Balances:

Due from related parties	December 31, 2018	2017
	USD	USD
Aggad Investment Company – major shareholder	471,256	470,929
Siniora Food Industries Company- Algeria	-	245,013
Taleed Medical Supplies and Services- Gulf	2,970	4,399
Medical Supplies and Services Company- Iraq	-	7,078
Central and West Africa for Commercial Agencies	240,804	235,727
	715,030	**963,146**
Due to related parties		
Taleed Medical Supplies and Services company - Gulf	-	809
Parnter in Al – Masa meat processing company / United Arab Emirates *	-	851,598
The shareholders of the Arab Palestinian Investment Company**	739,017	-
	739,017	**852,407**

* A subsidiary company for Siniora Food Industries Company.

** This amount represents payments due to shareholders for dividends previously declared

Transactions:

Year 2018	Nature of Transaction	Amount USD
Aggad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	375,047

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

b. The salaries, bonuses and other benefits of the executive management of the holding company and its subsidiary companies amounted to USD 3,973,295 for the year 2018 (USD 3,624,844 for the year 2017).

36. Risk Management

a. Capital Risk Management

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

The following schedule shows the ratio of liabilities to owner's equity as of December 31, 2018 and 2017:

	December 31, 2018	2017
	USD	USD
Due to banks	46,383,855	36,866,412
Accounts payable	51,009,761	56,691,730
Notes payable within one year and Deferred Checks	6,734,867	5,350,902
Due to related parties	254,041	852,407
Short-term loan installments	31,299,551	26,586,064
Other credit balances	16,526,302	18,675,328
Income Tax provision	2,796,094	2,847,604
Total Current Liabilities	155,004,471	147,870,447
Provision for End-of-service indemnity	12,062,613	11,850,220
Long-term bonds	35,000,000	35,000,000
Long-term loan installments	41,664,561	32,909,310
Total Liabilities	243,731,645	227,629,977
Total Owners' Equity	139,403,836	128,894,672
Ratio of Debt to Owners' Equity	175%	176%

b. Liquidity Risk

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

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

	December 31, 2018	2017
	USD	USD
Current Assets	214,278,854	201,509,765
Less: Current liabilities	(155,004,471)	(147,870,447)
	59,274,383	**53,639,318**

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 Group 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 Group's financial assets which consist mainly of accounts receivable, checks under collection, and cash and cash equivalents do not represent significant concentrations of credit risk. In addition, the debtors are spread widely among client's classifications and their geographical areas. Moreover, the Company maintains a strict credit policy by monitoring the credit limit for each client individually on continuous basis.

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

d. Foreign Currency Risk

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

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

	Assets		Liabilities	
	December 31,		December 31,	
	2018	2017	2018	2017
	USD	USD	USD	USD
Jordanian Dinar	48,700,922	45,108,383	5,182,635	4,912,574
Shekel	75,552,432	86,798,647	77,957,663	82,757,437
Euro	4,408,960	2,014,425	7,626,301	7,256,863
AED Dirham	20,475,983	19,070,965	8,387,180	4,931,482
Saudi Riyal	5,661,425	5,832,210	886,234	9,499,274

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency type for the years 2018 and 2017 and that impacts the statement of income and owners' equity is as follows:

	+1%		-1%	
	2018	2017	2018	2017
	USD	USD	USD	USD
Asset				
Shekel	755,524	867,986	(755,524)	(867,986)
Euro	44,089	20,144	(44,089)	(20,144)
AED Dirham	240,760	190,710	(240,760)	(190,710)
Saudi Riyal	56,614	58,322	(56,614)	(58,322)
Liabilities				
Shekel	779,577	(827,574)	(779,577)	827,574
Euro	76,263	(72,569)	(76,263)	72,569
AED Dirham	83,871	(94,993)	(83,871)	94,993
Saudi Riyal	8,862	(1,709)	(8,862)	1,709

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

e. Interest Rate Risk

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

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

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

	+1%		-1%	
	2018	2017	2018	2017
	USD	USD	USD	USD
Statement of income	1,610,828	1,367,127	(1,610,828)	(1,367,127)

f. Share Prices Risk

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

	December 31, 2018		
	Change in Indicator	Effect on Statement of Income	Effect on Owner's Equity
Indicator	USD	USD	USD
Palestine Stock Exchange	+- 5 %	+- 626	+- 657.898

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

g. Occupation and Sovereign Risks

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

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

37. Earnings per Share Attributable to Shareholders.

	For the Year Ended December 31,	
	2018	2017
	USD	USD
Profit for the year	13,085,969	11,931,139
	Share	Share
Weighted Average of shares Number	76,994,521	75,000,000
	USD/Share	USD/Share
Earnings per share for the year relating to the Company's shareholders / basic and diluted*	-/170	-/159

38. Retrospective Application of Accounting Policies

1. Retrospective Adjustment on Prior Years Figures

- Fair Value Presentation of Investment property

  During the year 2018, the Group has adjusted the consolidated financial statements on a retrospective basis by changing the accounting policy related to presenting and disclosing the investment property at fair value instead of cost. IAS 40 permits the presentation of investment property at either fair value or cost, the group's objective behind the change in the policy is to present investments in land at fair value is to align the presentation with the vision of the Group of valuating investments in land at the market value, therefore the opening balances of investments in land and retained earnings we adjusted to comply with the requirements of IAS (8) considering it a change in accounting policies.

- Reversing Prior Years Valuation of Land items in Property and Equipment

  The group has adjusted the comparative figures to correct the error of not valuating land on the Group level as this policy was followed partially then, noting that it is not possible now to obtain a valuation for all of the Group's land as of the end of those prior years.

  The effect of the adjustments above on the consolidated statement of financial position and the consolidated statement of profit and loss is in the valuation of investment in land at fair value and reversing prior period's valuation of land at property and equipment, also it involves the treatment of retained earnings and non-controlling interest.

The effect of these adjustments is illustrated as follows:

a. Treatment of items that relate to the year 2017

	December 31, 2017		
	Balance prior to adjustments	Prior period adjustments	Adjusted Balance
	USD	USD	USD
Consolidated statement of financial position			
Assets			
Property and Equipment – Net	101,166,936	(4,222,065)	96,944,871
investment property	776,239	550,645	1,326,884
Total Non-Current Assets	155,014,884	(3,671,420)	151,343,464
Total Assets	356,524,649	(3,671,420)	352,853,229
Shareholders' Equity			
Retained Earnings	18,884,733	441,132	19,325,865
Property and Equipment revaluation reserve	4,031,393	(4,031,393)	-
Total shareholders; Equity	94,250,066	(3,590,261)	90,659,805
Non- Controlling Interest	34,644,606	(81,159)	34,563,447
Total Equity	128,894,672	(3,671,420)	125,223,252
Total Liabilities and Equity	356,524,649	(3,671,420)	352,853,229

b. Treatment of items that relate to the years prior to 2017

	January 1, 2017		
	Balance prior to adjustments	Prior period adjustments	Adjusted Balance
	USD	USD	USD
Consolidated statement of financial position			
Assets			
Property and Equipment – Net	93,718,619	(4,213,065)	89,505,554
investment property	776,239	550,645	1,326,884
Total Non-Current Assets	142,432,135	(3,662,420)	138,769,715
Total Assets	329,783,580	(3,662,420)	326,121,160
Shareholders' Equity			
Retained Earnings	14,913,594	441,132	15,354,726
Property and Equipment revaluation reserve	3,634,105	(3,634,105)	-
Total shareholders; Equity	85,886,994	(3,192,973)	82,694,021
Non- Controlling Interest	32,410,541	(469,447)	31,941,094
Total Equity	118,297,535	(3,662,420)	114,635,115
Total Liabilities and Equity	329,783,580	(3,662,420)	326,121,160

2. Accounting for land recorded within property and equipment at fair value

During the year 2018, the Group has presented land recorded within property and equipment at fair value instead of cost, IAS (16) permits the presentation of land at either fair value or cost, the Group's objective behind the change in accounting policy of presenting land at fair value is to align with the vision of the Group of valuating its land at the market value, as a result the impact of the valuation was booked and recorded at an amount of USD 14,797,456 in the Property and Equipment revaluation reserve with shareholders' equity and USD 2,126,844 were allocated to Non-controlling interest, the Group did not adjust the comparative figures retrospectively as it was impractical to do so due to the fact that it was not possible to obtain the valuations for all land at the end of those years.

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