

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE SIX-MONTHS
ENDED JUNE 30, 2021
TOGETHER WITH THE REVIEW REPORT

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
JUNE 30, 2021

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REVIEW REPORT

AM / 6655

**To the Chairman and Members of Board of Directors
Arab Palestinian Investment Company (Holding Company)
British Virgin Islands**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Arab Palestinian Investment Company (the Group) (Holding Company) as of June 30, 2021 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three and six months period ended June 30 2021, changes in owners' equity and cash flows for six months period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting", Our responsibility is to express a conclusion on this interim financial information based on our review,

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company", A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures, A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit, Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that the accompanying interim financial information are not prepared in accordance with International Accounting Standard No. (34) Related to Interim Financial Reporting.

Other Matters

1. The comparative information presented in the interim financial information relating to the three months period ended June 30, 2020 have not been audited or reviewed.
2. The accompanying interim financial information are a translation of the statutory interim financial information which are in the Arabic language and to which reference should be made.

Amman - Jordan
August 11, 2021


Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
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Arab Palestinian Investment Company
(Holding Company)
British Virgin Islands
Condensed Consolidated Interim Statement of Financial Position

Assets	Note	June 30, 2021 (Reviewed not audited) USD	December 31, 2020 (Audited) USD
Current Assets :			
Cash on hand and at banks		48,743,838	39,618,477
Accounts receivable and cheques under collection - net	5	167,348,654	128,889,540
Inventory - net	7	109,882,131	90,497,625
Due from related parties	16	1,444,014	348,702
Financial assets at fair value through profit or loss	18	340,144	695,433
Other debt balances	6	36,986,174	28,669,012
Leasing contracts receivable- short term		6,524,789	4,126,620
Total Current Assets		371,269,744	292,845,409
Non-Current Assets :			
Leasing contracts receivable - long term		8,112,678	6,817,531
Cheques under collection - long term		2,579,595	2,466,216
Deferred tax assets		2,425,344	2,275,287
Financial hedging instruments - assets	18	8,300,600	8,551,200
Right of use assets - net		8,452,539	9,138,081
Financial assets at fair value through other comprehensive income	18	35,126,767	27,740,468
Investment in plots of land	18	819,127	819,127
Intangible assets - net	2	44,480,345	25,512,886
Investment in affiliates		7,894,820	8,382,511
Property and equipment - net		107,464,875	124,774,903
Projects under construction		6,546,967	1,824,492
Total Non-Current Assets		232,203,657	218,302,702
Total Assets		603,473,401	511,148,111
Liabilities and Owner's Equity			
Current Liabilities:			
Accounts payable		79,250,001	62,128,036
Due to Banks	9	50,736,471	29,837,118
Notes payable within one year and postdated cheques		6,414,906	8,227,998
Due to related parties	16	666,073	523,765
Lease liabilities - short term		2,865,971	2,643,846
Loans installments maturing within a year	10	78,864,745	62,925,756
Other credit balances	8	32,239,378	29,810,851
Income tax provision	12	3,608,334	5,826,301
Total Current Liabilities		254,645,879	201,923,671
Non-Current Liabilities			
Provision for end of service indemnity		17,960,615	17,254,997
Long term bonds payable	11	74,601,200	75,102,400
Lease liabilities - long term		6,364,887	6,462,939
Financial hedging instruments - liabilities	18	7,959,000	7,959,000
Long term loans installments	10	60,598,618	27,687,543
Total Non-Current Liabilities		167,484,320	134,466,879
Total Liabilities		422,130,199	336,390,550
Owners' Equity			
The authorized capital is 125,000,000 shares with a par value of US \$ 1 per share	1	125,000,000	100,000,000
Shareholders' Equity			
Paid up capital	1	105,000,000	95,000,000
Share premium	1	12,103,000	10,075,000
Retained earnings		27,941,953	36,935,837
Profit for the period		19,184,021	-
Cumulative change in fair value		40,473	(277,563)
Property and equipment revaluation reserve	19	8,753,276	15,636,052
Foreign currency translation effect		(720,186)	347,165
Difference on the purchase of non-controlling interest	2	(18,648,229)	(11,844,996)
Total Shareholders' Equity		153,654,308	145,871,495
Non - controlling interest		27,688,894	28,886,066
Total Owners Equity		181,343,202	174,757,561
Total Liabilities and Owners' Equity		603,473,401	511,148,111

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE
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Arab Palestinian Investment Company
(Holding Company)
British Virgin Islands
Condensed Consolidated Interim Statement of Income
(Reviewed Not Audited)

	Note	For the Three -Months Ended June 30,		For the Six-Months Ended June 30,	
		2021	2020	2021	2020
		(Reviewed Not Audited)	(Not Reviewed nor Audited)	(Reviewed Not Audited)	(Reviewed not Audited)
		USD	USD	USD	USD
Net sales		263,360,119	195,636,544	515,635,348	403,679,541
<u>Less:</u> Cost of sales		(228,734,042)	(171,189,714)	(449,093,768)	(354,721,378)
Gross profit from sales		34,626,077	24,446,830	66,541,580	48,958,163
Services revenue		1,218,472	1,441,464	2,102,374	2,244,531
<u>Less:</u> Cost of services		(1,299,252)	(689,257)	(2,475,621)	(1,744,316)
Net (loss) profit from services		(80,780)	752,207	(373,247)	500,215
Gross Profit from Sales and Services	17	34,545,297	25,199,037	66,168,333	49,458,378
<u>Less:</u> General and administrative expenses		(12,497,482)	(7,385,601)	(24,346,149)	(18,842,645)
Selling and distribution expenses		(7,912,313)	(8,051,967)	(14,787,737)	(12,480,080)
Profit from Operations		14,135,502	9,761,469	27,034,447	18,135,653
<u>Less:</u> Interest and borrowing cost		(3,719,067)	(2,540,529)	(6,973,609)	(5,022,815)
<u>Add:</u> Other revenue (expenses) - net		364,225	(1,847,639)	1,107,767	(1,272,098)
Profit for the Period before Income Tax		10,780,660	5,373,301	21,168,605	11,840,740
<u>Less:</u> Income tax expense	12	(2,284,048)	(1,414,224)	(4,293,530)	(2,841,384)
Profit for the period of continuing operations		8,496,612	3,959,077	16,875,075	8,999,356
Add: Net (loss) profit from discontinued operations	19	(259,397)	(60,953)	(325,790)	17,133
Profit resulting from the sale of a subsidiary	19	4,603,030	-	4,669,423	-
Profit for the period		12,840,245	3,898,124	21,218,708	9,016,489
Attributable to:					
Company's shareholders		11,955,403	3,254,469	19,184,021	7,397,148
Non-controlling interest		884,842	643,655	2,034,687	1,619,341
		12,840,245	3,898,124	21,218,708	9,016,489
Earnings per share attributable to the Company's shareholders	13	0/114	0/031	0/183	0/071

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Arab Palestinian Investment Company
(Holding Company)
British Virgin Islands
Condensed Consolidated Interim Statement of Comprehensive Income

	For the Three-Months Ended June 30,		For the Six-Months Ended June 30,	
	2021	2020	2021	2020
	(Reviewed Not Audited)	(Not Reviewed nor Audited)	(Reviewed Not Audited)	(Reviewed Not Audited)
	USD	USD	USD	USD
Profit for the period	12,840,245	3,898,124	21,218,708	9,016,489
Other Comprehensive Income Items that might be transferred to the statement of Profit or Loss later:				
Change in fair value - financial assets at fair value through other comprehensive income	1,277,836	(1,474,158)	432,106	(1,495,188)
Change in fair value - property, plant and equipment / Land	142,821	-	142,821	-
Foreign currency translation	(59,384)	123,671	(1,613,107)	769
Total comprehensive income	14,201,518	2,547,637	20,180,528	7,522,070
Total Comprehensive Income Attributable to:				
Company's shareholders	13,340,936	1,903,982	18,577,527	5,904,008
Non-controlling interest	860,582	643,655	1,603,001	1,618,062
	14,201,518	2,547,637	20,180,528	7,522,070

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Note	Paid-up Capital	Share Premium	Retained Earnings	Profit for the Period	Cumulative Change in Fair Value	Property and Equipment Revaluation Reserve	Foreign Currency Translation Effect	Difference on the Purchase of Non-controlling Interest	Total Shareholders' Equity		
									Equity	Interest	
For the Six Months Ended June 30, 2021 (Reviewed Not Audited)											
Balance - beginning of the period	USD 95,000,000	USD 10,075,000	USD 36,935,937	-	(277,553)	USD 15,636,052	347,165	USD (11,844,996)	USD 145,871,495	28,886,066	USD 174,757,561
Change in fair value - financial assets at fair value through other comprehensive income	-	-	-	-	318,036	-	-	-	318,036	114,070	432,106
Change in fair value - property, plant and equipment	-	-	-	-	-	142,821	-	-	142,821	-	142,821
Foreign currency translation	-	-	-	-	-	-	(1,067,351)	-	(1,067,351)	(545,756)	(1,613,107)
Profit for the Period	-	-	-	19,184,021	-	-	-	-	19,184,021	2,024,687	21,208,708
Total comprehensive income	-	-	-	19,184,021	-	142,821	(1,067,351)	-	18,577,527	1,603,001	20,180,528
Increase in paid up capital **	10,000,000	-	(8,800,000)	-	-	-	-	-	1,200,000	-	1,200,000
Increase in share premium **	-	2,028,000	-	-	-	-	-	-	2,028,000	-	2,028,000
Dividends distributed ***	-	-	(7,215,000)	-	-	-	-	-	(7,215,000)	-	(7,215,000)
Net change in the Property and Equipment revaluation reserve / land	-	-	7,025,597	-	-	(7,025,597)	-	-	-	(15,591)	(15,591)
Net change in non - controlling interest *	-	-	(4,481)	-	-	-	-	(6,803,233)	(6,807,714)	(2,784,582)	(9,592,296)
Balance - End of the Period	105,000,000	12,103,000	27,941,933	19,184,021	40,473	8,753,276	(720,185)	(18,648,229)	153,654,308	27,688,894	181,343,202
For the Six Months Ended June 30, 2020 (Reviewed Not Audited)											
Balance - beginning of the period	89,000,000	10,075,000	28,922,918	-	1,826,014	14,829,284	110,655	(11,876,556)	132,887,215	24,955,801	157,843,016
Change in fair value - Financial assets at fair value through other comprehensive income	-	-	-	-	(1,493,909)	-	-	-	(1,493,909)	(1,279)	(1,495,188)
Foreign currency translation	-	-	-	-	-	-	769	-	769	-	769
Profit for the Period	-	-	-	7,397,148	-	-	-	-	7,397,148	1,619,241	9,016,389
Total comprehensive income	-	-	-	7,397,148	-	-	769	-	5,904,008	1,618,062	7,522,070
Increase in paid up capital **	5,000,000	-	(6,000,000)	-	-	-	-	-	-	-	-
Dividends distributed ***	-	-	(6,000,000)	-	-	(33,138)	-	-	(6,000,000)	-	(6,000,000)
Net change in Property and Equipment revaluation reserve / land	-	-	-	-	-	-	-	-	-	33,138	-
Net change in non - controlling interest *	-	-	-	-	-	-	-	31,660	31,660	(1,176,691)	(1,145,031)
Balance - End of the Period	95,000,000	10,075,000	16,922,918	7,397,148	332,105	14,796,146	111,424	(11,844,996)	132,789,745	25,430,310	158,220,055

Retained earnings include USD 2,425,344 as of June 30, 2021, which represents amounts booked by the Company's subsidiaries against deferred tax benefits (USD 2,275,278 as of December 31, 2020).

* This item represents the net change in non-controlling interest resulting from the increase or decrease in the share of non-controlling interest in the share capital of some of the subsidiaries during the period.

** The general assembly has decided in its non ordinary meeting held on December 22, 2020 to increase the Company's paid up capital by USD 1.2 million through the distribution of stock dividends to the Non - Controlling shareholders in Unipal General Trading Company, the legal procedures were completed on at January 14, 2021.

*** The general assembly has decided in its meeting held on May 5, 2021, approved the increase in the Company's capital by USD 8.8 million through the distribution of stock dividends, in addition to a cash dividends of USD 7,215 million, or 7.5% of the Company's paid up capital on that date.

*** The general assembly has decided in its meeting held on May 21, 2020, approved a USD 6 million increase in the Company's capital by distributing stock dividends to shareholders in addition to a cash dividend of USD 6 million, or 6.74% of the Company's paid up capital on that date.

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Arab Palestinian Investment Company
(Holding Company)
British Virgin Islands
Condensed Consolidated Interim Statement of Cash Flow
(Reviewed Not Audited)

		For the Six-Months Ended June 30,	
		2021	2020
		(Reviewed Not Audited)	(Reviewed Not Audited)
		USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES:			
		25,512,238	11,857,873
Profit for the period before tax from continuing and discontinued operations			
Adjustments for:			
Expected credit loss provision	5	417,522	394,832
Depreciation		5,126,695	5,215,707
Loss from financial hedging instruments - Assets		250,600	-
Provision (released) for slow moving inventory		251,988	(15,227)
Profit from investment in affiliates		487,691	(285,031)
Provision for end of service indemnity		1,551,173	1,219,639
(Gain) on sale of property and equipment		(118,852)	(129,117)
Cash Flows from Operating Activities before Changes in Working Capital		33,479,055	18,258,676
(Increase) in accounts receivable, finance leasing contracts other debt balances		(35,250,075)	(11,485,512)
(Increase) in inventory	7	(13,724,632)	(24,993,330)
(Increase) decrease in long-term checks under collection		(113,379)	517,826
Change in due from related parties balances		(953,004)	(5,348,243)
Increase in accounts payable and other credit balances		9,115,488	6,306,768
Net Cash Flows (used in) Operating Activities before			
End-of-Service Indemnity and Income Tax Paid		(7,446,547)	(16,743,815)
Paid from end of service indemnity provision		(845,555)	(70,624)
Paid from income tax provision	12	(6,808,767)	(4,341,321)
Net Cash Flows (used in) Operating Activities		(15,100,869)	(21,155,760)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in financial assets at fair value through profit or loss		354,626	-
(Increase) in financial assets at fair value through other comprehensive income		(5,912,141)	(345,634)
Payments for acquisition of subsidiary	2	(23,058,938)	-
Paid in cash to acquire non-controlling interest and to acquire a subsidiary	2	(10,071,684)	-
Cash Received from sale of subsidiary	19	23,000,000	-
Change in Intangible assets - net	2	(3,480,191)	(61,867)
Change in Property and equipment and project under construction		6,714,460	(4,593,154)
Net Cash Flows (used in) Investing Activities		(12,453,868)	(5,000,655)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks		20,899,353	10,369,608
(Decrease) increase in bonds payable	11	(501,200)	73,727,600
Increase in loans, checks and notes payable		35,323,406	14,399,420
Dividends distributed		(7,215,000)	(6,000,000)
Net change in non-controlling interest and foreign currency translation		(11,205,403)	(1,175,412)
Net Cash Flows from Financing Activities		37,301,156	91,321,216
Net Increase in Cash		9,746,419	65,164,801
Increase in cash as a result of the acquisition of subsidiary		143,120	-
Decrease in cash as a result of sale of subsidiary	19	(764,178)	-
Cash on hand and at banks- beginning of the year		39,618,477	27,115,988
Cash on Hand and at Banks - End of the Period		48,743,838	92,280,789
Non Cash Transactions			
Increase in share premium	1	2,028,000	-

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ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION
(REVIEWED NOT AUDITED)

1. General

- a. Arab Palestinian Investment Company (Holding Company) was established on September 20, 1994 and was registered at the British Virgin Islands under Number (128626), The Company's authorized capital amounted to USD 125 million divided into 125 million shares at a par value of USD 1 per share.
- b. Several amendments were made to the Company's paid up capital, the latest of which was on January 14, 2021, where the Company's General Assembly has decided in its non-ordinary meeting held on December 22, 2020 to increase the Company's paid up capital by USD 1,200,000 through a special issuance to the non-controlling shareholders in Unipal General Trading company at an issuance price of USD 2.69 per share, resulting in USD 2.03 Million of share premiums as a result of the arrangement.

The Company's general assembly decided in its non-ordinary meeting held on May 5, 2021 to approve the increase the Company's paid up capital by USD 8,800,000 increasing the company's paid up capital to become USD 105,000,000.

Approval of the regulatory authorities were obtained from British virgin island and the specialized parties at Palestine including Palestine Capital Markets Authority (PCMA) and Palestine Exchange (PEX).

- c. The Company's main objectives include the management of its subsidiaries 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 Company's headquarter is located at Dabouq, P.O, Box 941489 11194 Amman, 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 at Palestine's stock exchange, The procedures for the conversion were completed on January 15, 2014, The Company's shares were listed on Palestine's stock exchange on March 2, 2014.
- f. According to the new Palestinian Capital Market Authority and the Palestine Exchange's instructions and regulations it is required for all listed companies to provide quarterly reviewed financial statements for the first and third quarter starting from the year 2021, accordingly the comparative figures presented in the financial information related to the three months period ended June 30, 2020 were not audited, reviewed or compiled by the current independent auditor.
- g. The delegate of the Board of Directors approved the condensed consolidated interim financial statements on August 11, 2021.

2. Basis of Preparation of the Condensed Consolidated Interim Financial Statements

- The accompanying condensed consolidated interim financial information have been prepared in accordance with the International Accounting standards No.(34).
- The condensed consolidated interim financial information have been prepared according to the historical cost convention except for the financial assets, financial liabilities that appear at fair value at the date of the condensed consolidated interim financial information.
- The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual report as of December 31, 2020, In addition, the results of the Group's operations for the six months ended June 30, 2021 do not necessarily represent an indication of the expected results for the year ending December 31, 2021. The Company did not deduct any statutory reserves against the profit of the six months ended June 30, 2021 as this procedure is performed at the end of the year.
- The accompanying interim condensed consolidated financial information are shown in US dollars, which represents the Group's financial information presentation currency.
- The condensed consolidated interim financial information include the holding company's financial information and the following subsidiaries' financial information, after eliminating intercompany balances and transactions:

	June 30, 2021		December 31, 2020			
	(Reviewed not audited)		(Audited)			
	Paid-up Capital	Equity Share	Paid-up Capital	Equity Share	Ownership Date	Main Activity
	USD	%	USD	%		
Arab Palestinian Cooling and Storage Company	4,500,000	71/11	4,500,000	68/47	1997	Management of refrigerated storage facilities
Medical Supplies and Services Company (Consolidated)	20,000,000	100	4,000,000	100	1998	Trade of medicine and medical supplies
Unipal General Trading Company (Consolidated) *	7,042,253	100	7,042,253	93/41	1998	General trading
National Aluminum and Profiles Company	11,283,498	73/13	10,315,948	72/99	1995	Manufacturing of aluminum
Palestine Automobile Company	20,000,000	100	14,500,000	100	1998	Trading of cars
Sky Advertising, Public Relations and Events Company (Consolidated)	845,068	100	845,068	100	2000	Advertising, public relations and events
Siniora Food Industries Company (Consolidated) **	39,492,243	65/63	35,260,931	65/63	1996	Food industries
Arab Palestinian Shopping Centers Company (Note 19)	9,876,543	-	9,876,543	99/78	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	6,000,000	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
APIC Gulf Investments L.L.C	40,000	100	40,000	100	2019	Investment and asset management

- The rights of non-controlling interests represent the portion that is not owned by the Group in subsidiaries equity.

* During the first quarter of the year 2021, the non-controlling interests in Unipal General Trading Company were fully purchased as follows:

- a. During the period, the Group acquired 4.1% of the equity of Unipal for General Trading Company that was owned by a non – controlling parties through a special issuance of approximately 1.2 million shares in APIC that held a valued price of USD 2.69 per share and the payment of a monetary amount of USD 2.72 Million, resulting of the exchange of the agreement an increase share premium amounting to USD 2.03 Million an increase in the controlling shares at the Company to reach 97.5% off owners' equity.

- b. During the period, the group acquired (through a subsidiary) the remainder of non – controlling parties shares at Unipal for General trading Company of 2.5% through the payment of a monetary amount of USD 3.7 million, resulting in the recognition of Unipal for General Trading Company as a wholly owned subsidiary. An increase in the Company's paid up capital by USD 1.2 million and USD 2.1 million in share premium resulted in exchange of the acquisition arrangements above. An increase in the difference on the purchase on non – controlling interest items by USD 6.7 million.

** On March 1, 2021, the Group completed all legal procedures to purchase 77% of the Trakya Meat Industry Company shares in Republic of Turkey, with a total value of TL 203.9 million (equivalent to USD 28.5 million on the date of purchase) including the Group's share in the capital increase of the investee which approximates TL 38.5 million (equivalent to approximately USD 5.4 Million).

The accounting of the initial purchases is based on the temporary fair value of the assets and liabilities acquired by the company. The study of the distribution of the purchase price on the assets purchased by the management will be completed during the 12 months following the date of the purchase. The completion of this study may lead to a change in the fair value of the acquired assets and liabilities, and thus to a change in the intangible assets.

The net assets directly attributable to the acquisition of the 77% was as follows on the date of acquisition, noting that management will perform a purchase price allocation study on the acquired assets during a year from the acquisition date noted that these numbers have been prepared by the subsidiary company management:

	<u>Assets</u>	<u>March 1, 2021</u>
		USD
Current Assets:		
Cash on hand and at banks		143,120
Account receivables- net		10,968,873
Inventory- net		4,358,103
Other debit balances		428,663
Total current Assets		<u>15,898,759</u>
Non-Current Assets:		
Deferred tax assets		215,759
Property and equipment- net		2,481,664
Right of use assets		305,889
Total Non- Current Assets		<u>3,003,312</u>
Total Assets		<u>18,902,071</u>
	<u>Liabilities</u>	
Current Liabilities:		
Accounts payable		6,778,051
Withholdings and accrued expenses		1,142,230
Lease liabilities maturing within one year		220,855
Loans installments maturing within one year		5,912,805
Total Current Liabilities		<u>14,053,941</u>
Non- Current Liabilities:		
Loans installments maturing in more than a year		642,359
Lease liabilities maturing in more than one year		115,718
Provision for end of service indemnity		755,373
Total Non- current liabilities		<u>1,513,450</u>
Total liabilities		<u>15,567,391</u>
Net Assets Acquired		3,334,678
Less: the agreed value (transaction value)		<u>23,058,938</u>
Other assets arising from acquisition		<u>19,724,260</u>

Other assets resulting from the acquisition are shown within the item of intangible assets including goodwill as on June 30, 2021, noting that the above balances represent the equivalent value in US dollars as on the date of acquisition. The re-translation as on June 30, 2021 resulted in a translation difference of USD 2,040,011, and a share of the company, of which USD 1,570,810 was recorded in the interim condensed consolidated statement of comprehensive income for the period.

The following is the most important financial information for Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (the Subsidiary Company) according to condensed interim financial information as of June 30, 2021 reviewed by the independent auditor:

Interim statement of Financial Position:

<u>Assets</u>	June 30, 2021
	USD
Cash on hand and at banks	3,699,295
Account receivables - net	14,251,288
Inventory - net	4,794,001
Other debit balances	429,946
Due from related party	12,986
Deferred tax assets	221,908
Property and equipment - net	3,033,795
Intangible assets – net	17,477
Right of use assets	302,389
Total Assets	<u>26,763,085</u>
<u>Liabilities</u>	
Accounts payables	6,084,553
Withholdings and Accrued Expenses	946,226
Lease liabilities	1,162,867
Loans payable	7,158,697
Provision for income tax	475,299
Provision for end of service indemnity	493,568
Total Liabilities	<u>16,321,210</u>
Owner's Equity	<u>10,441,875</u>
Total Liabilities and Owner's Equity	<u>26,763,085</u>

Interim statement of Profit or loss

	For the period from March 1, 2021 and until June 30, 2021
	USD
Net sales	15,865,633
Cost of sales	<u>(12,647,237)</u>
Gross profit	3,218,396
Selling and advertising expenses	(770,908)
General and administrative expenses	(602,684)
Other expenses – net	(7,353)
Financing expenses	(473,310)
End of service indemnity	(58,275)
Income Tax	(327,622)
Profit for the period	<u>978,244</u>

Basis of Preparation of the consolidated financial information

- The Group financial information incorporate the financial statements of the Holding Company and entities controlled by the Group (its subsidiaries), Control is achieved when the Group:
 - Has the power to control 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 the returns of the investee.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above,

In the case of which the Group 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 Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are enough to grant it control or not, including:

- The size of the Group's holdings of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary, Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests, Total comprehensive income of the subsidiaries is attributed to the owners of the Group 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 information of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

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

Non-controlling interests in subsidiaries are identified separately from the Group'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 acquirer'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 Group.

When the Group 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 Group 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.

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020, except for the impact of the application of the new and amended International Financial Reporting Standards, which have become effective in the current period, as shown below:

Interest Rate Benchmark-phase 2

Effective from January 1, 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

Regarding to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021 and it was found that there is no material impact of the interest rate reform on the Group's results.

4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2020.

5. Accounts Receivable and Checks under Collection - Net

This item consists of the following:

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Trade receivables	142,254,625	106,208,089
Checks under collection *	31,519,252	28,652,873
Employees receivable	567,590	583,947
	174,341,467	135,444,909
Less: Provision for expected credit loss	(6,992,813)	(6,555,369)
Total	167,348,654	128,889,540

* The maturities of checks under collection extend up to the end of the year 2021.

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

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Balance – Beginning of the period / year	6,555,369	5,614,502
Provision booked during the period / year	417,522	1,059,861
Addition resulting from subsidiary acquisition	369,196	-
Provision released as a result of subsidiary sale	(331,736)	-
Written off receivables	(17,538)	(118,994)
Balance – Ending of the period / year	6,992,813	6,555,369

- The above balances include amounts due from the Palestinian Authority amounting to approximately USD 37.1 million as at June 30, 2021 (USD 27.6 as at December 31, 2020).

6. Other Debit Balances

This item consists of the following:

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Claims receivable	9,824,569	7,553,766
Value added tax	5,663,088	2,933,980
Prepaid expenses	4,494,250	4,593,372
Refundable deposits against letter of credit and Banks guarantees	3,040,208	3,617,916
Advance payments to suppliers	9,979,135	7,106,945
Loans granted by the holding company	681,615	681,615
Other debit balances	3,303,309	2,181,418
	36,986,174	28,669,012

7. Inventory - net

The details of this item are as follows:

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Produced goods available for sale*	57,430,840	9,491,983
Medicine	9,466,228	9,947,870
Medical materials	678,853	1,060,649
Consumable materials	2,379,353	29,661,569
Laboratory tools and materials	3,117,818	4,826,243
Cars and spare parts **	12,919,773	12,881,913
Medical equipment and machinery	7,889,940	8,855,877
Total Finished Goods	93,882,805	76,726,104
Raw materials	13,999,433	11,796,344
Scrap materials and other	818,118	904,801
Other materials	2,814,772	2,858,401
Total Inventory	111,515,128	92,285,650
Less: Provision for slow-moving inventory ***	(3,079,887)	(3,102,704)
Net Inventory	108,435,241	89,182,946
Goods in transit	1,446,890	1,314,679
Total	109,882,131	90,497,625

* This item mainly represent tobacco and cigarette products that the Group trades in, one of the Group companies purchased goods that are sufficient for the Palestinian market for a period between 3 and 6 months, the Company believes that the laws and instructions issued by the relevant authorities and government agencies during the first quarter of the year 2021 may cause delays in the arrival of tobacco and cigarettes orders and shipments to the Palestinian Territories.

**Inventory include vehicles pledged to banks in exchange for commercial loans.

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

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Balance – Beginning of the period / year	3,102,704	2,464,518
Add: Provision resulting from subsidiary acquisition	30,215	-
Less: provision released as a result of subsidiary sale	(219,273)	-
Additions during the period/ Year	251,988	1,118,940
Inventory written off during the period/ Year	(85,747)	(480,754)
Balance – Ending of the period / year	3,079,887	3,102,704

8. Other Credit Balances

This item consists of the following:

	June 30, 2021	December 31, 2020
	(Reviewed not audited)	(Audited)
	USD	USD
Accrued expenses	15,943,672	11,885,842
Accrued interest	336,135	179,895
Unearned revenue	561,514	626,379
Accrued salaries and bonuses	4,587,388	6,379,499
Accrued vacations	1,936,320	1,105,819
Social security deposits	304,642	123,670
Sales tax deposits	86,309	418,954
Income tax deposits – employees	902,054	1,398,705
Customers advances	1,556,377	685,669
Sundry provision	4,370,645	5,374,789
Others	1,654,322	1,631,630
Total	32,239,378	29,810,851

9. Due to banks

This item consists of facilities granted to the following companies:

	June 30, 2021	December 31, 2020
	(Reviewed not audited)	(Audited)
	USD	USD
National Aluminum and Profiles Company	5,072,484	5,739,203
Medical Supplies and Services Company	9,770,116	11,703,423
Unipal for General Trading Company	27,464,019	10,536,661
Palestinian Automobile Company	844,476	290,289
Arab Leasing Company	463,134	-
Siniora Food Industries Company	7,122,242	1,567,542
Total	50,736,471	29,837,118

- The purpose of these balances is to finance the working capital and are covered by collaterals represented by the guarantee of the owner company.

10. Loans

The details of this item are as follows:

	Short-term	Long-term	Short-term	Long-term
	June 30, 2021		December 31, 2020	
	(Reviewed not auditd)		(Audited)	
	USD	USD	USD	USD
<u>Siniora Food Industries Company:</u>				
Trakya Meat and Dairy Products loans **	6,736,362	422,208	-	-
Cairo Amman Bank loan (Note 2)	755,580	20,402,508	-	-
Bank of Jordan Loan	496,827	2,853,161	-	-
Safa Bank Loan (Note 2)	234,977	6,817,719	-	-
Arab Bank Loans	6,096,332	6,156,520	7,026,749	8,794,382
	14,320,078	36,652,116	7,026,749	8,794,382
<u>National Aluminum and Profiles Company:</u>				
Jordan Ahli Bank Loans	1,562,216	1,718,970	3,568,207	2,002,306
Al Quds Bank Loans	1,010,370	3,385,068	1,281,900	1,624,784
Palestine Islamic Bank Loans	1,128,949	-	-	-
Palestine Investment Bank Loans	-	-	659,348	-
Cairo Amman Bank Loans	1,222,172	1,059,350	1,162,394	1,231,106
The Housing Bank for Trade and Finance Loan	269,805	1,433,365	169,568	1,063,446
Arab Bank Loan	237,037	-	1,541,180	-
Safa Bank Loan	1,762,977	-	1,609,326	-
Bank of Palestine Loan	760,966	-	646,019	-
	7,954,492	7,596,753	10,637,942	5,921,642
<u>Palestinian Automobile Company:</u>				
National Bank Loans	1,218,994	-	1,533,935	-
The Housing Bank for Trade and Finance Loan	699,577	-	554,017	-
Arab Bank Loan	1,810,885	-	1,350,979	-
Al Quds Bank Loans	4,484,362	532,288	3,239,389	488,446
Jordan Ahli Bank Loans	2,490,121	-	2,530,263	-
Cairo Amman Bank Loan	392,597	579,625	334,356	748,977
Bank of Palestine Loan	-	-	-	191,830
Arab Islamic Bank Loan	512,553	-	268,765	385,568
Bank of Jordan Loan	1,614,305	-	2,421,280	-
	13,223,394	1,111,913	12,232,984	1,814,821
<u>Arab Leasing Company:</u>				
National Bank Loan	163,176	425,144	215,789	580,427
Jordan Ahli Bank Loan	565,095	1,218,234	513,874	1,269,816
Bank of Palestine Loan	239,933	587,935	-	-
Al Quds Bank Loan	513,055	1,187,295	494,258	1,091,209
Italian Development Cooperation Agency *	-	880,600	-	902,800
	1,481,259	4,299,208	1,223,921	3,844,252
<u>Medical Supplies and Services Company:</u>				
Arab Islamic Bank Loan	4,227,186	-	719,259	-
The Housing Bank for Trade and Financial loan	3,967,184	-	1,635,683	-
Bank of Palestine Loan	-	4,000,000	-	-
Arab Bank Loan	4,558,387	3,125,120	1,683,533	4,375,040
Safa Bank Loan	3,400,237	-	5,509,570	-
Bank of Jordan Loan	25,732,528	3,813,508	21,516,743	411,905
	41,885,522	10,938,628	31,064,788	4,786,945
<u>Arab Palestinian shopping centers company:</u>				
Arab Islamic Bank Loan	-	-	156,955	50,231
Cairo Amman Bank Loan	-	-	582,417	2,475,270
	-	-	739,372	2,525,501
	78,864,745	60,598,618	62,925,756	27,687,543

- The loans above are subject to interest rates ranging from 3.7% to 25.2% and are granted in Palestine, Jordan and Turkey.

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

**Tarakya for the Manufacture and Trade of Meat and Dairy Products (Subsidiary Company) obtained several loans totaling 11 loans from several banks in the Republic of Turkey with total value of TL 62.220 million (Equivalent to USD 7.1 million as of June 30, 2021) to finance working capital of the Company. Interest rates range from 7.5% to 25.2% and the due installment range from February 5, 2020 to April 17, 2023.

11. Bonds Payable

This item represents the bonds issued by the Group at an annual interest ranging Between 3.75% and 4.75%.

The movement on the Bonds Payable balance during the period was as follows:

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Balance – Beginning of the period / year	75,102,400	35,000,000
Bonds issued during the period	-	75,102,400
Bonds paid during the year	-	(35,000,000)
Change resulting from currency revaluation	(501,200)	-
The balance at the end of the period / year	74,601,200	75,102,400

The details of bonds payable as at the end of the period were as follows:

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Dollar bonds - issuance of the year 2020 *	58,000,000	58,000,000
Euro bonds - issuance of the year 2020 **	16,601,200	17,102,400
	74,601,200	75,102,400

- * During the month of June 2020, the Arab Palestinian Investment Company issued bonds with a total par value of USD 50 million, the par value of each bond is USD 10,000, the date of issue is June 25, 2020 and its maturity June 25, 2025, and the interest rate calculated on the bonds is 4.5% annually fixed For the first 30 months and the interest rate of 6 months LIBOR + 2.5% for the remaining 30 months of the bond's life, provided that the interest rate is not less than 4.5%, Interest payments are calculated over 360 days and are paid every six months from the date of issuance, noting that the issuing company has the right to amortize what its value is One million US dollars and its multiples of bonds issued before their maturity date, at an amortization rate of 101% of the par value of the bonds to be amortized.
- ** During the month of June 2020, the Arab Palestinian Investment Company issued loan bonds with a total nominal value of 14 million Euros, equivalent to USD 15,727,000 , as on June 30, 2020, the nominal value of each bond is 10,000 Euros, the date of issue is June 25, 2020, and its maturity is June 25, 2025, The interest rate calculated on the bonds is 3.75% per annum, fixed for the first 30 months and the interest rate for 6 months EURO LIBOR + 2.5% for the remaining 30 months of the bond's life, provided that the interest rate is not less than 3.75% and not more than 4.75%, and interest payments are calculated over 360 days, It is paid every six months from the date of issuance, noting that the issuing company has the right to amortize the value of one million euros and its multiples of bonds issued before their maturity date, and at an amortization rate of 101% of the nominal value of the bonds to be amortized.

The maturity of bonds issued by the Group was as follows:

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Bonds maturing within one to five years	74,601,200	75,102,400
	74,601,200	75,102,400

The guarantees and covenants on the bonds issued by the Group as of June 30, 2021 and December 31, 2020 were as follows:

Dollar bonds - issuance of the year 2020:

The Group has set a first class mortgage in the name of the custodian and to the benefit of the bond holders that is comprised of shares in some of the Group subsidiaries, part of the shares owned by the Group in investments at fair value through other comprehensive income and other mortgages on some of the land owned by subsidiaries, the mortgage requires that the average market and estimated values of collateral shall not be less than the entire par value of bonds on the date of coverage ratio calculation.

As to commitments associated with the issuance, the Group has committed that the ratio of earnings before interest, tax, depreciation and amortization "EBITDA" to total interest paid on debt "Total Interest Expense" shall not be less than 3.25 times, in addition the Group has committed that the ratio of net Group debt to shareholder's equity shall not exceed 60% at any point of time and for the lifetime of bonds and till full settlement.

Euro bonds - issuance of the year 2020:

The Group has set a first class mortgage in the name of the custodian and to the benefit of the bond holders that is comprised of shares in some of the Group subsidiaries, part of the shares owned by the Group in investments at fair value through other comprehensive income and other mortgages on some of the land owned by subsidiaries, the mortgage requires that the average market and estimated values of collateral shall not be less than the entire par value of bonds on the date of coverage ratio calculation.

As to commitments associated with the issuance, the Group has committed that the ratio of earnings before interest, tax, depreciation and amortization "EBITDA" to total interest paid on debt "Total Interest Expense" shall not be less than 3.25 times, in addition the group has committed that the ratio of net group debt to shareholder's equity shall not exceed 60% at any point of time and for the lifetime of bonds and till full settlement.

During the six months ended June 30, 2021, the Group held a meeting with Bond holders in the presence of the Companies controller where bond holders were informed of the Group's need to exceed the net Group debt to shareholder's equity ratio of 60% and for a temporary time during the year 2021 as a result of external and emerging factors, no objections were noted in that regard.

12. Income Tax for Subsidiaries

a. Income tax provision

The movement on income tax provision is illustrated as follows:

	June 30, 2021	December 31, 2020
	(Reviewed not audited)	(Audited)
	USD	USD
Balance - beginning of the period/year	5,826,301	3,595,931
Income tax paid	(6,808,767)	(4,505,094)
Income tax expense for the period/year	4,590,800	6,735,464
Balance - End of the Period/Year	3,608,334	5,826,301

b. Income tax expense

Income tax expense shown in the condensed consolidated interim financial statements of Profit or loss is illustrated as follows:

	For the Six-months ended June 30,	
	2021	2020
	(Reviewed not audited)	(Reviewed not audited)
	USD	USD
Income tax expense for the period	4,590,800	2,918,074
Amortized deferred tax for the period	(297,270)	(76,690)
	4,293,530	2,841,384

- The Arab Palestinian Investment Company (The Holding Company) has reached a final settlement with the income tax department until the end of the year 2019 in Jordan and 2018 for Palestine.
- The following schedule shows the tax status of the subsidiaries:

Company's Name	Final Settlement up to Year
Unipal General Trading Company	2018
Sky Advertising, Public Relations and Events Company	2018
Medical Supplies and Services Company	2018
National Aluminum and Profiles Company	2018
Palestine Automobile Company	2017
Arab Palestinian Storage Company	2017
Arab Palestinian Shopping Centers Company	2018
Siniora Food Industries Company	2018
Jericho Natural and Mineral Water Factory Company	Under Liquidation
Arab Leasing Company	2017
Arab Palestinian Investment Company / Jordan (Exempted)	2019

In the management and its tax consultant's opinion, the provisions recorded as of June 30, 2021 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.

- * The income tax of Trakya Meat and Dairy Industry and Trade Company (a subsidiary) was settled by the end of 2020.
- In the opinion of the Company's management and its tax advisor, there is no need to book any provisions for income tax as of June 30, 2021 against the profit resulting from the sale of Arab Palestinian Shopping Centers Company during the period as the historical cost approximates the value of the agreement, noting that the Group based on the agreement with the buyer has recorded an income tax provision to cover any obligations resulting from the tax clearance relating to the years 2020 and 2019.

13. Earnings per Share for the Period

This item consists of the following:

	For the three-months ended June 30,	
	2021	2020
	(Reviewed not audited)	(Not reviewed nor audited)
	USD	USD
Profit for the period	<u>11,955,403</u>	<u>3,254,469</u>
	Share	Share
Weighted Average Number of Shares *	<u>104,913,333</u>	<u>103,800,000</u>
	USD/Share	USD/Share
Earnings per share for the period attributable to the Company's shareholders	<u>0/114</u>	<u>0/031</u>

	For the six-months ended June 30,	
	2021	2020
	(Reviewed not audited)	(Reviewed not audited)
	USD	USD
Profit for the period	<u>19,184,021</u>	<u>7,397,148</u>
	Share	Share
Weighted Average Number of Shares *	<u>104,913,333</u>	<u>103,800,000</u>
	USD/Share	USD/Share
Earnings per share for the period attributable to the Company's shareholders	<u>0/183</u>	<u>0/071</u>

- * The weighted average number of shares per share of profit attributable to the Company's shareholders of the Company has been calculated based on the number of shares authorized for the six months ended June 30 2021, according to the capital ratio after the increase of the special issuance to USD 1.2 million (notes 1 and 2) and stock dividends worth USD 8.8 million to the shareholders (note 1) in accordance with the requirements of International Accounting Standards (33).

14. Contingent Liabilities

As of the date of the condensed consolidated interim statement of financial position, the Group had contingent liabilities as follows:

	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
Letters of credit	7,973,906	11,022,322
Bank guarantees	19,624,107	18,412,109
Letters of guarantee	12,440,371	3,295,840
	40,038,384	32,730,271

15. Lawsuits

a. Siniora Food Industries Company

There are lawsuits held against Siniora Food Industries Company – Palestine with an amount of USD 324,386 to void the Company's claims against third parties and / or labor claims, In the opinion of the Company's legal consultant and its management, no obligations shall arise against the Company therefrom.

b. Sky Advertising Company

There are lawsuits held against Sky Advertising Company with an amount of USD 21,545 . In the opinion of the Company's management and its lawyer, 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 "Ahlia 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 to its previous sale of the Company's assets, On January 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 January 26, 2016 the application from the lawyer was accepted and the claim was reinstated, The application was appealed on November 27, 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.

d. Unipal General Trading Company

There are lawsuits held against Unipal General Trading Company with an amount of USD 14,167,200 In the opinion of the Company's legal consultant 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 171,044. In the opinion of the Company's legal consultant 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 457,798. In the opinion of the Company's legal consultant and its management, no obligations shall arise against the Company therefrom.

g. 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 legal consultant 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 management and its legal consultant opinion, the Company will not bear any liabilities exceeding the provision booked.

16. Related Parties Balances and Transactions

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

<u>Balances:</u>	June 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	USD	USD
<u>Due from related parties</u>		
Aggad Investment Company	1,367,259	97,393
Taleed Medical Supplies and Services company - Gulf	75,054	-
Arabian Tiles Company - ARTIC (Affiliate Company)	1,416	-
United Motors Company	285	178
Central and West Africa for Commercial Agencies	-	251,131
	1,444,014	348,702
<u>Due to related parties</u>		
Taleed Medical Supplies company - Gulf	-	82,324
Shareholders of the Arab Palestinian Investment Company	666,073	441,441
	666,073	523,765

Transactions:

<u>For the Six-month ended June 30, 2021</u>	<u>Nature of Transaction</u>	<u>Volume of Transactions</u> <u>USD</u>
Aggad Investment Company – (partially owned by a Board of Directors member)	Travel and insurance expenses paid on behalf of the Company	47,255
<u>For the Six-month ended June 30, 2020</u>	<u>Nature of Transaction</u>	<u>Volume of Transactions</u> <u>USD</u>
Aggad Investment Company – (partially owned by a Board of Directors member)	Travel and insurance expenses paid on behalf of the Company	44,354

- b. The salaries, bonuses and other benefits of the executive management of the holding company and its subsidiary companies amounted to USD 3,435,380 for the six-month period ended June 30, 2021 (USD 2,411,461 for the six months period ended June 30, 2020).

17. Segmental Analysis

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

	For the Six-Months Ended June 30,					
	2021			2020		
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
	Manufacturing	Trade	Service	Other		
	USD	USD	USD	USD	USD	USD
Total sales and services revenue	79,027,620	436,602,005	2,108,097	-	517,737,722	405,924,072
Less: Cost of sales and services	(56,919,944)	(392,173,825)	(2,475,620)	-	(451,569,389)	(356,465,694)
Gross Profit	22,107,676	44,428,180	(367,523)	-	66,168,333	49,458,378
Less: Expenses allocated to sectors - net	(18,998,148)	(24,203,317)	(702,433)	(1,095,830)	(44,999,728)	(37,617,638)
Profit before Tax	3,109,528	20,224,863	(1,069,956)	(1,095,830)	21,168,605	11,840,740
Less: Income tax	(957,280)	(3,261,266)	(59,984)	(15,000)	(4,293,530)	(2,841,384)
Profit from continuing Operations	2,152,248	16,963,597	(1,129,940)	(1,110,830)	16,875,075	8,999,356
(Loss) Profit from discontinued Operations	-	(325,790)	-	-	(325,790)	17,133
Profit from sale of subsidiary	-	-	-	4,669,423	4,669,423	-
Profit for the period	2,152,248	16,637,807	(1,129,940)	3,558,593	21,218,708	9,016,489
	June 30, 2021			December 31, 2020		
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)	(Audited)
	USD	USD	USD	USD	USD	USD
Total Assets	603,473,401	511,148,111				
Total Liabilities	422,130,199	336,390,550				

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

All of the subsidiaries are located within the Palestinian Authority territories except for those in the schedule below:

		For the Six Month Ended June 30, 2021		June 30, 2021	
		(Reviewed not audited)		(Reviewed not audited)	
Company's Name	Geographical Location	Revenue	Expenses	Assets	Liabilities
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan / United Arab Emirates / Turkey	21,248,214	19,644,511	36,216,178	15,973,233
Arab Palestinian Investment Company / Jordan	Jordan	81,779	14,598	1,258,684	749,285
APIC Gulf Investments L.L.C	United Arab Emirates	-	246,073	6,464,841	6,544,245
Taleed for Medical Supplies Company	Jordan / Iraq	2,030,626	1,237,116	9,593,513	7,219,275
Al Jihan for General Trading Company	Jordan	8,475,936	8,249,681	12,941,634	9,995,774
National Aluminum and Profiles Company	Jordan Branch	43,163	40,487	105,550	42,918
		For the year ended December 31, 2020		December 31, 2020	
		(Audited)		(Audited)	
		Revenue	Expenses	Assets	Liabilities
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan / United Arab Emirates	45,490,086	41,778,763	70,403,147	19,449,834
Arab Palestinian Investment Company / Jordan	Jordan	563,929	316,909	533,710	91,492
APIC Gulf Investments L.L.C	United Arab Emirates	181,962	27,405	6,659,091	6,492,422
Taleed for Medical Supplies Company	Jordan / Iraq	6,907,689	5,613,840	8,409,938	6,829,204
Al Jihan for General Trading Company	Jordan	7,351,688	6,817,020	11,804,370	9,083,523
National Aluminum and Profiles Company	Jordan Branch	97,721	95,144	112,810	52,854

18. Fair Value Hierarchy

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

Some financial assets and financial liabilities of the Group 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).

	Fair Value		Level of Fair Value Inputs	Valuation Method and Inputs used	Significant Unobservable Inputs	Relation between the fair value and the significant unobservable inputs
	June 30, 2021	December 31, 2020				
	(Reviewed not audited)	(Audited)				
	USD	USD				
Financial Assets at Fair Value						
Financial assets at Fair Value through profit or loss	340,144	695,433	Level One	Market Price	Not Applicable	Not Applicable
Financial assets at Fair Value through Other Comprehensive Income :						
Shares of publicly trading companies	12,944,382	10,680,522	Level One	Market Price	Not Applicable	Not Applicable
Shares of unquoted companies	17,059,928	11,959,462	Level Two and three	Compared with similar financial instrument	Not Applicable	Not Applicable
Investment funds	5,122,457	5,100,484	Level Two and three	Compared with similar financial instrument	Not Applicable	Not Applicable
Total Financial assets at Fair Value through Other Comprehensive Income	35,126,767	27,740,468	Level One	Market Price	Not Applicable	Not Applicable
Financial hedging instruments assets	8,300,600	8,351,200	Level Two	Real estate evaluator	Not Applicable	Not Applicable
Investment in plots of land	819,127	819,127	Level Two	Real estate evaluator	Not Applicable	Not Applicable
Land, property and equipment at fair value	27,215,745	39,025,616	Level Two	Real estate evaluator	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	71,802,383	76,831,844				
Financial liabilities at fair value						
Financial hedging instruments Liabilities	7,959,000	7,959,000	Level One	Market Price	Not Applicable	Not Applicable
Total Financial liabilities at fair value	7,959,000	7,959,000				

There were no transfers between level One and level Two during the period ended June 30, 2021

b. The fair value of the financial assets and financial liabilities of the Group and non-specific fair value on an ongoing basis:

Except for what is set out in the schedule below, we believe that the book value of the financial assets and financial liabilities shown in the condensed consolidated interim

financial statements of the Company approximate their fair value:

Fair Value Level	June 30, 2021		December 31, 2020	
	Book Value	Fair Value	Book Value	Fair Value
	USD	USD	USD	USD
Non-specified Fair Value Financial Liabilities				
Long-term bonds	74,601,200	74,655,076	75,102,400	75,165,621
Loans and due to Banks	139,463,363	139,745,622	120,450,417	120,567,090
Total Non-specified Fair Value Financial Liabilities	214,064,563	214,400,698	195,552,817	195,732,711

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 June 30, 2021 and December 31, 2020

19. Discontinued Operations

On January 23, 2021, the Group signed an agreement to sell its shares in the Arab Palestinian Shopping Centers Company. The purpose of the selling decision is to focus on development and expansion its work in certain strategic sectors. The legal proceedings for the sale were completed on June 24, 2021, when the Group's shares were transferred by the regulators. Representing in the same date the control on the Arab Palestinian Shopping Centers Company was transferred to the buyer.

The details of the disposed assets and liabilities as at the date of the agreement as well as the results of operations from January 1, 2021 till that date were as follows:

Interim statement of Financial Position:

	<u>Assets</u>	<u>June 30, 2021*</u>
Current Assets:		USD
Cash on hand and at banks		764,178
Account receivables- net		512,579
Inventory- net		2,071,088
Due from Related Party		70,218
Other debit balances		500,204
Total current Assets		3,918,267
Non-Current Assets:		
Deferred tax assets		190,253
Property and equipment- net		19,225,035
Right of use assets		1,793,384
Total Non- Current Assets		21,208,672
Total Assets		25,126,939
	<u>Liabilities</u>	
Current Liabilities:		
Accounts payable		2,176,307
Postdated cheques		1,890,389
Due to related party		180,571
Lease liabilities maturing within one year		1,793,384
Other credit balances		1,522,707
Total Current Liabilities		7,563,358
Non- Current Liabilities		
Due to related party		3,200,365
Provision for end of service indemnity		692,381
Total non- current liabilities		3,892,746
Total liabilities		11,456,104
Net assets disposed off		13,670,835
Less: Adjustments		(34,849)
Less: Property and equipment revaluation reserve		(7,041,188)
Net assets disposed off after adjusting items relating to comprehensive income		6,594,798

Net assets disposed off after adjusting items relating to comprehensive income	6,594,798
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Add: Obligations handled by the Group as part of the sale agreement **	3,575,365
Goodwill previously recognized against investment in subsidiary	314,355

Net assets disposed off after recording adjustments for items of comprehensive income and other items	10,484,518
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Agreement Value	23,000,000
Profit resulting from the sale	12,515,482

The Group recognized the effect of the transaction in the interim condensed consolidated statements of profit or loss and shareholders' equity as follows during the period:

Profit from the sale	12,515,482
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Less: Items previously recognized in the statement of other comprehensive income and transferred in the current period to the interim condensed consolidated statement of changes in owners' equity:

Property and equipment revaluation reserve	(7,028,697)
The additional value of investment previously included in owners' equity	(817,362)
Gain recognized in the interim condensed consolidated statement of profit or loss	4,669,423

* The Group considered that the difference between the above information date and the date of completion of the sale process is immaterial, as the six days cannot be separated for practical reasons.

** According to the agreement between the Group and the buyer, the value of the transaction (selling price) includes the Group settlement of the debt outstanding to banks by Arab Palestinian Shopping Centers Company, and for which a due to related parties balance was recorded as of June 30, 2021, in addition to the agreement included the performance of a tax clearance by the Group with the Income Tax Department until the end of year 2020 and where the clearance for the years 2019 and 2020 has resulted in the recognition of provisions that amounted to USD 370 thousand as of June 30, 2021.

- The historical cost of the Group's investment in the Arab Palestinian Shopping Center Company amounted to USD 17 million.

The results of discontinued operations included in the profit for the year are as follows:

Interim statement of profit or loss

	For the three months ended in June 24, 2021 (Reviewed Not Audited)	For the three months ended in June 30, 2020 (Not Reviewed nor Audited)	For the six months ended in June 24, 2021 (Reviewed Not Audited)	For the six months ended in June 30, 2020 (Reviewed Not Audited)
	USD	USD	USD	USD
Total sales	7,091,043	7,711,774	13,527,935	16,680,724
Total services	235,678	174,817	415,468	427,104
Cost of sales	(6,103,313)	(6,529,265)	(11,565,371)	(14,241,869)
Gross profit from sales and services	1,223,408	1,357,326	2,378,032	2,865,959
Selling and distribution expenses	(5,673)	(5,713)	(11,325)	(13,796)
General and administrative expenses	(1,210,836)	(1,168,363)	(2,323,965)	(2,422,558)
Other Expenses- net	(200,464)	(157,259)	(227,588)	(234,935)
financing expenses	(65,832)	(86,944)	(140,944)	(177,537)
(Loss) Profit for the period	(259,397)	(60,953)	(325,790)	17,133

* Cash on hand and at banks includes USD 22,700,000 of the agreement balance above which represents a bank guarantee in the favor of the Group, the Group has collected the balance of the guarantee during the period subsequent to the date of the financial information.

20. Effect of Corona Virus

The spread of the corona virus (Covid-19) in the beginning of 2020 and it is spread in lots of geographical places around the world led to disturbances to the economic activities and business, also that this action is going through some continuously and accelerating developments which demanded the Group management to evaluate the expected effects on the Group's activities.

The Group made an study of the impact of the Corona Virus (Covid-19) pandemic, which led to changes in the expected credit loss methodology and assessment estimates and judgments for the year ended December 31, 2020, noting that there were no changes to the policies, estimates and judgments during the period ended June 30, 2021. The Group's management continued to follow up with collection department for customers who's receivables are due for the purposes of collecting them in all possible ways.