



APIC آيبيك

# Annual Report 2019

25 Years





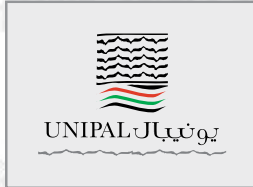


آي بي سي APIC

### Manufacturing



### Trade and Distribution



### Services



25 Years

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# General Overview

## 25 Years of 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 Company (Bravo); Sky Advertising and Promotion Company; Arab Leasing Company; and the Arab Palestinian Storage and Cooling Company.

## 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, SC Johnson, Hyundai, Chrysler, Dodge, Jeep, Ram, Alfa Romeo, Fiat, Fiat Professional, GlaxoSmithKline, Sanofi, Merck Sharp & Dohme, Abbott, GE Healthcare, Eli Lilly, Beiersdorf (Nivea), Janssen, Hitachi, Nihon Kohden, B. Braun, Shimatdzu, Trisa, Novo Nordisk, Boehringer Ingelheim among many others.

## Individuals

APIC group's cumulative efficiency and knowledge lies within its about 2,000 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, females and males, are equally important, differing only in their level of responsibilities, efficiency and commitment. APIC constantly pays great attention to training and enhancing the capacity and skills of its employees, it also values and rewards those with leadership, self-motivation and innovation through the annual CEO award 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

## Women Empowerment

APIC's values are based on the principles of equality and equal opportunities amongst all employees, females and males, which include employment, promotion, salaries, training and development. APIC prioritizes women's empowerment in order to enhance their roles and increase their participation in the decision-making process, in addition to increasing women's representation throughout the subsidiaries of the group, developing their capabilities and skills to obtain higher managerial levels and offering possible facilities to contribute to achieving a work-life balance.

## 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.

## Social & Environmental Responsibility

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 to help them achieve their missions in the education and health sectors, entrepreneurial projects and youth, as well as through its support of social, charitable, humanitarian and cultural institutions.

Subsidiaries of the group operate in accordance with special policies for safety and occupational health that are in line with local laws, legislations and regulations related to safety, occupational and environmental health management systems, and include analyzing work risks to provide safe and healthy working environments in order to prevent potential work injuries and occupational diseases, as well as providing employees with personal protection tools to avoid potential injuries and risks during work. In line with the global trends that call for the use of renewable energy and environmentally-friendly natural sources, APIC subsidiaries have been installing solar photovoltaic panels as part of a comprehensive plan to achieve energy independence for the group.

Moreover, APIC subsidiaries, mainly those companies working in the industrial sector, put environment protection and the contribution to protecting the environment from pollution as a high priority. In this respect, and in line with international best practices, subsidiaries work to reduce gas emissions, control water consumption, treat industrial waste, manage solid waste, recycle, treat wastewater and manage risk.

## Contact Information

### Jordan

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Intersection of Al-Ikram and Saleh Al-N'aimat Streets  
P.O. Box 941489, Amman 11194 Jordan  
Tel.: +962 6 556 2910  
Fax: +962 6 556 2915

### Palestine

Ramallah, Al-Ayyam Street  
Palestine Automobile Company Building, 3rd Floor  
P.O. Box 2396, Ramallah, Palestine  
Tel: +970 2 297 7040  
Fax: +970 2 297 7044

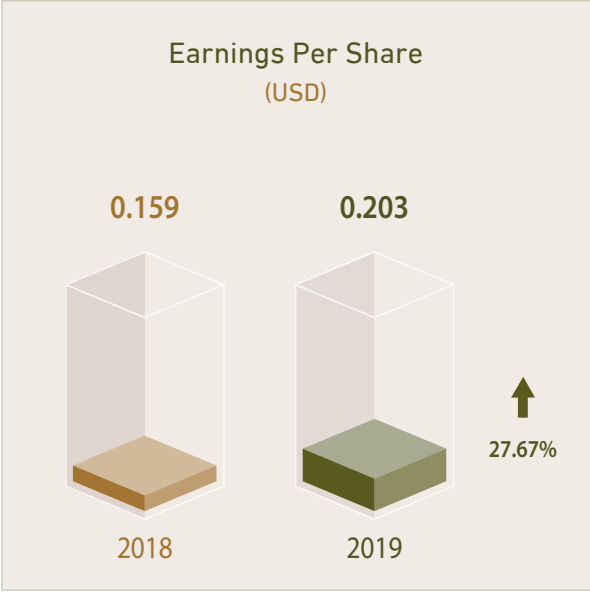
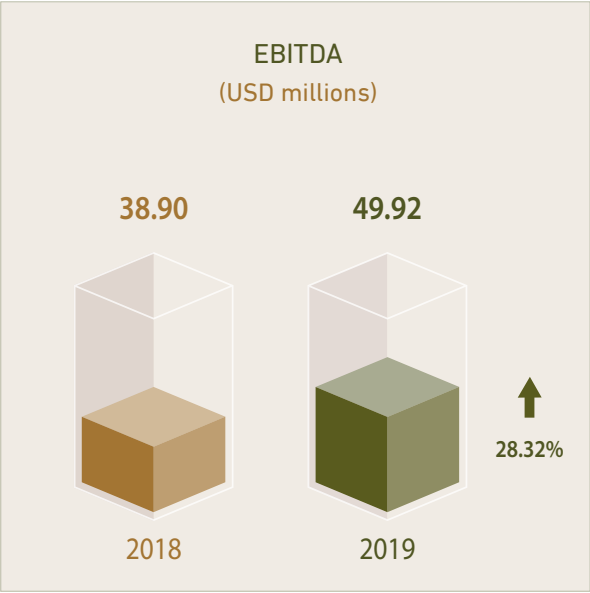
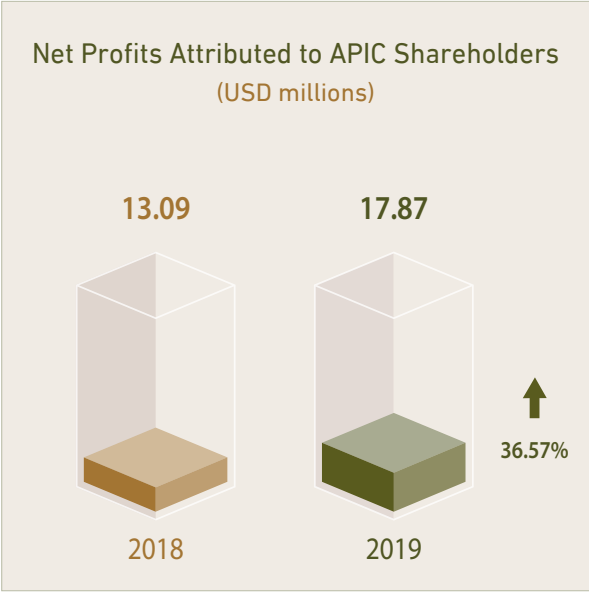
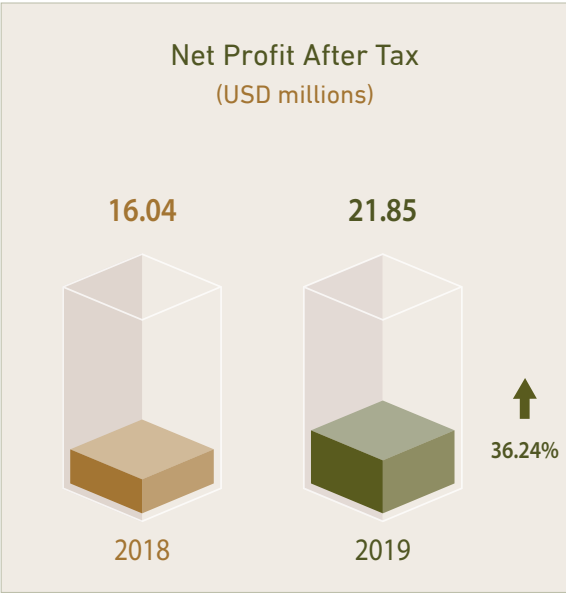
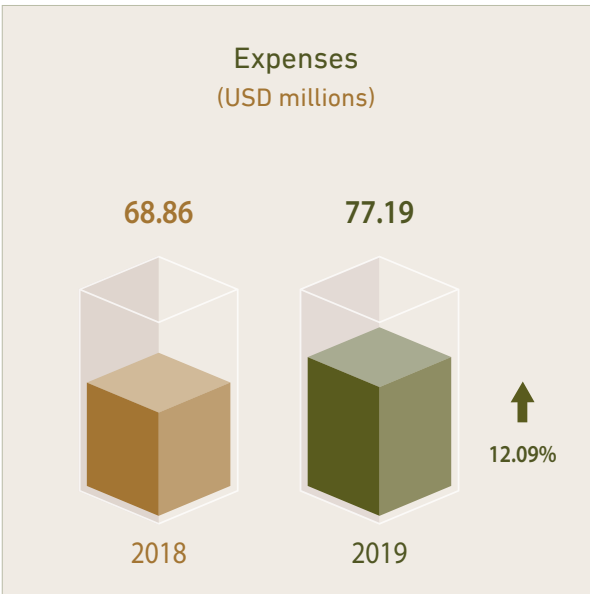
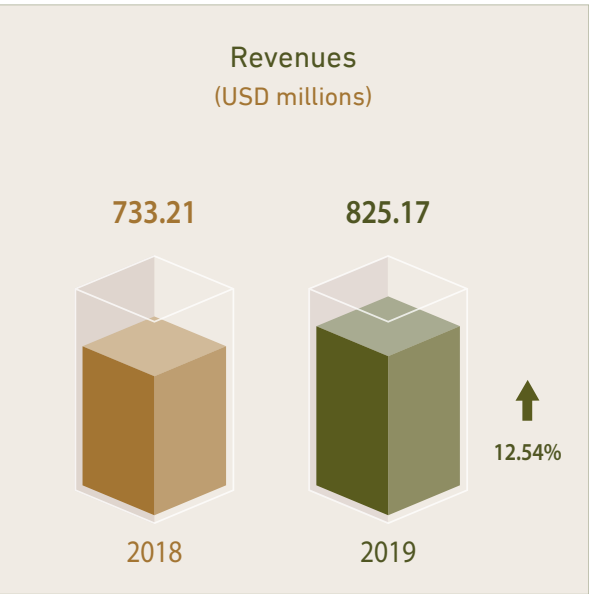
apic@apic.com.jo  
www.apic.ps

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# Key Performance Indicators



# Chairman's Statement

## Dear Shareholders,

This year, we celebrate with you APIC's silver jubilee, commemorating 25 years since the establishment of the company. As we celebrate what we have accomplished, becoming a pioneer investment group in Palestine that employs 2,000 staff at the group's nine subsidiaries, I recall all the challenges we faced as founders, board of directors, executive management and all employees during the past years. I also think of APIC's main and primary founder, my late father Omar Abdul Fattah Aggad, whose footsteps we follow in the breadth of our feelings for Palestine, working to invest in the country and contribute to enhancing the national economy and creating jobs despite the numerous and immense challenges faced under occupation.

### Significant growth levels

The year marked a milestone on many levels and the group achieved significant growth in its results despite the numerous immediate challenges at local and regional levels. Total revenues reached USD 825.17 million in 2019, a growth of 12.54% compared to 2018. Net profits of the group rose and amounted to USD 21.85 million, a growth of 36.24%, while net profits attributed to APIC shareholders also grew and amounted to USD 17.87 million, a growth of 36.57%. Consequently, earnings per share grew and amounted to 0.203 cents in 2019, a growth of 27.67% year on year.

### APIC's market capitalization grew by 17.8%

APIC's share maintained good performance throughout the year, though the exchange witnessed low liquidity in general. APIC's share

closed at USD 2.55 at the end of 2019, a growth of 8.5% compared to 2018's closing. APIC's market capitalization grew to reach USD 226.95 million by the end of 2019, a growth of 17.8% year on year.

### Increasing the number of issued shares to 89 million

In 2019, the company increased the number of issued shares from 82 million to 89 million through the distribution of 5.5 million in bonus shares as endorsed by the general assembly in its ordinary meeting, with an additional 1.5 million shares issued in a private placement as ratified by the general assembly in its extraordinary meeting.

### Total value of distributed dividends amounted to USD 10.5 million, 12.8% of the company's paid-in capital.

In conjunction with the distribution of bonus shares representing 6.8% of the company's paid-in capital, APIC distributed cash dividends to its shareholders amounting to USD 5 million, representing 6.1%; accordingly, total value of distributed dividends of cash and bonus shares amounted to USD 10.5 million, representing 12.8% of the company's paid-in capital, which was USD 82 million at the time.

### Subsidiaries of the group achieved significant operational developments and obtained new exclusive distribution rights

Most of APIC subsidiaries achieved significant developments and accomplishments in 2019.

Siniora Food Industries Company launched its new line of frozen meat products in its factory in Palestine, which includes around 20 products, with an investment of USD 3.7 million. Palestine Automobile Company inaugurated its new showroom and a state-of-the-art maintenance center in Nablus for Fiat-Chrysler automobiles, which includes Fiat, Fiat Professional, Alfa Romeo, Chrysler, Jeep, Dodge and Ram brands with an investment of USD 3.3 million. Medical Supplies and Services Company (MSS) acquired Taleed Medical Supplies Company in Jordan, which also owns a branch in Iraq. MSS also obtained new exclusive distribution rights for four global companies in the area of healthcare, medical equipment and laboratories. Unipal General Trading Company obtained the exclusive distribution rights in Palestine for several global companies, most important of which was SC Johnson, and launched around 50 new cleaning and house-care products in the Palestinian market.

### Solar power projects

Companies of the group continued to install renewable energy systems using photovoltaic solar panels with a total production capacity of 2.4 MW as part of a comprehensive plan to achieve energy independence for the group in the future.

### USD 1.6 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 2019, APIC continued to forge strategic partnerships with institutions that play an active role in society, assisting them in fulfilling their missions. A total of USD 1.6 million was invested in corporate social responsibility in 2019 by APIC and its subsidiaries, representing 7% of the group's net profit.

### Women empowerment

In 2019, APIC launched the Women Empowerment Initiative, which focuses on its female employees, allowing them to enhance their roles within the company and increase their participation in the decision-making process. Additionally, women's representation is set to rise throughout the subsidiaries of the group, developing their capabilities and skills to obtain higher managerial levels and offering possible facilities to contribute to achieving a work-life balance.

Finally, and on behalf of myself and all my colleagues on APIC's Board of Directors, I convey my gratitude and appreciation to you, our shareholders, for your trust and continued support of this company and we look forward to achieving more successes with you. I also thank the group's hard-working, dedicated and sincere employees, who have led all these achievements and results through the one team spirit during the past 25 years.

Kindest regards,  
Tarek Omar Aggad





# Board of Directors

APIC's Board of Directors as at December 31, 2019 includes:



**Mr. Tarek Omar Aggad**  
Chairman



**Mr. Tarek Shakaa**  
Vice Chairman - Representing  
Al-Said LTD



**Dr. Durgham Maree**  
Member - Representing  
Palestine Investment Fund



**Mr. Firas Nasereddin**  
Member - Representing  
Birzeit Pharmaceuticals  
Company



**Mr. Said Baransi**  
Member - Representing  
BCI Group



**Dr. Walid Al Kayyali**  
Member



**Mr. Bassam Aburdene**  
Member



**Mr. Fuad Kattan**  
Member



**Mr. Tareq Abbas**  
Member



**Dr. Mazen Hassounah**  
Member



**Mr. Nashat Masri**  
Member



**Mr. Zuhair Osaily**  
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 salaries and bonuses of the CEO and CFO. The committee is chaired by Mr. Said Baransi, and committee members are Mr. Bassam Aburdene and Mr. Fuad Kattan.



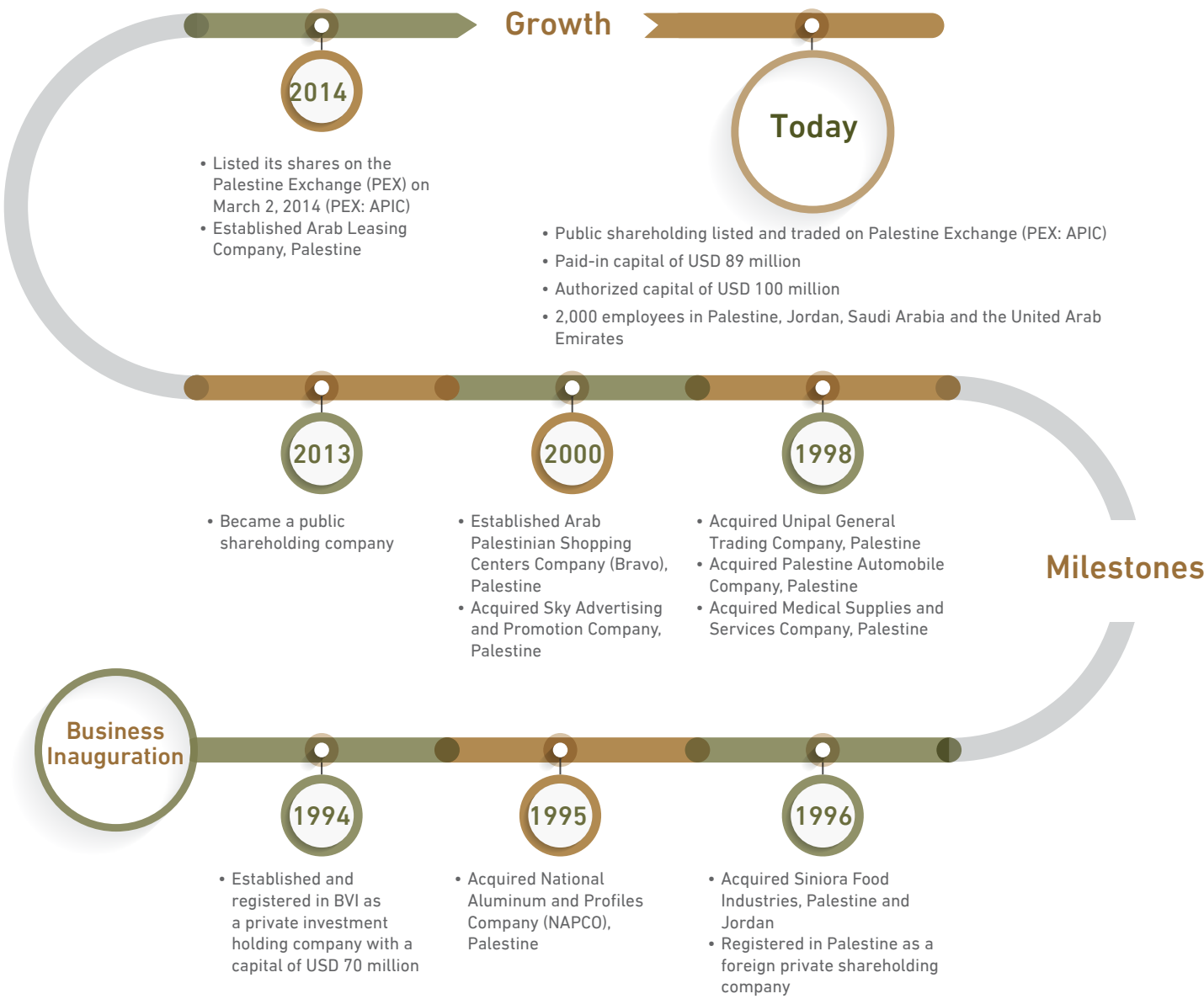
### Audit Committee

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.



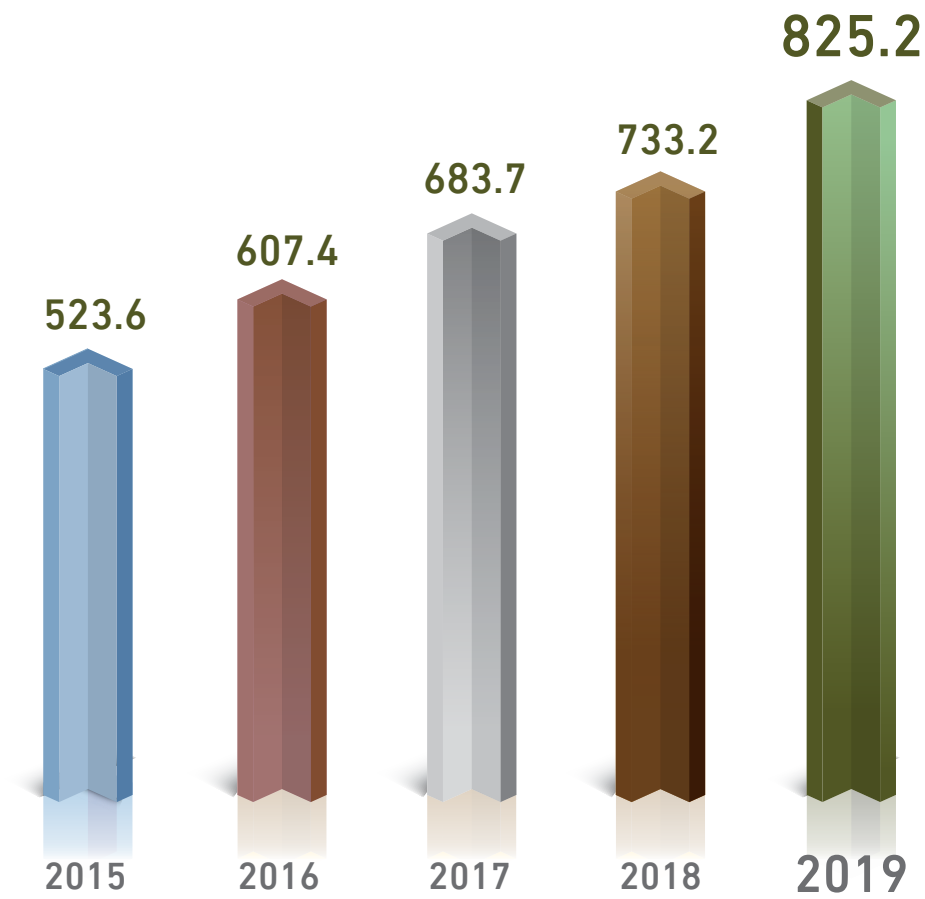
# About APIC

## Milestones



## Total Revenues 2015-2019

(USD Million)





Establishment

Arab Palestinian Investment Company (APIC) was founded by a group 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 89 million as of December 31, 2019.

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 Company (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, SC Johnson, Hyundai, Chrysler, Dodge, Jeep, Ram, Alfa Romeo, Fiat, Fiat Professional, GlaxoSmithKline, Sanofi, Merck Sharp & Dohme, Abbott, GE Healthcare, Eli Lilly, Beiersdorf (Nivea), Janssen, Hitachi, Nihon Kohden, B. Braun, Shimatdzu, Trisa, Novo Nordisk, Boehringer Ingelheim among many others.

Global Partners



Corporate Culture

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

Values

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

Structure

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

Incentives

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

People

APIC’s cumulative efficiency and knowledge lies within in its people. The company creates a vision by setting tangible goals, which are fulfilled through harmony and team unity in a suitable working environment. APIC’s corporate values are based upon team spirit and cooperation between different departments and subsidiaries, capitalizing and benefiting from the experiences of all team members. Those values are divided into five categories:

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

Women empowerment

APIC values are based on the principles of equality and equal opportunities amongst all employees, females and males, which include employment, promotion, salaries, training and development while prioritizes women’s empowerment in order to enhance their roles, and increase their participation in the decision-making process, in addition to increasing women's representation throughout the subsidiaries of the group, developing their capabilities and skills to obtain higher managerial levels and offering possible facilities to contribute to achieving a work-life balance through a strategic three - prong plan:

- Employment: To increase the percentage of female staff in the group on yearly basis by employing a positive discrimination policy for females over males if all qualifications are equal. "If all is equal hire her."

- Retainment and Empowerment: Building the capacities of female employees and raising their competencies through specialized training in order to better prepare them for higher managerial positions, as well as employing positive discrimination favoring female employees over males in obtaining senior positions if all qualifications are equal. "If all is equal promote her".
- Work and Life: Providing facilities for female employees to achieve a work-life balance.

Executive Management

APIC's executive management team as at December 31, 2019 are:

Mr. Tarek Omar Aggad Chief Executive Officer	Mr. Nader Hawari VP - Corporate Operations and Business Development	Mr. Tareq Abbas VP - Corporate Affairs	Mr. Khaled Baradei Chief Financial Officer
Mr. Amro Al Khayyat Chief Investment Officer	Mrs. Fida Musleh/Azar Manager of Investor Relations and Corporate Communication	Mr. Ramez Abu Ghazaleh Supervisor of Internal Audit	

Governance

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.

APIC and its subsidiaries operate within systems of governance that regulate the management of operations at all levels. 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. Moreover, 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

A. F. & R Shehadeh - Law Firm  
www.shehadehlaw.com

External Auditor

Deloitte & Touche Middle East - Jordan  
www.deloitte.com





# Shareholders

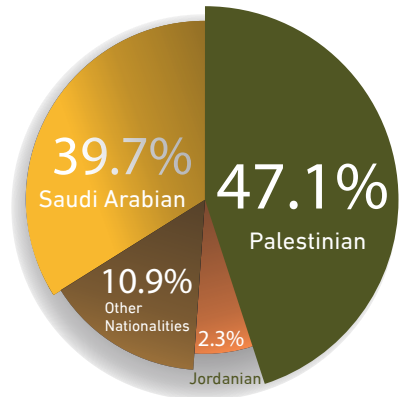
## Shareholder Structure

By the end of 2019, APIC had 742 shareholders comprising both individuals and institutions of various nationalities. Shareholders holding 5% and above of the capital represented 56.2%, while the remaining shareholders represented 43.8%.

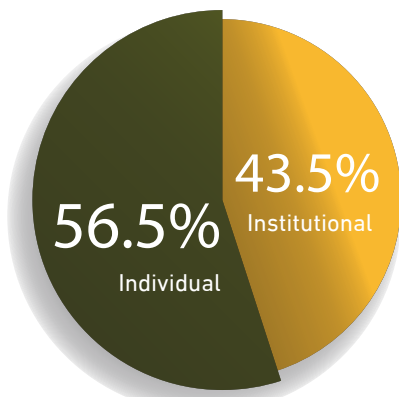
The following table lists the shareholders who directly and indirectly own 5% and above of the company's capital:

Shareholder	Ownership % as at December 31, 2019
Tarek Omar Aggad and related parties	26.1%
Palestine Investment Fund and related parties	15.7%
Walid Amen Al Kayyali	9.3%
Violate Ibrahim Baransi	5.1%

Distribution of shareholder ownership by nationality at the end of 2019



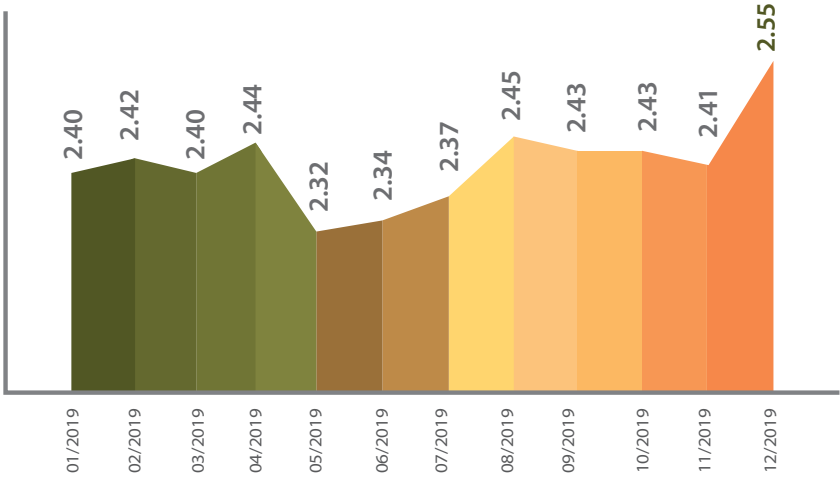
Distribution of ownership between individual and institutional shareholders at the end of 2019



## Share Performance

APIC's share performance	2019	2018	Change %
Share close as at December 31 (USD)	2.55	2.35	8.5%
Trading volume (shares)	9,266,924	13,102,137	-29.3%
Trading value (USD)	22,106,192	28,942,022	-23.6%
Number of transactions	1,711	2,822	-39.4%
Number of trading days	201	215	-6.5%
Number of shareholders	742	665	11.6%
Free float percentage as at December 31	39.7%	54.6 %	-27.3%
Market capitalization as at December 31 (USD)	226,950,000	192,700,000	17.8%

APIC's share monthly closing 2019 (USD)



\* Stock price was adjusted by PEX on May 2, 2019, by the stock dividend payout ratio of 6.7%

Turnover ratio: 10.4%

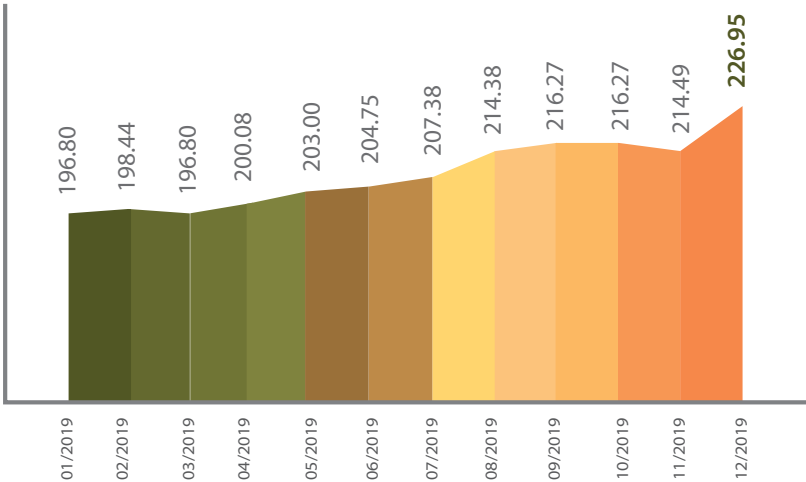


Low: USD 2.26



High: USD 2.55

APIC's market capitalization 2019 (USD millions)



## Key Ratios (As at December 31, 2019)

Earnings Per Share (EPS)	USD 0.203
P/E Ratio	12.56x
Book Value	USD 1.49
P/B Ratio	1.71x



Main Decisions of the General Assembly

- In its ordinary meeting held on May 2, 2019, the general assembly ratified the recommendation of APIC's Board of Directors in relation to dividend distribution of 12.8% of the company's paid-in capital for registered shareholders of record as at April 30, 2019 as follows:
  - Cash dividends amounting to USD 5 million, representing 6.1%.
  - Share dividends amounting to 5.5 million shares, representing 6.7%.
- In its extraordinary meeting held on May 2, 2019, the general assembly approved the issuance of 1.5 million shares through a private placement.

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 has 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 (instant and historical).
- 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 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
2018	May 2, 2019	Cash & bonus shares	12.8%	Cash: 6.1% Bonus shares: 6.7%	82,000,000	USD 5,000,000	5,500,000 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 2019 amounted to USD 338,785.

Executive Management Remuneration

The executive management’s total benefits of the holding company in 2019 amounted to USD 2,379,272 as per the following:

- Salaries: USD 907,479
- Bonuses: USD 1,471,793





# 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, 2019	Country of Registration	Country of Operations	Main Activities and Operations
Manufacturing Sector				
Siniora Food Industries Company PLC	65.63%	Jordan	Jordan, Palestine, Saudi Arabia, UAE	Manufacturing of cold cuts, luncheon canned meat and frozen meat
National Aluminum and Profiles Company PLC	72.99% <sup>(1)</sup>	Palestine	Palestine, Jordan	Manufacturing of aluminum and profiles
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% <sup>(2)</sup>	Palestine	Palestine	Operating shopping centers and Bravo supermarket, the first 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% <sup>(3)</sup>	Palestine	Palestine	Storage and cooling

## Other Investments

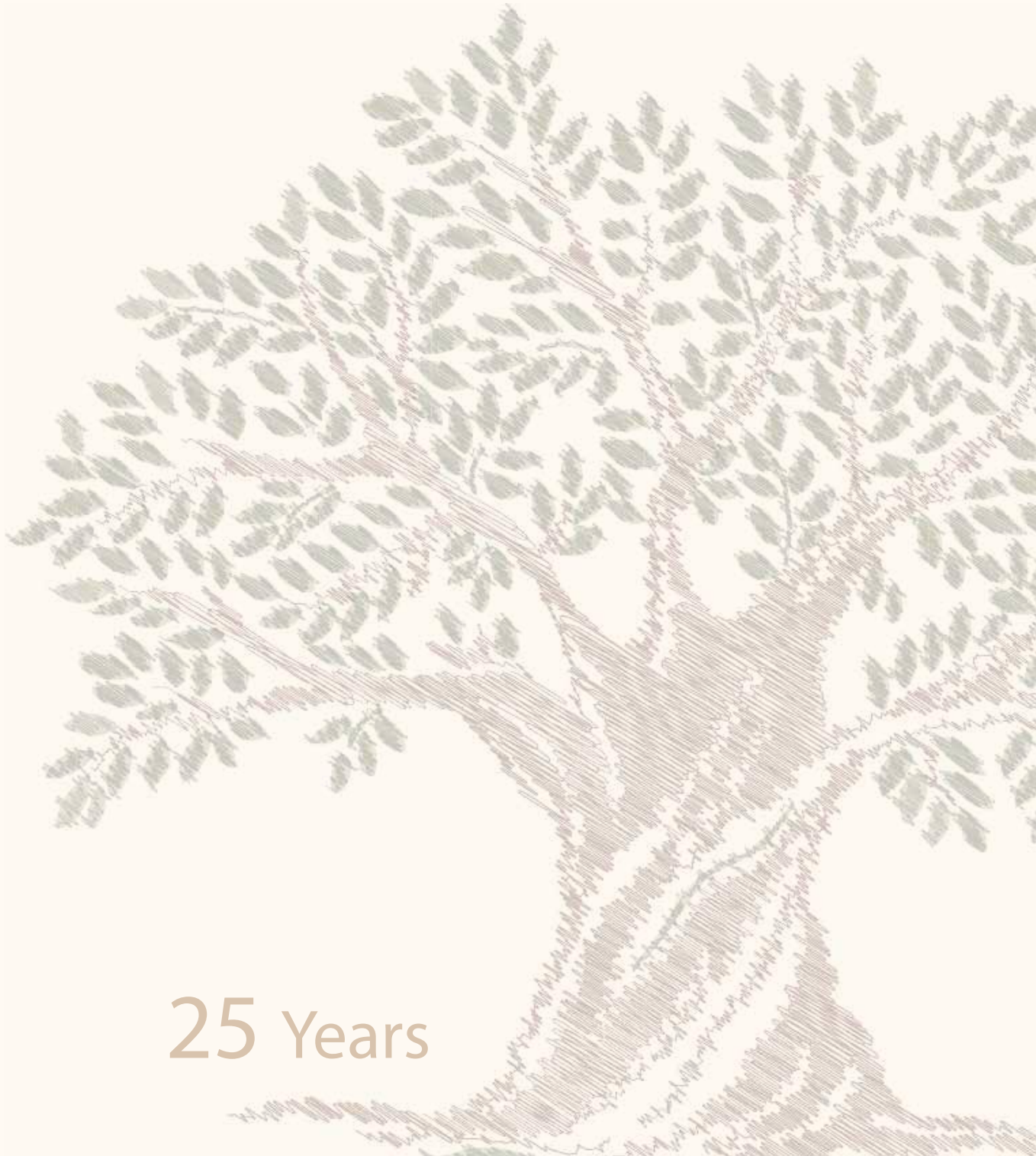
APIC's total investment portfolio in listed and unlisted shares, affiliate companies and investment funds amounted to USD 27,021,082 million as at December 31, 2019.

## 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 upgrade the products and services of its subsidiaries. APIC consistently pursues steady annual growth while maintaining its focus on its core values and principles.

<sup>1</sup> This percentage represents APIC's direct ownership of 70.96% in addition to its indirect ownership of 2.03 % through its subsidiary Unipal.  
<sup>2</sup> This percentage represents APIC's direct ownership of 99.16% in addition to its indirect ownership of 0.62% through its subsidiary Unipal.  
<sup>3</sup> 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



25 Years



# Manufacturing Sector



## Siniora Food Industries Company

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

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 (UAE).

Siniora's factories in Jordan and Palestine also produce various frozen meat products and 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. Moreover, Siniora's factory in Dubai, UAE, has been awarded ISO22000:2005 for food safety management systems and ISO9001:2015 for quality management systems.

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

#### Contact Information

Palestine	Jordan	Saudi Arabia	United Arab Emirates	Diamond Meat Processing
Bethany, Jerusalem	Amman, King Abdullah II	Alsulai, Shabaniah Street, Riyadh	Dubai, Business Bay	Dubai, United Arab Emirates
Tel: +970 2 279 6804	Industrial Estate, Sahab	Tel: +966 11 244 8424	Tel: +971 4 553 8529	Tel: + 971 4 286 0382
Fax: +970 2 279 9088	Tel: +962 6 402 3772	Fax: +966 11 244 2181	Fax: +971 4 553 8520	Fax: +971 4 286 0384
E-mail: akarmi@siniorafood.com	Fax: +962 6 402 3773			Email: infodmp@siniorafood.com
	E-mail: info@siniorafood.com			

[www.siniorafood.com](http://www.siniorafood.com)





# Manufacturing Sector



## National Aluminium and Profiles Company (NAPCO)

### The first aluminum profiles manufacturer in Palestine

Founded in 1991, and acquired by APIC in 1995, NAPCO is the first aluminum profiles manufacturer in Palestine. It is a public shareholding company and is listed on the Palestine Exchange (PEX: NAPCO). Located in Nablus, and originally launched to serve the needs of the local market, 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 branch office in Jordan in order to seize opportunities in the Jordanian market, as well as make the country a foothold for expansion in neighboring Arab markets. NAPCO also has two representative offices in Ramallah and Gaza.

In line with NAPCO's vision to offer integrated engineering solutions and in order to keep up with the latest global trends of utilizing renewable energy and environmentally-friendly natural resources, it 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).

#### Contact Information

##### Headquarters

Beit Iba, Qusin Junction, Nablus  
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##### Ramallah Office

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##### Gaza Office

Mobile: +970 569 400 201  
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##### Jordan Branch

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Email: infojordan@napco.com.ps

[www.napco.ps](http://www.napco.ps)





## Trade and Distribution Sector



## Unipal General Trading Company

### The leading fast-moving consumer goods distributor in Palestine

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, SC Johnson 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 can 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 9,000 pallets.



#### Contact Information

##### Headquarters

Ramallah, Palestine  
Tel: +970 2 298 1060  
Fax: +970 2 298 1065  
E-mail: [info@unipalgt.com](mailto:info@unipalgt.com)

##### Main Distribution Center

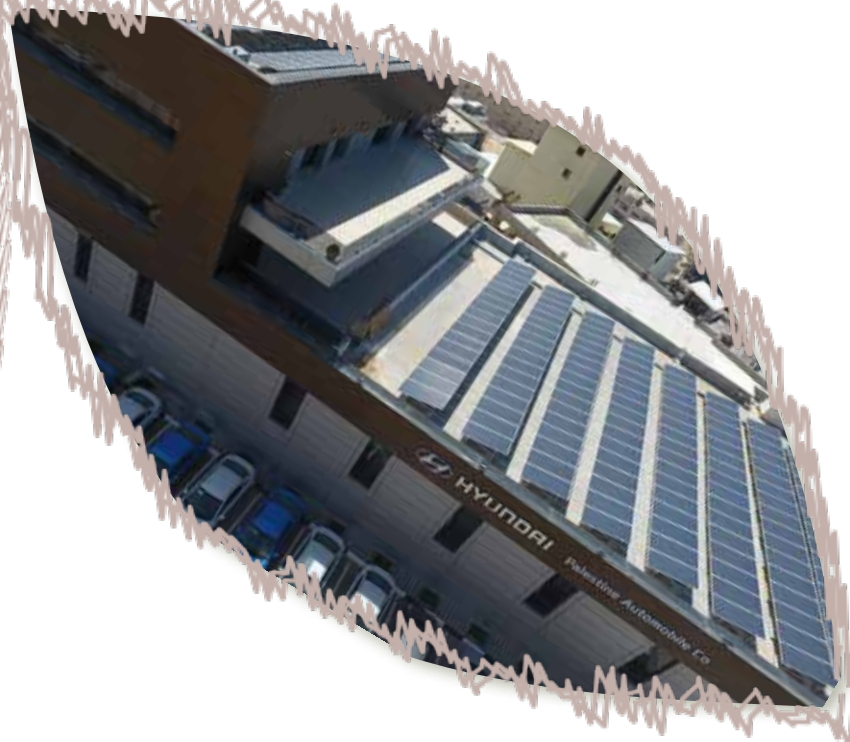
Beitunia, Palestine  
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Fax: +970 2 290 2287

[www.unipalgt.com](http://www.unipalgt.com)





## Trade and Distribution Sector



## Palestine Automobile Company

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

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, parts and body and paint facilities, staffing them with qualified engineers and technicians. PAC established a Customer Relationship Management (CRM) protocol that seeks to increase customer satisfaction and retention through activities that include reminders about service dates, service booking, and customer follow-up in order to gather feedback to improve the provided services, in addition to activities that are related to increasing sales.

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



### Contact Information

#### Contact Information

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Fax: +970 2 298 0662

E-mail: info@pac-pal.com

[www.pac.ps](http://www.pac.ps)





## Trade and Distribution Sector



Medical Supplies and Services Company  
شركة التوريدات والخدمات الطبية

## Medical Supplies and Services Company

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

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, Merck Sharp & Dohme, Abbott, GE Healthcare, Eli Lilly, Beiersdorf (Nivea), Janssen, Hitachi, Nihon Kohden, B. Braun, Shimadzu, Trisa, Novo Nordisk, Boehringer Ingelheim, Stago, Immucor, and Hologic among many others.



#### Contact Information

##### Headquarters

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##### Jerusalem Branch

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##### Gaza Branch

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Fax: +970 8 282 7732

[www.msspal.com](http://www.msspal.com)





## Trade and Distribution Sector

bravo براڤو

### Arab Palestinian Shopping Centres Company (Bravo)

#### The first supermarket chain in Palestine

Established by APIC in 2000, the Arab Palestinian Shopping Centers Company offers the first modern shopping malls in Palestine, as well as 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.

#### Contact Information

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Fax: +970 2 242 8582

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[www.bravo.ps](http://www.bravo.ps)





## Services Sector



## Sky Advertising and Promotion Company

### A pioneer in advertising, public relations and event management

Founded in 1996 as a private shareholding company and acquired by APIC in 2000, Sky provides a wide range of advertising, promotion and communication services. The company dedicates its wide expertise to providing professional facilities that bridge classic services and contemporary digital and electronic ones, in addition to social media as well as content creation and management.

Sky services include developing, planning and executing public relations and communication strategies, event management, design and printing, among other consultancy services while partnering with its clients to assist them in achieving their goals and expanding their media presence.

Since its establishment, the company has had a significant footprint in the advertising and promotion industry in Palestine and has been recognized as a pioneer in this sector through its qualified staff in addition to keeping up with the latest developments and attention to detail.

#### Contact Information

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E-mail: [info@sky-adv.com](mailto:info@sky-adv.com)

[www.sky.ps](http://www.sky.ps)





## Services Sector



## Arab Leasing Company

### Developing innovative solutions in the field of financial leasing

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.

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# Environmental Responsibility

Subsidiaries of the group operate in accordance with special policies for safety and occupational health that are in line with local laws, legislations and regulations related to safety, occupational and environmental health management systems, and include analyzing work risks to provide safe and healthy working environments in order to prevent potential work injuries and occupational diseases, as well as providing employees with personal protection tools to avoid potential injuries and risks during work.

Moreover, APIC subsidiaries put environment protection and their contribution to protecting the environment from pollution as a high priority. In this respect, and in line with the global trends that call for the use of renewable energy and environmentally-friendly natural sources, APIC subsidiaries have been installing solar photovoltaic panels with a total production capacity of 2.4 MW as part of a comprehensive plan to achieve energy independence for the group in the future. Moreover, subsidiaries working in the distribution sector upgraded their distribution vehicles to eco-friendly hybrid cars. Also, the group has begun working towards a paper-less environment using state-of-the-art technologies.

Additionally, subsidiaries working in the industrial sector that include National Aluminum and Profiles Company (NAPCO) and Siniora Food Industries Company operate in line with international best practices in the field, including reducing gas emissions, controlling water consumption, industrial waste treatment, solid waste management, recycling, wastewater treatment and risk management.

**Among the main activities practiced by NAPCO in this field are:**

- Enforcing an environmental protection policy that is overseen by the executive management especially in the field risk management at all levels and particularly those related to the climate that are in line with approved international regulations and procedures in the field.
- Allocating part of the company's investments to the implementation of an integrated policy for environmental protection. This included new technologies, equipment, and systems as well as the development of heat insulation products to the tune of USD 1.3 million in 2019.
- NAPCO's plant is committed to the laws issued by the Environmental Quality Authority and the implementation of issued regulations, policies, and instructions as explained in the plant's environmental impact assessment study.
- The reduction of greenhouse gas emissions through the installation of filters on all furnaces, particularly the filters of the aluminum smelter. These filters purify the gases and solid particles emitted at a rate of 99%. In addition, emitted gases are tested using state-of-the-art equipment and the results are matched to international and local specifications.
- The installation and operation of solar energy systems on the rooftops of the company with a production capacity of 1 MW, which has contributed to the reduction of energy used by 25%. Looking forward, NAPCO will establish additional solar energy projects on lands belonging to the company with a production capacity slated to reach 10 MW.
- The use of insulation systems to preserve energy, in addition to scheduling the production process to ensure the reduction of energy use that is needed for powering the factory. This has led to a decrease of energy use by 5% in 2019.

- Water management and the use of technological equipment that produces various levels of water quality (DI/soft water) and the use of an area of about 10,000 square meters to collect rain water, in addition to reducing water consumption by modifying work mechanisms and methods, and the use of alternative, environmental-friendly materials.
- The use of cutting-edge technologies in the field of industrial waste management through a specialized unit to treat all types of wastewater, matching relevant international and local specifications for treated industrial water.
- Separating household waste from industrial waste and sending industrial waste to special landfills, in addition to recycling waste. About 1,800 tons of aluminum were smelted in 2019.

**Siniora practices in this respect include:**

- Solid waste management by collecting the waste in dedicated areas that is then disposed of by qualified contractors authorized by the Ministry of Environment. Moreover, used and damaged utensils are sold to an authorized party by the Ministry of Environment.
- Water consumption optimization through standard operating procedures to monitor and prevent excessive water consumption.
- Energy consumption optimization through the installation of a renewable energy system using photovoltaic panels with a total production capacity of 1.1 MW in Jordan and Palestine, of which 1 MW is in Jordan, as well as the use of LED lighting units to reduce electrical energy consumption. Moreover, awareness signs are deployed beside lighting and air conditioning switches that provide instructions for factory employees to save electricity.
- Wastewater treatment through the operation of a treatment unit that is in line with related regulations of biological oxygen (BOD) and chemical oxygen (COD) measures.
- Gas emissions: Regular measures and tests for boiler emissions by a certified contractor, in addition to a continuous precautionary maintenance of the boilers to control emissions in order to avoid air pollution.
- The control of noise and illumination/lighting levels through regular noise level tests to maintain international standard levels. Staff is provided with personal protection equipment in operating areas of high noise levels. Moreover, regular tests of illumination levels are conducted at all the company's premises, as well as upgraded lighting levels for the comfort and safety of workers.

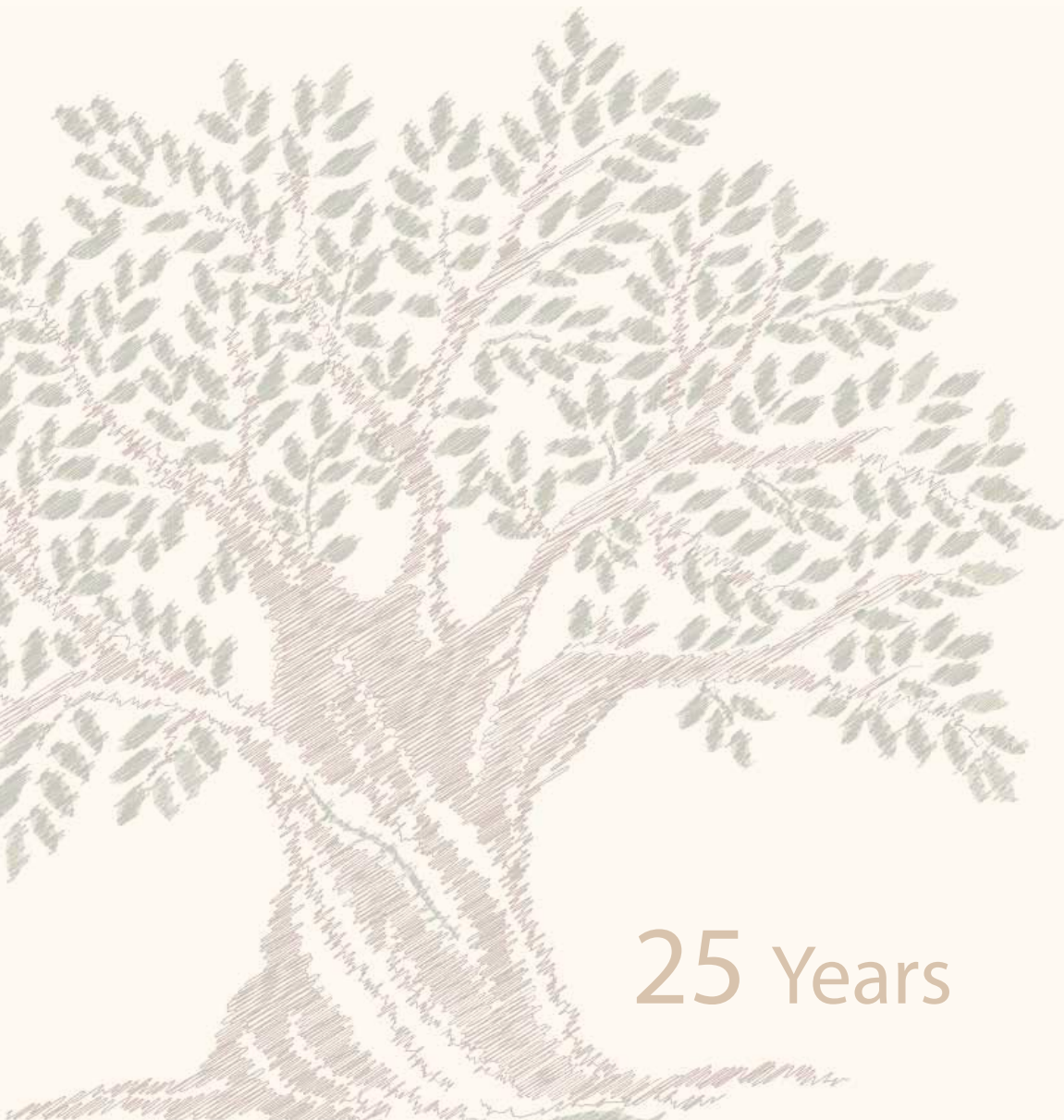




# Corporate Social Responsibility...An Effective Role and a Continuous Commitment

APIC invested 7% of its net profit in 2019 in corporate social responsibility, amounting to USD 1.6 million

Since its establishment, APIC has had an effective social role in the communities within which it operates. APIC's 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 its support for social, charitable, humanitarian and cultural institutions. In 2019, APIC invested 7% of its net profit in corporate social responsibility, amounting to USD 1.6 million.



25 Years

## Orphans, Families and Persons with Special Needs



## SOS Children's Villages in Palestine



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

Since 2016, APIC has sponsored a family of eight children in Bethlehem's SOS Children's Villages.

During 2019, APIC signed the Youth Links initiative agreement that helps SOS Children's Villages Palestine build youth capabilities, enabling them to

engage as active and influential members within Palestinian society as well as preparing them to face future challenges, especially in choosing





# Orphans, Families and Persons with Special Needs



## SOS Children’s Villages in Palestine



the appropriate academic and vocational paths in preparation for their inclusion into the job market at for profit and nonprofit companies and organizations. APIC's commitment also includes other financial and moral fields, including the a Ramadan iftar for all the children of the village, their supervisors and administrators. At the iftar, gifts were distributed to the children and entertainment was provided.

SOS Children’s Villages Palestine is a member association of SOS Children’s Villages International, which works in 136 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 strategic support to Star Mountain Rehabilitation Center since 2017, 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.

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 three programs include the

inclusive kindergarten, the school and vocational training. 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, art, music and sports education, as well as drama, circus and dabkeh. The center currently supports 81 persons with intellectual disabilities of all ages.





# Orphans, Families and Persons with Special Needs



## The Society of Inash El Usra



APIC has been a strategic donor for the Society of Inash El Usra since 2016, assisting 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 childcare in recognition of the role youth play in forming a better future for Palestine.



# Orphans, Families and Persons with Special Needs



## Give Palestine Association



APIC has been providing strategic support to Give Palestine Association since 2018, within the framework of a three-year agreement, between 2018 and 2020, in which support was given to the association's programs in the Gaza Strip.

Furthermore, in 2019, APIC signed an agreement to support the vocational and technical training program for orphans in the Gaza Strip for a period of two years, between 2019 and 2020. This program aims to support 150 orphan students by providing them with vocational and technical training and education to enable them to resume their schooling and build their capabilities as well as improving their chances at finding a job by providing them with professional and technical skills in order for them to better integrate in the society. The Give Palestine Association (GPA) is a leading association 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 operates 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 until the year 2021, where APIC provides 20 scholarships for distinguished female students studying at Dar Al Tifel Al-Arabi secondary school in Jerusalem. With APIC's sponsorship and volunteers from the group's employees, Dar Al-Tifel Al-Arabi school in Jerusalem represented by the school team, Forsa, was awarded first place at the Arab school level within the student company competition that was organized by Injaz Al-Arab in Muscat, Oman, with the participation of schools from 13 Arab countries.

Dar Al-Tifel Al-Arabi Organization (DTA) was founded in Jerusalem in 1948 by the late Hind Hussein, 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, a nursery and seven kindergartens and a 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



**Anan Ahmad**  
**Faculty of Business Administration**  
**Arab Palestinian Shopping Centers Company (BRAVO) Trainee**

"My self-confidence and ability to compete locally and globally have been enhanced thanks to the professional experience and skills that I gained during my enrollment in the Dual Studies. The program offers me the chance to accumulate unique and excellent experience in the labour market through practical training in a partner company that operates according to global standards."

## Dual Studies – Al-Quds University



APIC has been supporting Al-Quds University's Dual Studies program since 2016, hosting 16 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, co-educational 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 630 and hail from Jordan and 40 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 refugees through three programs: the student's scholarship program that provides scholarships to Palestinian students, to date, around 5000 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



APIC has maintained its support for INJAZ Palestine since 2007, both financially and in-kind support through 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 Pal-  
estinian 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, to support the Palestinian Youth Leadership Empowerment Program, which aims to empower and build the capacity of young leaders and enhance their role at all levels to play an effective role in the sustainable development process.

The Palestinian Initiative for the Promotion of Global Dialogue and Democracy - 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 potential 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. Gaza Sky Geeks is a technology and education center that supports entrepreneurs and software developers in Gaza, Palestine.

Gaza Sky Geeks (GSG) is the leading co-working space, pre-seed startup accelerator and technology education hub in Palestine. Its mission is to build an internationally competitive technology ecosystem in Palestine through

online freelancing, outsourcing and tech startups that create high-salary jobs. Since 2017, GSG helped generate over USD 600,000 in investment and revenue for startups and over USD 2.7 million for freelancers and other online workers, helped train and educate over 4,500 unique individuals in technology and business, and made it easier for Palestinian businesses to receive payments online.

## Youth and Sport



### Palestinian Football Association



APIC has been providing support to the Olympic team of the Palestine Football Association since 2018. In 2019, APIC signed a strategic support agreement for a period of three years, between 2019 and 2021, with the Palestinian Football Association. Moreover, APIC sponsored the game between the Palestinian National Football team Al-Fida'i and the Saudi national team.

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.





# Health and Medical Care



# Health and Medical Care



## Cancer Patients Charitable Society



During 2019, APIC sponsored a charitable musical event, Anti Al-Ajmal, which was an initiative by Palestine singer Mohammad Assaf, with all proceeds of the event donated to children with cancer and those with disabilities.

APIC has been providing support to the Cancer Patients Charitable Society since 2018, within the framework of a three-year strategic agreement spanning between 2018 and 2020. During that time, APIC co-financed a 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 support of cancer programs.





# Health and Medical Care



## Aid and Hope Program for Cancer Patients Care



APIC has been providing support to Aid and Hope Program for Cancer Patients Care since 2018, within the framework of a three-year strategic agreement, between 2018 and 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.

# Health and Medical Care



## King Hussein Cancer Foundation

APIC subsidiary Siniora Food Industries has been supporting King Hussein Cancer Center (KHCC) for years.

The Khair Fund was established in 2019, with the goal of covering the accommodation of Palestinian cancer patients who are transferred by the Palestinian Ministry of Health for treatment at KHCC, as many less fortunate patients are not being treated due to their inability to secure the costs of accommodation near the center.

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





## Culture and Heritage



### El-Funoun Palestinian Popular Dance Troupe



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.



APIC has supported El-Funoun Palestinian Popular Dance Troupe since 2016, as part of an ongoing strategic partnership.

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 continuously provided strategic support to Yabous Cultural Center since 2017, as part of a strategic agreement 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 into a multi-purpose cultural center that provides basic facilities to accommodate these activities, including the Cinema Al Quds Hall, a meeting room, the Faisal Hussein Hall for music, dance, festivals and conferences, the Mahmoud Darwish lounge for exhibitions and workshops specialized in visual arts, the Art shop, which markets 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



## Birzeit University



As part of the support provided to Birzeit University (BZU) over the course of many years, APIC has been providing an annual scholarship for five students from Omar Aggad Faculty of Engineering since 2018 as part of a ten-year strategic support agreement until the year 2027. Moreover, APIC sponsors its employees who wish to resume their postgraduate studies and obtain an Executive MBA at the 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 Institutions

بلدي أطيّب  
طيبة وجودة في بلدي موجودة



## Palestine Trade Center (PalTrade)

Since 2018, APIC has been providing support to Palestine Trade Center (PalTrade) within a framework of a strategic agreement through 2019.

APIC's support was in favor of the Baladi Atyab campaign, which raised awareness about the quality of the 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.



## Other Institutions

Throughout 2019, APIC and its subsidiaries provided financial and in-kind support to other various groups and organizations, including:

- Palestine Federation of Industries
- Ramallah Municipality
- British Consulate General – Chevening Masters Studies Scholarships
- The United Nations Model Schools Conference - Friends School, Ramallah
- Palestinian Red Crescent Society - Hebron
- Al-Aqsa Islamic School (Reyad Al-Aqsa) – Jerusalem
- Bethlehem Arab Society for Rehabilitation
- Sports, youth and cultural centers and clubs
- A number of institutions working to increase global awareness of the socio-economic, political and cultural characteristics of Palestine





# Financial Performance 2019

25 Years

## CFO's Statement

### Dear Shareholders,

We are pleased to present the audited consolidated financial statements, which show that APIC achieved significant growth in 2019 on many levels. Total revenues grew by 12.54% year on year and amounted to USD 825.17 million in 2019, operational revenues grew by 46.5% year on year and amounted to USD 39.23 million in 2019, while gross margin on revenues improved in 2019 compared to 2018, when results were negatively impacted by the fluctuation of shekel's rate versus the US dollar.

Drivers for the growth in the gross margin on revenues in 2019 also included the revision of some logistical expenses related to the clearance fees of goods, and a growth in the sales of high profit margin goods at APIC subsidiaries. The group's general, administrative and financing expenses increased in 2019, reaching USD 77.19 million, a rise of 12.1% compared to 2018, which occurred organically alongside the growth in the operational capacity, the increase of the group's number of employees, the increase in sales commissions and marketing expenses for new brands, investment expansions in subsidiaries, the new Siniora frozen meat production line in Palestine, the increase of depreciation expenses, the increase of bank loans and the average value of financing cost, which rose in 2019. Moreover, remuneration for the executive management team and the group's employees increased in 2019 following a growth in net profits, in addition to the application of the IFRS 16, which relates to the presentation of the value of a right-of-use asset arising from a lease and the interest of the lease liability. The group's EBITDA amounted to USD 49.92 million in 2019, a growth of 28.32% year on year. Accordingly, the group's net profits in 2019 grew by 36.24% and amounted to USD 21.85 million, of which USD 17.87 million in net profits were attributed to APIC shareholders, a growth by 36.57% compared to 2018.

### Consolidated Financial Position

Total assets amounted to USD 432.880 million at the end of 2019, an increase of 12.98% over 2018, with 19% of this increase from the application of IFRS 16, which relates to presenting the value of a right-of-use asset arising from a lease. Current assets amounted to USD 233.064 million at the end of 2019, an increase of 8.77% over 2018. The group's working capital – after excluding the effect of applying IFRS 16 for comparison reasons – amounted to USD 58.8 million at the end of 2019, which nearly equals the working capital in 2018.

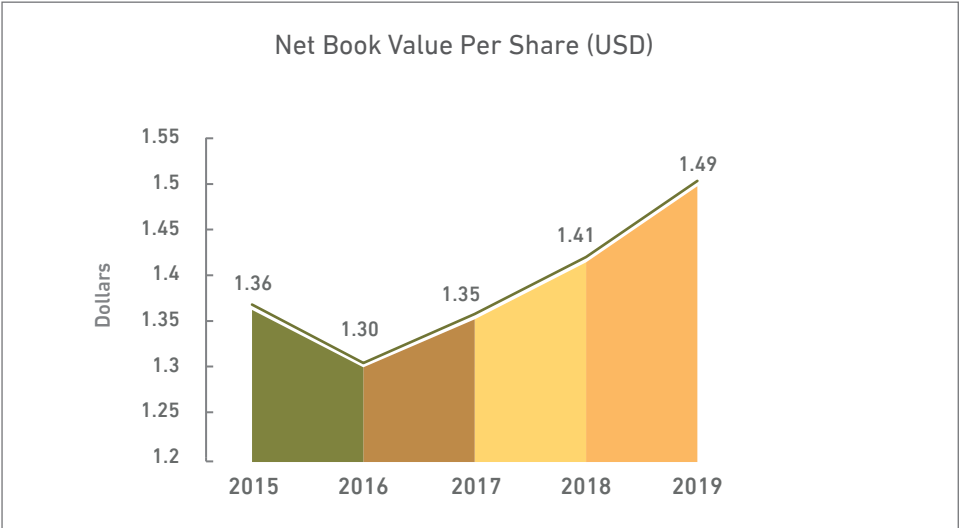
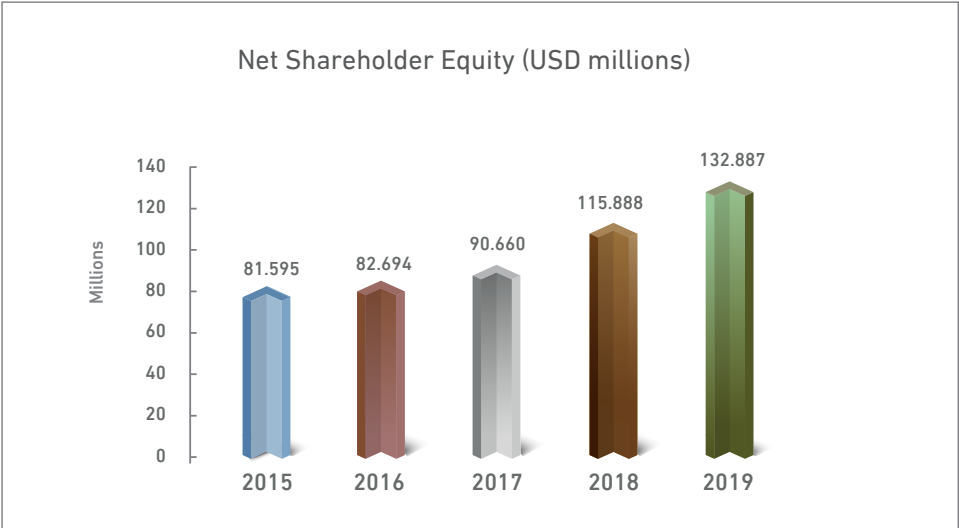
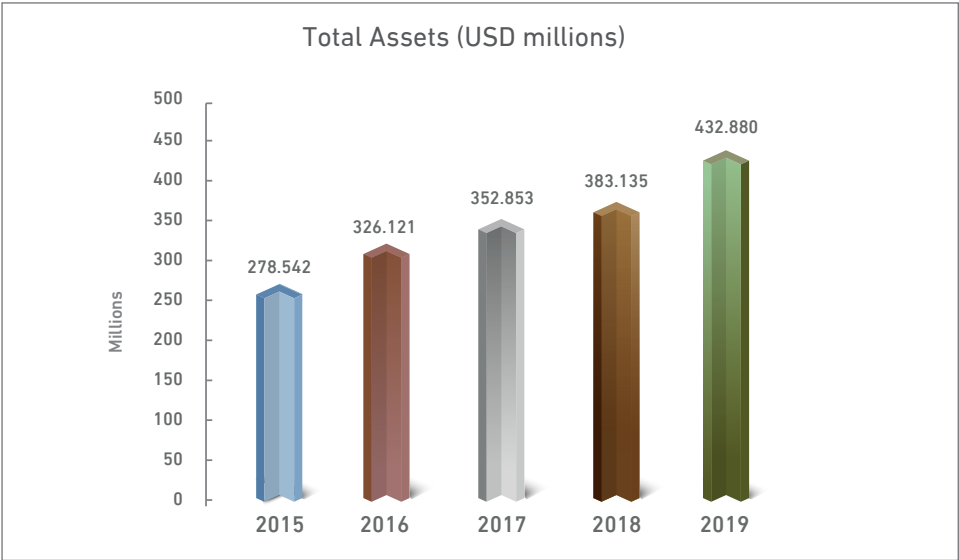
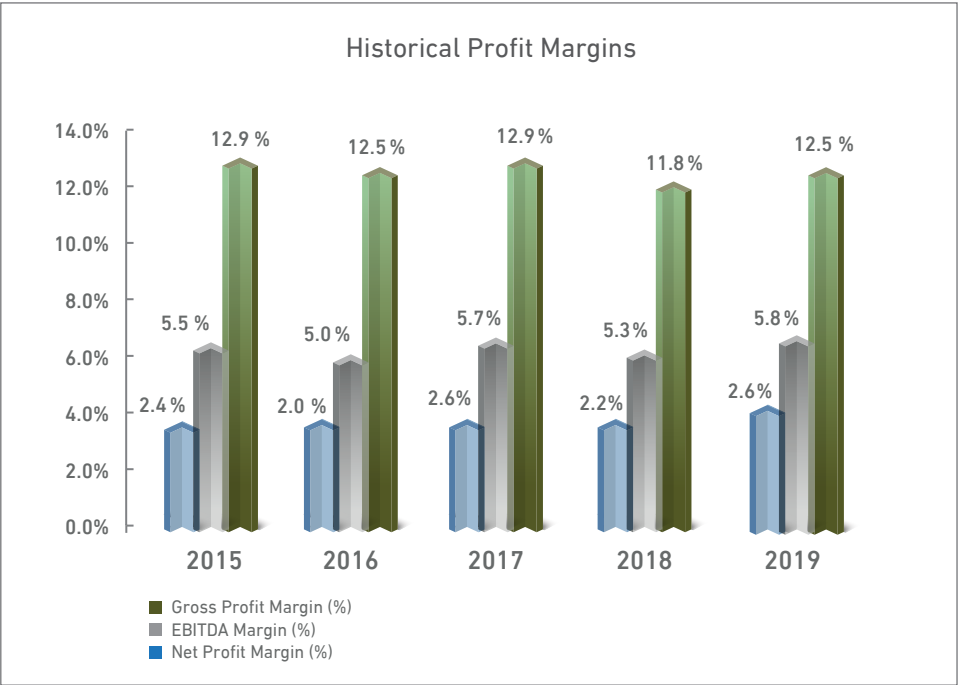
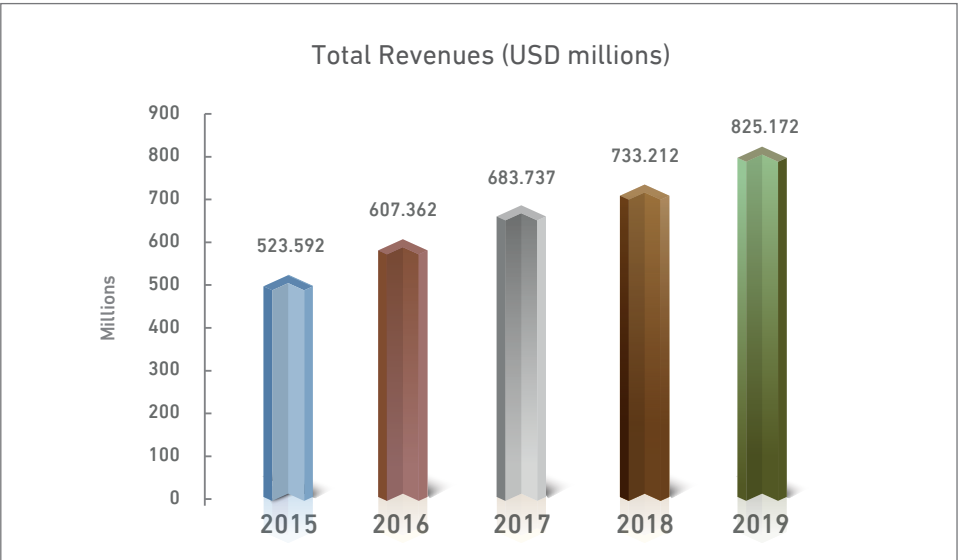
The group's bank borrowing increased, reaching to USD 164.96 million by the end of 2019, an increase of 6.9% over 2018. The increase in short-term borrowing related to operation financing was USD 9.74 million, while the increase in the long-term borrowing related to financing new fixed assets and long-term investments was USD 872,000. This 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 were utilized to repay the nominal value of the first issued bonds, which matured on January 31, 2017; USD 8 million were used to settle a portion of the company's bank loans during that period, while the remaining balance was utilized in financing various company investments; thus, the bonds represented 21.2% of the group's total borrowing at the end of 2019. The financial leverage ratio dropped to 46.6% at the end of 2019, and was lower than the financial leverage ratio at the end of 2018, which was 48.8%.

As for owner equity in 2019, USD 5 million were distributed as cash dividends to shareholders. Moreover, the company's capital was increased by seven million shares – 5.5 million bonus shares were distributed to APIC shareholders as per the decision of the general assembly in its ordinary meeting, and 1.5 million shares were issued in a private placement with a par value of USD 1 per share and a premium price of USD 1.35 per share according to the decision of the general assembly in its extraordinary meeting. Accordingly, the company's paid-in capital rose to USD 89 million, and the value of the issuance premium in the owner equity statement amounted USD 10.075 million.



The amount of net profits from the group's consolidated statement of comprehensive income amounted to USD 22.45 million, of which USD 18.47 million were attributed to APIC shareholders. Hence, total owner equity, including non-controlling interest, amounted to USD 157.84 million at the end of 2019, an increase of 13.2% over 2018. APIC shareholder equity amounted to USD 132.89 million at the end of 2019, an increase of 14.67% over 2018.

The following charts shows main indicators and financial data for the company between 2015 and 2019:





Discrepancy Between Initial Disclosure And Final Audited Results

In February 2020, APIC disclosed its consolidated preliminary financial statements for 2019 before audit by the external auditor and auditor's expressed opinion thereon. No major discrepancies were found after the completion of auditing, except for amendments by 2.1% in the group's net profits in the consolidated statement of income and by 1.1% in the group's net profits in the consolidated statement of comprehensive income, which were relevant to the reclassification of some items in unrealized gain from financial assets amounting to USD 347,800 from the income statement and other items related to applying IFRS 9 from the income statement versus an increase in profits related to the fair value of financial assets available for sale in the consolidated statement of comprehensive income, and accordingly, the net value of these amendments on the consolidated statement of comprehensive income amounted to USD 259,100, in addition to minor modifications and classifications accredited by the auditors as per the following:

Consolidated Statement of Income and Comprehensive Income

Revenues were slightly higher than the preliminary results, due to the reconciliation of all sales and purchase transactions between the group’s subsidiaries in an accurate and final manner and excluding the impact of these commercial transactions from net revenues and the cost of their related sales. Also, some revenues and their related expenses were reclassified in relation to revenues from sales and revenues from services, as well as reallocating part of the expenses that had a direct relation to expenses of sales and revenues. Moreover, some of the expenses related to the cost of production and sales have been reclassified and added directly to the cost of sales and deducted from general and administrative expenses due to comply with IFRS 15. Additionally, some allocations related to the application of IFRS 9 have also been preserved, as well as the redirection of unrealized profits from financial assets as mentioned above. Accordingly, the consolidated net profit from the consolidated income statement appeared lower than the preliminary data of about USD 480,000, while the consolidated statement of comprehensive income appeared lower than the preliminary data of about USD 259,100.

Consolidated Balance Sheet

A number of accounts and items have been reclassified in the balance sheet 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.

Khaled Baradei  
Chief Financial Officer

ARAB PALESTINIAN INVESTMENT COMPANY  
(HOLDING COMPANY)  
BRITISH VIRGIN ISLANDS  
  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
TOGETHER WITH THE INDEPENDENT  
AUDITOR'S REPORT

ARAB PALESTINIAN INVESTMENT COMPANY  
(HOLDING COMPANY)  
BRITISH VIRGIN ISLANDS  
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

AM/ 006655 / 001

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

Report on the Audit of the Consolidated 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, 2019, and the consolidated statements of profit and loss, and consolidated statement of comprehensive income, consolidated statement of changes in owners' equity, and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statement, including a summary of significant accounting policies.

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, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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.





**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.

Key audit matter	How our audit addressed the key audit matter
<b>Provision for Expected Credit Losses of Accounts Receivables and cheques under collection and other Financial Assets</b>	Our procedures included, but were not limited to, the following:
The Group held total receivables, cheques under collection and other financial assets with a carrying amount of USD 112.1 million as of December 31, 2019.	<ul style="list-style-type: none"><li>• We understood the Group's key processes used in preparing the assumptions and estimates used in the determination of the allowance for expected credit losses.</li></ul>
We have considered the determination of the allowance for expected credit losses as detailed above to be a key audit matter as the measurement thereof requires significant estimates to be made and judgements to be applied. .	<ul style="list-style-type: none"><li>• We identified the relevant controls over the determination of the allowance for ECL and assessed the design of these controls and determined if they had been implemented appropriately.</li></ul>
Refer to note (2,6 and 11) for the accounting policy and related disclosures.	<ul style="list-style-type: none"><li>• We reviewed the Group's policy on determining the allowance for expected credit losses and compared it to the requirements of IFRSs.</li><li>• We agreed the data used in the calculation of the allowance for expected credit losses to the Group's accounting records and other supporting documentation, where applicable.</li><li>• We assessed the Group's determination of when a significant increase in credit risk occurs and the basis for classifying exposures into different stages against the requirements of IFRSs.</li><li>• We assessed the Group's method of determining exposure when default occurs, and the probability of default and loss in the event of default used in calculating the expected credit loss of a sample of exposures.</li><li>• We reviewed the mathematical accuracy of the calculations of the allowances for expected credit losses.</li><li>• We agreed the results of the calculations used to calculate the allowance for expected credit losses to the amounts reported in the consolidated financial statements.</li><li>• We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.</li></ul>

Key audit matter	How our audit addressed the key audit matter
<b>Inventory</b>	Our procedures included, but were not limited to, the following:
The Group held inventories with a carrying amount of USD 71 Million representing approximately 16% of the assets amount as of December 31, 2019.	<ul style="list-style-type: none"><li>• Assessed the design and implementation of the Group's controls over the estimation and monitoring of the allowance of slow moving and obsolete inventories;</li><li>• Assessed the methodology used to determine the measurement of the allowance for slow moving and obsolete inventories.</li></ul>
Inventories are stated at the lower of cost and net realizable value. An allowance for slow moving and obsolete inventories is made by the Group's management, where necessary.	<ul style="list-style-type: none"><li>• Evaluated the Group's policies for slow moving and obsolete inventories by comparing historical estimations to actual results, assessing the consistency of the policy with prior years and our knowledge of the industry practices;</li></ul>
Management estimates the level of obsolescence of inventories considering the nature, ageing and other sales expectation factors and reviews the valuation of inventories for the purpose of writing-off the cost of inventories which are in excess of their expected net realizable value.	<ul style="list-style-type: none"><li>• Tested the accuracy and completeness of the inventory ageing reports used by management in the assessment of the allowance for slow moving and obsolete inventories and arithmetical accuracy of the computations;</li></ul>
We considered this to be a key audit matter due to the level of significant judgments applied and estimates made by management in determining the inventory's net realizable value and the allowance for slow moving inventories and inventories written off based on the assessment of their net realizable value.	<ul style="list-style-type: none"><li>• Reviewed management's methodology for the allowance for slow moving and obsolete inventories ;</li></ul>
Refer to note (2 and 7) for accounting policy and related disclosures.	<ul style="list-style-type: none"><li>• Inquired about the existence of any obsolete or slow moving inventories during our attendance at physical inventory counts and determined that these items were included in the determination of the allowance for slow moving and obsolete inventories; and</li><li>• Assessed the disclosures in the financial statements relating to this area against the requirements of IFRSs.</li></ul>

**Impairment of goodwill and trademarks**

As of December 31, 2019, the book value of goodwill and trademarks amounted \$ 19.6 million, which represents about 4.5% of the total assets. It was considered that the useful life of the trademarks is indefinite.	We familiarized ourselves with the process implemented by the Group to determine the recoverable amount of goodwill and trademarks allocated to Cash-Generating Units (CGU). Our procedures included, but were not limited to, the following:
In accordance with International Accounting Standard 36 Impairment of Assets, the Group annually assesses the impairment of goodwill that has been acquired through the merger of businesses and intangible assets that have indefinite useful lives, regardless of whether there is any indication of impairment.	<ul style="list-style-type: none"><li>• Evaluating the design and implementation of controls over the Group's testing of goodwill and trademarks for impairment;</li><li>• assessing the principles and methods used for determining the recoverable amounts of the CGU to which the goodwill and trademarks are allocated and assessing that the methods used are in accordance with requirement of IAS 36;</li></ul>





Impairment charges are recognized in the consolidated statement of profit or loss when the recoverable amount is less than the carrying amount. As disclosed in note (2) of the consolidated financial statements, the determination of the recoverable amount is based on discounted future cash flows.

We considered impairment of goodwill and trademarks as a key audit matter, considering the method for determining the recoverable amount and the significance of the amount in total for the group's consolidated financial statements. In addition, the calculation of the recoverable amount requires the management to apply significant judgements and make significant estimates, in particular, expectations of future cash flows and an estimate of the discount rate and long-term growth rate.

- reconciling the net carrying amount of the goodwill and trademarks allocated to the CGU tested with the Group's accounting records;
- engaged our internal valuation specialist to assess the discount rate applied by benchmarking against independent data;
- Substantiating by interviews with management the key assumptions on which budget estimates underlying the cash flows used in the valuation models are based. For this purpose, we also compared the estimates of cash flow projections of previous periods with actual corresponding results, to assess the pertinence and reliability of the process for making forecasts;
- substantiating the results of sensitivity analyses carried out by management by comparing them to those realized by us;
- Verifying the arithmetical accuracy of the valuations used by the Company.

We also assessed the disclosures the consolidated financial statements relating to this area against the requirements of IFRSs.

Other Matter

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

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the 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 IFRSs, 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.
- 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  
April 23, 2020

Deloitte & Touche  
Deloitte & Touche (M.E.) - Jordan  
Deloitte & Touche (M.E.)  
دیلویت آند توش (الشرق الأوسط)  
010105



Arab Palestinian Investment Company, (Holding Company) British Virgin Islands, Consolidated Statement of Financial Position			
		December 31	
	Note	2019 USD	2018 USD
<b>Assets</b>			
<b>Current Assets</b>			
Cash on hand and at banks	5	27,115,988	21,711,361
Accounts receivable and short term checks under collection - net	6	588,764,681	52,689,151
Inventory - net	7	79,988,708	76,483,444
Due from related parties	24	372,006	715,800
Financial assets at fair value through profit or loss	8	13,094	12,513
Other debt balances	9	21,433,517	26,376,517
Leasing contracts receivable- short term	10	3,372,605	2,486,175
<b>Total Current Assets</b>		<b>271,664,429</b>	<b>274,378,854</b>
<b>Non-Current Assets</b>			
Leasing contracts receivable- long term	10	1,673,329	4,855,096
Cheques under collection - long term	11	3,345,630	2,666,796
Deferred tax assets	23	1,889,319	1,455,830
Right of use- asset	12	9,472,061	-
Financial assets at fair value through other comprehensive income	13	27,697,988	25,836,667
Investment property	14	819,127	1,326,884
Intangible assets - net	15	19,746,008	16,928,231
Investment in associate company	16	7,197,329	-
Property and equipment - net	17	121,536,562	111,827,167
Projects under construction	18	3,896,632	4,478,186
<b>Total Non-Current Assets</b>		<b>199,813,892</b>	<b>158,856,827</b>
<b>Total Assets</b>		<b>471,478,321</b>	<b>433,235,681</b>
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Accounts payable		41,846,829	50,524,785
Due to banks	19	56,125,886	46,383,855
Notes payable within one year and postdated checks	20	8,942,442	6,734,867
Due to related parties	24	1,476,293	738,617
Lease liabilities- short term	12	2,338,842	-
Short term loan installments	21	31,676,898	31,299,331
Other credit balances	22	26,246,613	16,526,302
Income tax provision	23	3,295,931	2,796,094
<b>Total Current Liabilities</b>		<b>176,359,725</b>	<b>155,094,471</b>
<b>Non-Current Liabilities</b>			
End of service indemnity provision	24	14,285,998	12,642,413
Long term bonds payable	25	35,000,000	35,000,000
Lease liabilities - long term	12	7,699,741	-
Long term loans installments	21	52,152,221	41,664,761
<b>Total Non-Current Liabilities</b>		<b>109,147,959</b>	<b>89,307,174</b>
<b>Total Liabilities</b>		<b>285,507,685</b>	<b>244,401,645</b>
<b>Equity</b>			
<b>Shareholders Equity</b>			
Paid up capital	1 / 8	89,000,000	82,000,000
Share premium		10,875,000	8,650,000
Retained earnings		26,822,918	21,551,798
Cumulative change in fair value		1,826,804	1,354,372
Property and equipment (Land) revaluation reserve	26	14,829,284	14,797,456
Foreign currency translation effect		116,655	(14,304)
Difference on the purchase of minority interest		(11,876,656)	(11,889,822)
<b>Total shareholders equity</b>		<b>122,887,271</b>	<b>115,887,408</b>
Non controlling interest	27	24,953,801	23,516,751
<b>Total Equity</b>		<b>147,841,072</b>	<b>139,404,159</b>
<b>Total Liabilities and Equity</b>		<b>433,348,757</b>	<b>383,805,804</b>

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 PROFIT OR LOSS			
	Note	For the Year Ended December 31	
		2019 USD	2018 USD
Net sales		809,158,578	714,691,459
Less: Cost of sales		(718,948,450)	(643,658,579)
<b>Sales Gross Profit</b>	28	<b>90,210,128</b>	<b>71,032,880</b>
Service revenue		1,566,946	4,526,482
Less: Service cost		(3,188,195)	(3,668,300)
<b>Net Service revenue</b>		<b>1,378,751</b>	<b>858,182</b>
Less: General and administrative expenses	29	(38,937,267)	(37,893,649)
Selling and distribution expenses	30	(24,873,854)	(23,843,372)
<b>Profit from Operations</b>		<b>26,226,738</b>	<b>24,779,500</b>
Unrealized gain from financial assets at profit or loss		540	1,251
Depreciation of right of use asset	12	(2,529,290)	-
Interest on lease liabilities	12	(247,329)	-
Gain from financial assets at fair value through other comprehensive income	31	1,177,824	1,545,827
Interest and borrowing cost		(19,696,734)	(9,342,709)
Company's share of affiliated companies profits and other expenses - net		(498,734)	1,521,426
<b>Profit for the Year before Income Tax</b>		<b>24,952,547</b>	<b>26,955,987</b>
Income tax expense - the Company and its subsidiaries	23	(4,701,190)	(4,117,751)
<b>Profit for the Year</b>		<b>21,251,357</b>	<b>22,838,236</b>
<b>Attributable to:</b>			
Company's shareholders		17,871,120	13,645,909
Non-controlling interest	27	3,380,236	2,952,767
<b>Profit for the year</b>		<b>21,251,357</b>	<b>22,838,236</b>
Earnings per share attributable to the Company's shareholders	38	0.239	0.257

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<b>Other Comprehensive Income Items:</b>
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
Foreign currency translation
<b>Total comprehensive income for the year</b>
<b>Total Comprehensive Income Attributable to:</b>
Company's shareholders
Non-controlling interest
<b>Total Comprehensive Income for the year</b>

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

		For the year ended December 31,	
	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before tax		26,552,547	26,593,587
Adjustments for:			
(Gain) loss from the sale of property, plant and equipment		(137,424)	131,432
Depreciation of property, plant and equipment	17	9,840,764	9,404,879
Depreciation of right of use asset	12	2,529,209	-
Terminated leases	12	8,403	-
Interest on Lease liabilities	12	247,529	-
(Unrealized) (Gain) from financial assets at fair value through profit and loss		(340)	(1,252)
(Gain) from investment in affiliates	14	(449,249)	-
Provision for expected credit loss	4	748,343	204,804
Provision for slow moving items	7	426,556	464,883
Provision for End of service indemnity	24	2,448,885	2,158,884
Provision for (reversed) leasing contracts	16	31,888	61,764
<b>Cash Flows from Operating Activities before Changes in Working Capital</b>		<b>41,258,885</b>	<b>32,933,891</b>
(Increase) in accounts receivable, Cheques under collection and other debt balances		(18,796,140)	(11,862,395)
Decrease (increase) in inventory		4,828,124	(14,828)
Decrease in due from related parties		240,824	248,124
Increase (decrease) in due to related parties		4,759,174	(313,946)
(Increase) decrease in leasing contracts receivable		(1,179,889)	2,674,187
Increase (decrease) in accounts payable and other credit balances		3,882,423	(8,303,872)
<b>Net Cash Flows from Operating Activities before</b>		<b>21,873,643</b>	<b>11,844,729</b>
<b>End-of-Service Indemnity and Income Tax Paid</b>			
Paid from End-of-service indemnity provision	24	(875,808)	(1,804,490)
Paid from Income tax provision	25	(4,125,860)	(4,429,896)
<b>Net Cash Flows from Operating Activities</b>		<b>16,871,975</b>	<b>5,610,343</b>
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in financial assets at fair value through profit or loss		568	-
(Increase) in financial assets at fair value through other comprehensive income		(899,470)	(1,621,134)
(Increase) in investment in associate company		(1,340,879)	-
Purchase of Property and Equipment	17	(15,862,348)	(11,237,947)
Proceeds from the sale of Property and Equipment		542,493	3,624,523
Payment of leasing obligations	12	(2,468,442)	-
(Change) in intangible assets		(2,847,867)	-
Additions to projects under construction	18	(1,850,473)	(1,586,437)
<b>Net Cash Flows (used in) Investing Activities</b>		<b>(27,868,886)</b>	<b>(12,420,878)</b>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends distributed		(1,648,888)	(1,804,888)
Increase in due to banks	19	9,742,801	9,587,443
Increase in loans, checks and notes payable		2,189,593	14,851,788
Net change in non - controlling interest and foreign currency translation and others		(2,468,812)	(11,475,632)
<b>Net Cash Flows from Financing Activities</b>		<b>4,804,704</b>	<b>1,158,711</b>
<b>Net Increase in Cash</b>		<b>1,807,793</b>	<b>294,276</b>
<b>Cash on hand and at banks- beginning of the year</b>		<b>21,713,288</b>	<b>21,419,012</b>
<b>Cash on Hand and at Banks- End of the Year</b>	5	<b>23,521,081</b>	<b>21,713,288</b>
Non Cash Items			
Property and equipment revaluation impact	26	-	14,824,339
Bad debts write off		752,343	1,864,382
Associate company investment	14	(1,321,888)	-
Increase in paid-up capital	1	1,548,888	-
Increase in Share Premium	1	2,675,888	-
Transfer from Projects under construction to property and Equipment	17a-b	4,423,842	-
Transfer from Investment property to property and Equipment	14a-b	547,757	-

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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 of which the latest was made during the year 2019. As on May 2, 2019 and upon the decision of the company's general assembly meeting held on that date the company has raised its paid up capital by USD 5.5 Million through capitalizing part of its retained earnings, as well at the same meeting, it was approved to issue 1.5 million shares, at a price of USD 2.35 per share of the company's authorized capital, through a special issuance to the Aggad Investment Company (AICO) as a strategic investor, in exchange for the company owning 5,470 shares in ARTIC out of the total number of shares held from AICO in ARTIC through a share swap agreement raising the company's paid up capital to USD 89 million. The approval of the regulatory authorities in Palestine and the British Virgin Islands was obtained.
- 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 Daboug, 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 consolidated financial statements include the Company's financial statements and the following subsidiaries' financial statements, after eliminating intercompany balances and transactions:





\* During the year, the company has acquired a controlling stake in Takeda for Medical Supplies - Jordan alongside the assets of MediScience for Medical Services Company - Iraq from Medical Supplies and Services Company - Saudi Arabia (Related Company) - Note (25)

	December 31, 2019			December 31, 2018			Ownership Date	Main Activity
	USD	Full-up Capital	Equity Share	USD	Full-up Capital	Equity Share		
Arab Palestinian Storage Company	4,500,000	4,500,000	68.47	4,500,000	4,500,000	68.47	1997	Management of refrigerated stores
Medical Supplies and Services Company *	4,000,000	4,000,000	100	4,000,000	4,000,000	100	1998	Trade of medicine and medical supplies
Unipal General Trading Company	7,042,253	7,042,253	93.41	7,042,253	7,042,253	93.41	1998	General trading
National Aluminum and Profiles Company	10,315,948	10,315,948	72.99	9,232,017	9,232,017	72.99	1995	Manufacturing of aluminum
Palestine Automobile Company	14,500,000	14,500,000	100	14,500,000	14,500,000	100	1998	Trading of cars
Sky Advertising, Public Relations and Events Company	845,068	845,068	100	845,068	845,068	100	2000	Advertising, public relations and events
Sinora Food Industries Company	35,560,931	35,560,931	66.74	35,560,931	35,560,931	66.74	1996	Food industries
Arab Palestinian Shopping Centers Company	9,878,543	9,878,543	99.78	9,878,543	9,878,543	99.78	1999	Establishing and owning commercial / shopping malls
Jericho Natural and Mineral Water Factory Company	4,803,734	4,803,734	85	4,803,734	4,803,734	85	2001	Natural and mineral water
Arab Leasing Company	3,000,000	3,000,000	100	3,000,000	3,000,000	100	2015	Financial leasing
Arab Palestinian Investment Company / Jordan (Exempted)	70,400	70,400	100	70,400	70,400	100	2011	Trading of cars and commercial agencies
APIC Gulf company	40,000	40,000	100	-	-	-	2019	Investment and asset management

The following are the most important financial information for the subsidiary companies for the year 2019:

Company's Name	December 31, 2019		For the Year Ended December 31, 2019	
	Total Assets	Total Liabilities	Total Revenue	Total Expenses
	USD	USD	USD	USD
Arab Palestinian Storage Company	684,043	2,785,648	312,665	578,550
Medical Supplies and Services Company - consolidated	92,491,242	67,979,865	70,810,700	65,772,804
Unipal General Trading Company	86,030,570	48,641,761	586,754,598	572,417,949
National Aluminum and Profiles Company	43,485,930	26,144,972	24,349,134	23,719,193
Palestine Automobile Company	50,775,888	33,079,560	30,320,866	31,016,880
Sky Advertising, Public Relations and events Company	3,963,894	2,153,504	4,822,992	4,657,513
Sinora Food Industries Company	99,027,893	43,578,516	90,322,522	81,707,248
Arab Palestinian Shopping Centers Company	28,214,666	14,329,180	30,757,441	30,823,060
Jericho Natural and Mineral Water Factory Company	-	55,130	1,050	-
Arab Leasing Company	13,876,445	9,850,642	1,186,215	901,138
Arab Palestinian Investment Company / Jordan (Exempted)	3,705,927	1,961,424	1,068,132	688,389
APIC Gulf company	6,941,150	6,463,699	477,451	31,895

G. The Board of Directors approved the Company's consolidated financial statements on March 26, 2020 .

## 2. Significant Accounting Policies

### Basis of Preparation of the 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 financial statements is US Dollar, which is the functional currency of the Company.

The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2018 except for the effect of the adoption of the new and revised standards mentioned in Note (4 -A) and (4 - B).

The following are the most significant accounting policies used during the year ended December 31, 2019:

### 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.

In the case of which 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 holdings 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.

#### **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 profit or loss) 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; and
- 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 profit or loss.

#### **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 profit or loss.

#### **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 profit or loss.

#### **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 profit or loss.

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 profit or loss.

#### **Investment in associate company**

An associate is an institution in which the group has significant influence. The essential effect is the ability to participate in the financial and operating policies of the investee and not joint control or control of those policies.



The considerations used to define joint control are similar to the considerations used to determine control on subsidiary companies.

The group's investment in the associate is recognized under the equity method.

Under the equity method, investments in associate are carried at cost, the carrying amount is adjusted for investments in the associate company to recognize the group's share of changes in the net assets of the associate company as date of possession. Goodwill arising from the associate is recorded as part of the investment account, is not amortized, and no action is taken for individually impairment test.

The consolidated statement of profit or loss reflects the Group's share of the results of its associate company. Any changes in the statement of comprehensive income for this investment, it is classified under the Group's statement of comprehensive income. In the event of a change in ownership rights of the associate company, these changes are found in the consolidated statement of changes in owners. Profits and losses resulting from intercompany transactions between the group and its associate companies are eliminated with amount of the group's share in associate company.

The group's share of the profits or losses of the associate is shown in the consolidated statement of profit or loss in the operating income and represents profit or loss after tax and the rights of non-controllers in the subsidiary company of the associate company.

#### 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

### Accounting Policy followed from the January 1, 2019.

#### As a lessor

The Company should be evaluating whether the leasing contract included while starting the contract. The right of use assets and leasing obligations should be recognized by the company regarding all leasing obligations, except for short-term leasing contracts (12 months or less) and the leasing contracts with low value, in regards to these contracts the company should recognized to these leases as operating expense using the straight-line method over the life of the lease unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted by using the price implicit in the lease. If this rate cannot be easily determined, the company uses its additional expected rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus accrued receivable rental incentives;
- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins.
- The amount expected to be paid by the lessee under the residual value guarantees.
- The price of the exercise of purchase options, if the lessee is reasonably certain of the exercise of the options; and
- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

Rental obligations are presented as a separate note in the consolidated statement of financial position.

Later, lease obligations are subsequently measured by increasing the book value to reflect the interest in the rental obligations (using the effective interest method) and by reducing the book value to reflect the rental payments paid.

The lease obligations (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there is an event or important change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate, in this case the adjusted discount rate is used).
- The lease contract is adjusted and the lease amendment is not accounted as a separate lease, in which case the lease obligation is re-measured based on the duration of the adjusted lease contract by deducting the adjusted rental payments using the adjusted discount rate at the actual price at the date of the amendment.

The right to use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease contract transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the company expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the date the commencement of the lease.

The right-to-use assets are presented as a separate note in the consolidated statement of financial position.

The company applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the policy of "property and equipment".

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right to use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in "Other Expenditures" in the statement of profit or loss.

#### The Company as a lessor

The company enters into lease contracts as a lessor in regard with some investment properties.

Leases in which the company is the lessor are classified as operating or finance leases. In the event that the terms of the lease contract transfer all risks and rewards of ownership to the lessee, the contract is classified as a finance lease and all other leases are classified as operating leases.

When the company is an intermediary lessor, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as finance or operating lease by reference to the original right of use arising from the main lease.

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The primary direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the lessee under finance leases are recognized as receivables with the amount of the company's net investment in the rental contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the company's existing net investment with respect to lease contracts.

When the contract includes leasing components and other components other than leasing, the company applies IFRS 15 to distribute the amounts received or to be received under the contract for each component.

#### Accounting policies used until December 31, 2018

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

#### The Company as a lessor

The amounts due from the lessee are recognized under finance lease contracts, as receivables from the amount of the investment in the contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic return on the net investment, with regard to rental leases.



Operating lease income is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

#### **The Company as a Lessee**

Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. These obligations are presented in statement of financial position as finance lease liabilities.

The lease payments are distributed between the financing expenses and decreasing of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the life of the lease, except in situations where it has another regular basis that is more representative of the time pattern in which the economic benefits are utilized from the leased asset. Recognition of reassuring lease arising from operating lease as an in the period in which they incurred. In the event that lease incentives are received to enter into operating lease, these incentives are recognized as an obligation. The overall interest of incentives are recognized as reduction in lease expense on straight line basis, unless there is a systematic basis that is more representative of the time pattern in which will be used from economic benefits from leased assets

#### **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. Cost 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 enselling 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 profit or loss.
- 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 profit or loss.

#### **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 profit or loss, 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 profit or loss.
- No capitalization of intangible assets resulting from the Company's operations is made, they are charged to the consolidated statement of profit or loss 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 profit or loss 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 profit or loss 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 profit or loss.

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 profit or loss. 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 profit or loss.

### **Investment in Land**

Investment in Land 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 profit or loss.

### **Interest income and expenses**

Interest income and expense for all financial instruments are recognized in the statement of profit or loss 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 profit or loss.

#### 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 profit or loss.

#### 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.

### 3. 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 profit or loss 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 profit or loss 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 financier 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".

#### 4. Application of New and Amended International Financial Reporting Standards

##### a. Amendments that did not have a material impact on the Company's consolidated financial statements:

The following new and revised IFRSs, which are effective for annual periods beginning on or after January 1, 2019 or later, have been adopted in the preparation of the Company's consolidated financial statements. These new and revised IFRSs have not materially affected 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 2015 and 2017	Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12), "Income Taxes" and (23) "Borrowing Costs" and as the following:  <u>IFRS (12) "Income Tax"</u> The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

#### New and revised standards

#### Amendments to new and revised IFRSs

##### IFRS (23) "Borrowing Costs"

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

##### IFRS (3) "Business Combination"

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

##### IFRS (11) "Joint Arrangements"

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.

##### IFRIC (23) Uncertainty on the Treatment of Income Tax

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;
- determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

##### Amendments to IFRS 9 Financial Instruments.

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

##### Amendments to IAS (28) "Investment in Associates and Joint Ventures".

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

##### Amendments to IAS 19 Employee Benefits.

These amendments relate to adjustments to plans, reductions, or settlements.



**b. Amendments Affecting the Company's Consolidated Financial Statements:**

**Effect of Application of IFRS (16) "Leases":**

The Company adopted IFRS 16 "Leases" the standard replaces the existing guidance on leases, including IAS 17 "Leases Contracts". IFRIC 4 "Determining whether an Arrangement contains a Lease". SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life. The company has opted for the simplified approach application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018, there were no adjustments on the returned earnings using the simplified approach, there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leased properties as of December 31, 2019 and January 1, 2019.

**The effect of implement IFRS 16:**

The table below shows the effect of application of IFRS 16 for each financial note as at December 31, 2019.

The Movement on the Right of Use – Assets and Lease Liabilities during the period is as follows:

	Rights of use Assets	Lease Liabilities
	USD	USD
Beginning balance - January 1, 2019	-	-
Effect of IFRS 16 implementation	10,916,636	10,916,636
Beginning balance , January 2019 – adjusted	10,916,636	10,916,636
Interest during the period	-	247,329
Contracts entered into during the year	1,093,749	1,093,749
Contracts cancelled during the period	(8,633)	-
Foreign exchange differences	(292)	511
Paid during the period	-	(2,918,642)
Depreciation during the period	(2,529,399)	-
Ending balance - December 31, 2019	9,472,061	9,339,583

**The Company's leasing activities and its accounting treatment mechanism:**

The Company leases real estate for use in its corporate activities, and usually leases are for fixed periods ranging 5 years, some of which may include extension options and lease terms are negotiated on an individual basis and contain a set of different terms and conditions. Lease contracts do not include any pledges and not used as collateral for borrowing purposes.

Assets and liabilities arising from lease contracts are initially measured based on the present value, and the lease obligations include the net present value of the following lease payments:

- Fixed payments (including fixed payments) minus receivable lease incentives;
- Variable lease payments based on an indicator or rate;
- The amounts expected to be paid by the lessee under the residual value guarantees;
- Purchase option if the tenant is reasonably certain of this option, and
- Paying the contract termination fines if the terms of the lease include this option.

Lease payments are deducted using the interest rate of the underlying lease or the additional borrowing rate of the lessee if they are not available, which is the amount that the lessee must pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost, which includes the following:

- The value of the initial measurement of the lease obligations;
- Any lease payments made on or before the start date minus any lease incentives received;
- Any initial direct costs, and
- Return costs (renewal and restoration).

Payments related to short-term leases and contracts for lease of low-value assets are included on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are 12-month or less. While low-value assets such as low-value IT equipment and small items of office furniture.

When applying the IFRS 16 for the first time, the Company used the following:

- Use a single discount rate for a portfolio of lease contracts with reasonably similar characteristics;
- Depending on previous evaluations of whether lease contracts are low;
- Accounting operating leases with a remaining lease term of less than 12 months in January 1, 2019 as short-term leases;
- excluding the initial direct costs for measuring the right to use assets at the date of the initial application, and
- Using the previous perception to determine the term of the lease, as the contract contains options for extending or terminating the lease.

The Company also chose not to reassess whether the contract contains or does not contain a lease on the date of the initial application. Instead, the company relied on the evaluation of contracts that were concluded before the date of the transition, which was applied through the application of International Accounting Standard No. (17) "Lease Contracts" and International Interpretation (4) "Determining whether an arrangement involves a lease contract."





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

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

New and revised standards	Amendments to new and revised IFRSs
<b>Amendments to IAS 1 Presentation of Financial Statements.</b>  (Effective January 2020).	These amendments relate to the definition of materiality. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
<b>Amendments to IFRS 3 Business Combinations</b>  (Effective January 2020.)	These amendments clarify the definition of business as the International Accounting Standards Board published the Revised 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), (8), (34), (37) and (38)) and IFRIC (12), Interpretation (19), Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards Number (32) in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.
<b>IFRS 17 "Insurance Contracts"</b>  (Effective January 1, 2022.)	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) <i>Insurance Contracts</i> .  IFRS (17) requires measurement of insurance liabilities at present value to meet.
<b>Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)"</b>  (The start date has been postponed indefinitely, and the application is still permitted)	These amendments relate to the treatment of the sale or contribution of the assets of the investor in the associate or joint venture.
Management expects to apply these new standards, interpretations, and amendments to the consolidated financial statements of the Company when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company's consolidated financial statements in the initial application period.	

**5. Cash on Hand and at Banks**

This item consists of the following:

	December 31, 2018	
	2019	2018
	USD	USD
Cash on hand	4,839,705	972,726
Current accounts	22,276,283	20,337,314
Time Deposits	-	401,221
<b>Total</b>	<b>37,115,988</b>	<b>21,711,261</b>

**6. Accounts Receivable and Checks under Collection- Net**

This item consists of the following:

	December 31, 2018	
	2019	2018
	USD	USD
Trade receivable	87,910,586	76,604,759
Checks under collection *	25,724,752	20,918,560
Employees Receivable	743,245	251,599
Other accounts receivable	-	329,599
	<b>114,378,583</b>	<b>98,104,517</b>
Less: Provision for expected credit loss	(15,614,502)	(15,424,407)
<b>Total</b>	<b>108,764,081</b>	<b>92,680,110</b>

\* The maturities of checks under collection extend up to the end of the year 2020.

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

	2019	2018
	USD	USD
<b>Beginning Balance</b>	<b>5,424,407</b>	<b>6,478,156</b>
Additions	788,343	216,004
Written off debts **	(752,541)	(1,165,282)
Foreign currency differences	154,293	(96,471)
<b>Ending Balance</b>	<b>5,614,502</b>	<b>5,424,407</b>

\*\* During the year 2019, the Group has written off debts in the amount of USD 752,541 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, 2019	
	2019	2018
	USD	USD
Up to 90 Days	70,480,993	52,670,171
91 - 180 Days	8,839,429	12,011,050
181 - 365 Days	8,390,162	11,923,538
<b>Total</b>	<b>87,710,584</b>	<b>76,604,759</b>

The above balances include amounts due from The Palestinian Authority with an amount of approximately USD 24,77 Million.

## 7. Inventory - Net

This item consists of the following:

	December 31,	
	2019	2018
	USD	USD
Finished goods	6,844,728	1,950,444
Medicine	8,290,091	6,341,344
Medical equipment	458,287	750,171
Consumable materials	30,538,855	30,327,517
Laboratory tools and materials	1,260,104	883,079
Medical equipment and machinery	5,627,911	4,430,129
<b>Total Finished Goods</b>	<b>43,019,976</b>	<b>44,682,684</b>
Raw materials	11,949,928	8,444,212
Scrap and other materials	290,828	800,948
Other materials	376,495	3,025,399
Cars and spare parts *	14,525,194	19,642,176
<b>Total Inventory</b>	<b>70,162,426</b>	<b>76,595,419</b>
Less: Provision for slow-moving inventory **	(2,464,518)	(2,044,993)
<b>Net Inventory</b>	<b>67,697,908</b>	<b>74,550,426</b>
Goods in transit	3,290,805	1,893,032
<b>Total</b>	<b>70,988,713</b>	<b>76,443,458</b>

\* 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:

	2019	2018
	USD	USD
Balance - beginning of the year	2,044,993	1,644,635
Additions to the provision during the year	626,518	664,103
Written-off inventory during the year	(206,993)	(263,745)
<b>Balance - End of the Year</b>	<b>2,464,518</b>	<b>2,044,993</b>

## 8. Financial Assets at fair value through profit or loss

This item consists of the following:

	December 31,	
	2019	2018
	USD	USD
Listed Shares in Palestine Stock Exchange	13,094	12,513
<b>Total</b>	<b>13,094</b>	<b>12,513</b>

## 9. Other Debit Balances

This item consists of the following:

	December 31,	
	2019	2018
	USD	USD
Receivable Claims	4,920,558	6,128,647
Value added tax	998,098	508,413
Prepaid expenses	3,005,226	2,637,694
Refundable deposits against LGU, LCOs and others	1,741,487	2,093,004
Advance payments to suppliers	9,272,560	7,378,030
Loans granted by the company	509,784	-
Other debit balances	1,985,784	1,524,529
<b>Total</b>	<b>22,433,517</b>	<b>20,270,317</b>

## 10. Leasing Contracts Receivable

This item consists of the following:

	December 31,	
	2019	2018
	USD	USD
Leasing contracts receivable - short term	3,377,035	2,446,175
Leasing contracts receivable - long term	5,073,325	4,855,096
<b>Total</b>	<b>8,450,360</b>	<b>7,301,271</b>





#### December 31, 2019

Lease payments due within one year or less  
Lease payments due after one year and before  
5 years

**Total**

Minimum Lease Payments	Current amount of the Minimum Lease Payments
USD	USD
4,188,653	3,585,951
<u>3,663,791</u>	<u>3,673,325</u>
<b>9,852,354</b>	<b>8,658,376</b>

#### December 31, 2018

Lease payments due within one year or less  
Lease payments due after one year and before  
5 years

**Total**

Minimum Lease Payments	Current amount of the Minimum Lease Payments
USD	USD
3,282,262	2,624,191
<u>3,373,151</u>	<u>4,855,096</u>
<b>6,655,413</b>	<b>7,479,287</b>

Total investment cost in the financial leasing

Less: Unearned revenue

**Current amount of the financial leasing contract**

Less: Provision for unpaid leases

Financial lease installments due within one year

**Financial leasing receivables (long term)**

December 31,	
2019	2018
USD	USD
9,852,354	8,655,413
<u>(1,193,978)</u>	<u>(1,176,126)</u>
<b>8,658,376</b>	<b>7,479,287</b>
<u>(208,004)</u>	<u>(178,014)</u>
<u>(3,377,035)</u>	<u>(2,446,170)</u>
<b>5,073,325</b>	<b>4,855,096</b>

#### 11. Long-term Checks Under Collection

This item consists of the following:

Arab Leasing Company

Medical Supplies and Services Company

Palestine Automobile Company

**Total**

December 31,	
2019	2018
USD	USD
-	666,892
347,959	422,695
<u>3,012,471</u>	<u>912,209</u>
<b>3,360,430</b>	<b>2,001,796</b>

- The maturities of long-term checks under collection extend up to the year 2023.

#### 12. Leases

##### A. Right of use assets

The Company leases many assets, including lands, buildings and vehicle, the average lease term is 7 years, and the following is the movement over the right to use assets during the year 2019:

	For the year ended December 31, 2019
	USD
Beginning balance (Adjusted)	10,916,636
Add: contracts entered into during the year	1,093,749
Less: Depreciation for the year	3,329,399
Less: Contracts terminated during the year	8,633
Foreign Exchange Differences	(232)
<b>Balance as December 31, 2019</b>	<b>9,473,061</b>

##### B. Lease liabilities

The following is the movement over lease liabilities during the year 2019:

	For the year ended December 31, 2019
	USD
Beginning balance (Adjusted)	10,916,636
Add: Additions during the year	1,093,749
Interest during the year	347,329
Foreign Exchange Differences	511
Less: Lease payments made during the year	3,918,642
<b>Balance as December 31, 2019</b>	<b>9,339,583</b>

The following is the maturity of lease liabilities analysis as of 31, December 2019:

	For the year ended December 31, 2019
	USD
Less than one year	2,338,642
One to five years	5,365,611
More than five years	1,735,130
<b>Balance as December 31, 2019</b>	<b>9,339,583</b>

amounts that were recorded in the statement of profits or losses

	For the year ended December 31, 2019
	USD
Depreciation for the year	(3,329,399)
Interest for the year	(347,329)
<b>Total</b>	<b>(3,776,728)</b>





**14. Investment in associate company**

This item consists of the following:

Angkor Tea Company (PVT) - 50% (1)
Central Vietnam Company
<b>Total</b>

The movement on Investment in associate company is stated as follows:

	December 31, 2019	December 31, 2018
Balance - beginning of the year	-	-
Referred Investment in associate companies	4,772,400	400,000
Good share of year profit	400,000	-
<b>Ending balances</b>	<b>5,172,400</b>	<b>400,000</b>

The change share of profits and losses of the associates is as follows:

	December 31, 2019	December 31, 2018
Angkor Tea Company (PVT)	400,000	-
Central Vietnam Company	-	-
<b>Total</b>	<b>400,000</b>	<b>-</b>

The change share of the equity, liabilities and revenue of the associates is as follows:

	December 31, 2019	December 31, 2018
Assets	5,172,400	400,000
Liabilities	11,800,000	11,800,000
Revenue	11,800,000	11,800,000

In 2019:

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018	
Ownership and voting ratio	50%	50%	50%	50%	Ownership and voting ratio	50%	50%	50%	50%	Ownership and voting ratio	50%	50%	50%	50%	Ownership and voting ratio	50%	50%	50%	50%
Investment amount	4,772,400	400,000	Investment amount	4,772,400	Investment amount	4,772,400	400,000	Investment amount	4,772,400	Investment amount	4,772,400	400,000	Investment amount	4,772,400	Investment amount	4,772,400	400,000	Investment amount	4,772,400
Good share of year profit	400,000	-	Good share of year profit	400,000	Good share of year profit	400,000	-	Good share of year profit	400,000	Good share of year profit	400,000	-	Good share of year profit	400,000	Good share of year profit	400,000	-	Good share of year profit	400,000
<b>Total</b>	<b>5,172,400</b>	<b>400,000</b>	<b>Total</b>	<b>5,172,400</b>	<b>Total</b>	<b>5,172,400</b>	<b>400,000</b>	<b>Total</b>	<b>5,172,400</b>	<b>Total</b>	<b>5,172,400</b>	<b>400,000</b>	<b>Total</b>	<b>5,172,400</b>	<b>Total</b>	<b>5,172,400</b>	<b>400,000</b>	<b>Total</b>	<b>5,172,400</b>

**15. Financial assets at fair value through other comprehensive income**  
(This item consists of the following):

	Number of Shares	December 31, 2019	Number of Shares	December 31, 2018
<b>United Shares:</b>				
Bank of Indochina Limited <sup>1</sup>	1,400,000	10,477,200	1,400,000	10,477,200
AI - Viet National company for Investment and Finance	100,000	700,000	100,000	700,000
		<b>11,177,200</b>		<b>11,177,200</b>
<b>Unlisted Shares:</b>				
Polina Private Power Company	100,000	9,700,000	100,000	9,700,000
Technology Investment Investment Company Limited	-	-	200,000	200,000
Polina for Energy Generation Company, J Polina for Electricity	100,000	400,000	100,000	400,000
Polina Finance House	100,000	900,000	100,000	900,000
Polina for electricity payments solutions	100,000	1,000,000	100,000	1,000,000
		<b>11,000,000</b>		<b>11,000,000</b>
<b>Investment Fund:</b>				
Central Private Equity		40,000		40,000
Equity Fund		1,000,000		1,000,000
Equity Capital		1,000,000		1,000,000
Equity Fund		1,000,000		1,000,000
AI Polina company Fund		100,000		100,000
Polina		100,000		100,000
100 Shares		100,000		100,000
		<b>3,000,000</b>		<b>3,000,000</b>
		<b>14,177,200</b>		<b>14,177,200</b>

<sup>1</sup> Some of the shares and bonds are mortgaged against bank credit facilities and Bank of Indochina membership.

**16. Investment Property**

This item consists of the following:

	December 31, 2019	December 31, 2018
<b>Land</b>	<b>100,000</b>	<b>100,000</b>
Land Polina Investment Company	100,000	100,000
National Investment and Finance Company <sup>1</sup>	-	100,000
<b>Total</b>	<b>100,000</b>	<b>200,000</b>

The movement on the Investment Property is as follows:

	December 31, 2019	December 31, 2018
<b>Balance - beginning of the year</b>	<b>1,000,000</b>	<b>1,000,000</b>
Transferred to property and equipment (Note 17) <sup>2</sup>	(900,000)	-
<b>Balance - End of the Year</b>	<b>100,000</b>	<b>1,000,000</b>

The cost of these Investment Property was 100,000,000, noting that some of these land are pledged as collateral against credit facilities obtained through bank.

<sup>2</sup> This land was transferred during the current year to property and equipment, due to the change in the company's use attribute, there was no change in the fair value at the date of transfer.

**17. Intangible Assets - Good**

This item consists of the following:

	December 31, 2019	December 31, 2018
<b>Goodwill - net <sup>1</sup></b>	<b>17,000,000</b>	<b>14,000,000</b>
Trademarks <sup>2</sup>	1,000,000	1,000,000
Computer Software	100,000	100,000
<b>Total</b>	<b>18,100,000</b>	<b>15,100,000</b>

<sup>1</sup> Goodwill has resulted from the purchase of shares at amounts higher than the fair value per share of some of the Group's entities.

<sup>2</sup> This item represents the value of trademarks purchased from the Goodwill Fund Company of Goodwill for Food Manufacturing Company (a subsidiary) in addition to the fees for covering transfer.



**14. Assets and Liabilities**  
The movement of the company

For the Year Ended December 31, 2019

Assets  
Property, plant and equipment  
Intangible assets  
Investments  
Financial assets  
Other assets  
Total

Liabilities  
Accounts payable  
Accounts receivable  
Other liabilities  
Total

For the Year Ended December 31, 2018

\* Total additions including an amount of USD 1.6 million representing an advance payment to a local producer.

	Assets	Liabilities	Total
For the Year Ended December 31, 2019			
Property, plant and equipment	1,000,000	1,000,000	2,000,000
Intangible assets	1,000,000	1,000,000	2,000,000
Investments	1,000,000	1,000,000	2,000,000
Financial assets	1,000,000	1,000,000	2,000,000
Other assets	1,000,000	1,000,000	2,000,000
Total	5,000,000	5,000,000	10,000,000
For the Year Ended December 31, 2018			
Property, plant and equipment	1,000,000	1,000,000	2,000,000
Intangible assets	1,000,000	1,000,000	2,000,000
Investments	1,000,000	1,000,000	2,000,000
Financial assets	1,000,000	1,000,000	2,000,000
Other assets	1,000,000	1,000,000	2,000,000
Total	5,000,000	5,000,000	10,000,000

- Some of the group's 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, SAS (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.

**15. 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, Sinora Food Industries Company, Unipal General Trading Company and Arab Palestinian Shopping Centers Company, which were not yet completed as of December 31, 2019

The movement on the projects under construction is as follows:

	2019	2018
Balance - beginning of the year	4,428,186	1,519,878
Additions	3,891,473	2,680,657
Transferred to property and equipment(note 17)	(4,423,062)	(72,349)
Balance - End of the Year	3,896,617	4,428,186

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

**16. Due to banks**

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

	December 31,	December 31,
	2019	2018
National Aluminum and Profiles Company	5,450,052	4,582,448
Medical supplies and services company	38,443,459	28,608,997
Unipal for general trading company	14,011,852	14,384,044
Arab Palestinian Shopping Centers	320,523	-
Palestinian Automobile Company	-	131,132
Arab Palestinian Investment Company (Exempted)	-	677,224
Total	54,125,886	48,383,851

**17. Notes Payable due within one year and Deferred Checks**

This item represents notes payable to the following companies:

	December 31,	December 31,
	2019	2018
National Aluminum and Profiles Company	757,095	351,504
Medical supplies and services company	4,070,376	3,499,501
Sinora Food Industries Company	1,292,571	1,193,132
Arab Palestinian Shopping Centers	1,462,741	1,460,730
Total	8,682,443	6,734,867



## 21. Loans

The details of this item are as follows:

	December 31, 2019		December 31, 2018	
	Short-term	Long-term	Short-term	Long-term
	USD	USD	USD	USD
<b>Arab Palestinian Investment Companies</b>				
Arab Bank Loans	618,330	4,681,667.00	1,306,000	-
Jordan Ahli Bank Loans	1,224,300	3,429,790	1,166,000	4,666,000
	<u>1,842,630</u>	<u>8,111,457</u>	<u>2,472,000</u>	<u>4,666,000</u>
<b>Sinara Food Industries Companies</b>				
Jordan Ahli Bank Loan	366,667	-	361,666	361,666
Arab Bank Loans	7,629,371	14,898,790	6,240,790	16,105,884
	<u>8,007,038</u>	<u>14,898,790</u>	<u>6,602,456</u>	<u>16,467,550</u>
<b>National Aluminium and Profiles Companies</b>				
Jordan Ahli Bank Loans	2,768,400	1,365,700	2,505,400	1,540,400
Al Quds Bank Loans	1,167,200	1,826,700	961,367	1,249,100
Bank of Palestine for Investment Loans	604,354	-	-	-
Cairo American Bank Loans	1,371,850	1,371,300	1,365,348	103,804
Arab Bank Loan	2,060,800	-	1,203,686	-
Bank of Palestine Loan	300,100	-	1,243,662	143,800
	<u>8,008,804</u>	<u>4,603,670</u>	<u>6,216,493</u>	<u>2,897,104</u>
<b>Palestinian Automobile Companies</b>				
National Bank Loans	960,700	-	1,652,800	-
The Housing Bank for Trade and Finance Loan	840,200	-	1,385,700	-
Arab Bank Loan	320,349	112,270	1,200,706	-
Al Quds Bank Loans	1,700,349	360,790	1,368,366	806,100
Jordan Ahli Bank Loans	1,653,506	1,398,100	1,345,400	1,678,667
Cairo American Bank Loans	283,464	790,400	283,464	1,109,808
Bank of Palestine limited Loans	200,649	-	-	-
Arab Islamic Bank Loans	260,640	528,600	260,640	760,400
Bank of Jordan Loan	4,267,770	1,127,000	1,290,684	1,000,360
Safa Bank Loan	-	-	362,500	-
	<u>10,800,568</u>	<u>2,780,100</u>	<u>11,460,890</u>	<u>2,460,968</u>
<b>Arab Leasing Companies</b>				
National Bank Loan	100,640	460,800	108,667	100,104
Jordan Ahli Bank Loan	417,360	970,000	467,400	770,170
Al Quds Bank Loan	537,400	1,203,600	369,400	404,400
Italian Development Cooperation Agency *	-	836,300	-	836,300
Palestine Investment Bank Loan	80,800	100,000	108,170	260,400
	<u>1,108,800</u>	<u>2,729,700</u>	<u>1,043,637</u>	<u>2,324,774</u>
<b>Arab Palestinian shipping, cottons, companies</b>				
Arab Jordanian Investment Bank Loans	148,790	145,500	156,104	298,648
Cairo American Bank Loan	200,000	4,200,500	145,600	1,468,771
	<u>408,790</u>	<u>4,346,000</u>	<u>301,704</u>	<u>1,767,419</u>
	<u>11,479,898</u>	<u>40,550,370</u>	<u>11,799,981</u>	<u>41,464,941</u>

\* The loan rates above range from 3.2% 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.

## 22. Other Credit Balances

This item consists of the following:

	December 31,	
	2019	2018
	USD	USD
Accrued expenses	10,009,771	5,896,729
Accrued interest	933,948	943,729
Unearned revenue	298,393	263,824
Accrued salaries and bonuses	6,092,292	3,315,362
Accrued vacations	785,455	978,061
Social security deposits	90,491	86,882
Sales tax deposits	969,933	131,492
Income tax deposits - employees	474,066	670,996
Customers advances	1,130,105.00	1,642,000
Sundry provision	2,250,654	456,499
Others	3,183,505	2,241,308
<b>Total</b>	<u>26,246,819</u>	<u>16,928,902</u>

## 23. Income Tax - Subsidiaries

### a. Income tax provision

The movement on income tax provision is illustrated as follows:

	2019	2018
	USD	USD
Balance - Beginning of the year	2,766,094	2,847,604
Income tax paid	(4,125,961)	(4,409,890)
Released from the Holding Company income tax provision	(673,064)	4,358,380
Income tax expense	5,598,862	-
<b>Balance - End of the year</b>	<u>3,565,931</u>	<u>2,796,094</u>

### b. Income tax expense

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

	2019	2018
	USD	USD
Income tax expense for the year	5,598,862	4,358,380
Deferred tax assets for the year	(289,401)	(170,051)
Amortized deferred tax assets	64,799	141,941
Released from the Holding Company income tax provision	(673,064)	-
Effect of change in income tax rate	-	(13,019)
	<u>4,701,196</u>	<u>4,317,251</u>





	2019	2018
	USD	USD
Balance - beginning of the year	1,655,630	1,622,245
Additions	289,401	170,091
Disposals	(64,799)	(141,941)
Effect of changes in income Tax Rate	-	13,019
Foreign currency translation effect	(13)	(7,244)
<b>Balance - End of the Year</b>	<b>1,880,219</b>	<b>1,655,630</b>

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

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

## 2.9. Results

The total nominal value of the bonds is mortgaged against first degree mortgages which is not less than 100% of the nominal value of the bonds. These mortgages include shares and lands.

renewable resources and to ensure the long-term sustainability and

Company's Name	First Established in Year
United General Trading Company	2018
Buy Advertisements, Public Relations and Events Company	2018
Medical Supplies and Services Company	2017
National Aluminum and Profiles Company	2017
Production Automobile Company	2017
Arab Petrochemical Storage Company	2017
Arab Petrochemical Shopping Centers Company	2018
General Food Industries Company (Jordan and Palestine)	2017
Jordan Natural and Mineral Water Factory Company	2017
Arab Leasing Company	2016
Arab Petrochemical Development Company / Jordan (Sharqiyah)	2018

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

On February 9, 2012, Shire was notified by the Food and Drug Administration (FDA) that the company's product, *Procaine Penicillin*, was found to contain a small amount of a chemical impurity. The FDA stated that the impurity was a byproduct of the manufacturing process and that it was not expected to cause any harm to patients. The company was required to conduct further testing and to provide the FDA with a detailed report of the findings. The company was also required to implement measures to prevent the impurity from occurring again. The company was found to be in compliance with the FDA's requirements and was allowed to continue marketing the product.

### How does it work in the laboratory?

	Engineering Student	Attorneys	Business Associates	Trading Partners	Deferred Tax	Deferred Tax
us\$	us\$	us\$	us\$	us\$	us\$	us\$
Expected Credit Loss (Accounting Basis)	5,429,487	366,343	(264,246)	5,462,562	592,467	564,293
Provision for other intangible assets	2,204,993	426,516	(264,991)	2,466,518	156,238	172,878
Goodwill intangible provision	12,562,412	3,099,085	(873,992)	14,787,505	1,428,074	1,466,493
	19,996,892	6,891,944	(1,139,239)	25,758,615	3,176,779	3,003,664

【例 1】某企业 2013 年 12 月 31 日结账前有关账户的余额如下:“银行存款”账户余额为 100 万元,“应收账款”账户余额为 100 万元,“应付账款”账户余额为 100 万元,“预收账款”账户余额为 100 万元,“预付账款”账户余额为 100 万元,“存货”账户余额为 100 万元,“固定资产”账户余额为 100 万元,“累计折旧”账户余额为 100 万元,“无形资产”账户余额为 100 万元,“长期股权投资”账户余额为 100 万元,“长期债权投资”账户余额为 100 万元,“其他资产”账户余额为 100 万元,“其他负债”账户余额为 100 万元,“所有者权益”账户余额为 100 万元。该企业 2013 年 12 月 31 日结账后的资产负债表如下:

**For Advertising, Public Relations and Events Campaigns, Visit *Pennsylvania Magazine*, Print and Website Versions Campaigns, Visit *Pennsylvania Magazine*, Jacobs National and World Wide History Campaign and Contact Us Directly for Commercial Agencies and Trade Shows Companies.**



**20. Assets, liabilities and equity**

The data represents the consolidated figures as of the end of the reporting period. The data is in million.

Company's Name	Assets									
	Non-current Assets					Current Assets				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
Fixed Assets	100	100	100	100	100	100	100	100	100	100
Land and buildings	100	100	100	100	100	100	100	100	100	100
Plant and machinery	100	100	100	100	100	100	100	100	100	100
Intangible Assets	100	100	100	100	100	100	100	100	100	100
Investments	100	100	100	100	100	100	100	100	100	100
Other Assets	100	100	100	100	100	100	100	100	100	100
Current Assets	100	100	100	100	100	100	100	100	100	100
Stocks	100	100	100	100	100	100	100	100	100	100
Debtors	100	100	100	100	100	100	100	100	100	100
Prepaid Expenses	100	100	100	100	100	100	100	100	100	100
Other Current Assets	100	100	100	100	100	100	100	100	100	100
Liabilities and Equity	100	100	100	100	100	100	100	100	100	100
Equity	100	100	100	100	100	100	100	100	100	100
Reserves	100	100	100	100	100	100	100	100	100	100
Debt	100	100	100	100	100	100	100	100	100	100

**21. Assets, liabilities and equity**

The data represents the consolidated figures as of the end of the reporting period. The data is in million.

Company's Name	Assets									
	Non-current Assets					Current Assets				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
Fixed Assets	100	100	100	100	100	100	100	100	100	100
Land and buildings	100	100	100	100	100	100	100	100	100	100
Plant and machinery	100	100	100	100	100	100	100	100	100	100
Intangible Assets	100	100	100	100	100	100	100	100	100	100
Investments	100	100	100	100	100	100	100	100	100	100
Other Assets	100	100	100	100	100	100	100	100	100	100
Current Assets	100	100	100	100	100	100	100	100	100	100
Stocks	100	100	100	100	100	100	100	100	100	100
Debtors	100	100	100	100	100	100	100	100	100	100
Prepaid Expenses	100	100	100	100	100	100	100	100	100	100
Other Current Assets	100	100	100	100	100	100	100	100	100	100
Liabilities and Equity	100	100	100	100	100	100	100	100	100	100
Equity	100	100	100	100	100	100	100	100	100	100
Reserves	100	100	100	100	100	100	100	100	100	100
Debt	100	100	100	100	100	100	100	100	100	100

**22. Assets, liabilities and equity**

The data represents the consolidated figures as of the end of the reporting period. The data is in million.

Company's Name	Assets									
	Non-current Assets					Current Assets				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
Fixed Assets	100	100	100	100	100	100	100	100	100	100
Land and buildings	100	100	100	100	100	100	100	100	100	100
Plant and machinery	100	100	100	100	100	100	100	100	100	100
Intangible Assets	100	100	100	100	100	100	100	100	100	100
Investments	100	100	100	100	100	100	100	100	100	100
Other Assets	100	100	100	100	100	100	100	100	100	100
Current Assets	100	100	100	100	100	100	100	100	100	100
Stocks	100	100	100	100	100	100	100	100	100	100
Debtors	100	100	100	100	100	100	100	100	100	100
Prepaid Expenses	100	100	100	100	100	100	100	100	100	100
Other Current Assets	100	100	100	100	100	100	100	100	100	100
Liabilities and Equity	100	100	100	100	100	100	100	100	100	100
Equity	100	100	100	100	100	100	100	100	100	100
Reserves	100	100	100	100	100	100	100	100	100	100
Debt	100	100	100	100	100	100	100	100	100	100

The general assembly has approved as per the meeting conducted on the 22nd of March 2018 the resolution of fund raised by the Group and to present them at their first meeting as per the following schedule:

Company's Name	Assets									
	Non-current Assets					Current Assets				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
Fixed Assets	100	100	100	100	100	100	100	100	100	100
Land and buildings	100	100	100	100	100	100	100	100	100	100
Plant and machinery	100	100	100	100	100	100	100	100	100	100
Intangible Assets	100	100	100	100	100	100	100	100	100	100
Investments	100	100	100	100	100	100	100	100	100	100
Other Assets	100	100	100	100	100	100	100	100	100	100
Current Assets	100	100	100	100	100	100	100	100	100	100
Stocks	100	100	100	100	100	100	100	100	100	100
Debtors	100	100	100	100	100	100	100	100	100	100
Prepaid Expenses	100	100	100	100	100	100	100	100	100	100
Other Current Assets	100	100	100	100	100	100	100	100	100	100
Liabilities and Equity	100	100	100	100	100	100	100	100	100	100
Equity	100	100	100	100	100	100	100	100	100	100
Reserves	100	100	100	100	100	100	100	100	100	100
Debt	100	100	100	100	100	100	100	100	100	100

The statement on the property and equipment (land) resolution remains to be approved as follows:

Company's Name	Assets									
	Non-current Assets					Current Assets				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
Fixed Assets	100	100	100	100	100	100	100	100	100	100
Land and buildings	100	100	100	100	100	100	100	100	100	100
Plant and machinery	100	100	100	100	100	100	100	100	100	100
Intangible Assets	100	100	100	100	100	100	100	100	100	100
Investments	100	100	100	100	100	100	100	100	100	100
Other Assets	100	100	100	100	100	100	100	100	100	100
Current Assets	100	100	100	100	100	100	100	100	100	100
Stocks	100	100	100	100	100	100	100	100	100	100
Debtors	100	100	100	100	100	100	100	100	100	100
Prepaid Expenses	100	100	100	100	100	100	100	100	100	100
Other Current Assets	100	100	100	100	100	100	100	100	100	100
Liabilities and Equity	100	100	100	100	100	100	100	100	100	100
Equity	100	100	100	100	100	100	100	100	100	100
Reserves	100	100	100	100	100	100	100	100	100	100
Debt	100	100	100	100	100	100	100	100	100	100



## 28. General and Administrative Expenses

This item consists of the following:

	2019	2018
	USD	USD
Salaries and wages	14,326,518	12,923,990
Bonuses and employees benefits	3,346,338	3,308,597
Provision for End-of-service indemnity	1,627,098	1,802,680
Rent	408,801	1,369,664
Stationery and printing	162,583	194,306
Maintenance and cleaning	1,049,491	817,265
Telecommunication	656,386	691,239
Hospitality	673,237	586,130
Donations	1,587,115	1,406,414
Transportation, travel and business trips expenses	1,811,119	1,448,330
Consultation, legal and professional expenses	2,673,962	1,864,444
Subscriptions, governmental expenses and fees	391,499	474,858
Board of Directors' expenses	301,945	443,381
Insurance	1,233,716	1,006,144
Vehicles expenses	114,528	1,021,161
Water and Electricity	1,231,714	1,088,454
Advertising	278,399	290,277
Depreciation of Property and equipment	4,385,301	4,302,344
Provision for expected credit loss (Note 6)	788,343	216,004
Provision for unpaid leases	30,000	42,364
Goods storage and security expenses	386,835	191,854
Provision for slow-moving inventory items (Note 7)	626,516	664,183
Training	262,115	267,275
Others	1,417,628	1,103,971
<b>Total</b>	<b>38,937,387</b>	<b>37,851,649</b>

## 29. Selling and Distribution Expenses

This item consists of the following:

	2019	2018
	USD	USD
Salaries and wages	5,669,732	4,862,305
Company's share in social security & Provision for End of service	679,775	609,863
Advertising	5,006,543	1,966,334
Sales bonuses and commissions	5,005,562	4,505,492
Vehicles and fuel expenses	3,431,946	3,982,325
Telecommunication	583,299	155,643
Insurance	404,501	347,941
Depreciation of Property and equipment	893,729	758,508
Marketing	1,440,320	1,802,809
Transportation and travel	618,607	783,870
Export expenses	499,779	318,479
Showrooms' expenses	210,334	288,368
Rent	111,081	590,945
Others	795,898	792,330
<b>Total</b>	<b>34,871,886</b>	<b>28,865,373</b>

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

This item consists of the following:

	2019	2018
	USD	USD
Dividends Income	1,177,824	1,110,827
	<b>1,177,824</b>	<b>1,110,827</b>

## 32. Contingent Liabilities

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

	December 31,	
	2019	2018
	USD	USD
Letters of credit	4,678,856	7,494,840
Bank guarantees	25,989,339	23,892,898
Outstanding bills	-	10,777

## 33. 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 *	2019	2018
	USD	USD	USD	USD	USD	USD
Total revenue	113,140,381	1,560,414	767,195,543	489,346	875,175,524	773,113,160
Less: Cost of sales and services	(75,478,399)	(7,187,992)	(542,317,330)	-	(772,176,561)	(649,711,482)
<b>Gross Profit</b>	<b>37,661,982</b>	<b>872,422</b>	<b>224,878,213</b>	<b>489,346</b>	<b>103,004,963</b>	<b>123,401,678</b>
Less: Expenses allocated to sectors	(25,463,111)	(1,496,721)	(17,889,812)	(11,826,752)	(75,462,415)	(56,145,110)
<b>Profit before Tax</b>	<b>12,198,797</b>	<b>375,699</b>	<b>106,988,399</b>	<b>(11,337,406)</b>	<b>27,542,547</b>	<b>67,256,567</b>
Less: Income tax	(724,855)	(121,242)	(1,429,270)	383,014	(1,451,192)	(1,117,311)
<b>Profit for the Year</b>	<b>11,473,942</b>	<b>254,457</b>	<b>105,559,129</b>	<b>(11,054,392)</b>	<b>26,091,355</b>	<b>66,139,256</b>

\* The Holding Company.

	December 31,	
	2019	2018
	USD	USD
Total Assets	402,846,321	345,175,491
Total Liabilities	175,817,395	145,731,645



### 34. Lawsuits

#### a. Sinlora Food Industries Company

There are lawsuits held against Sinlora Food Industries Company – Palestine with an amount of USD 159,395 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 4,244,150. 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 "Ahlela 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 Water 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 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 6<sup>th</sup> 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.

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, 2019			
		Revenue		Expenses		Assets		Liabilities	
		USD	USD	USD	USD	USD	USD	USD	USD
Sinlora Food Industries Company	Jordan	34,561,347	31,620,852	69,176,200	31,709,347				
Arab Palestinian Investment Company / Jordan (Eunepco)	Jordan	1,094,110	648,209	3,705,907	1,961,424				
APIC Court	United Arab Emirates	409,346	31,895	6,981,150	6,463,099				
Talmed for Medical Supplies	Jordan/Tung	2,381,217	2,347,596	7,019,884	6,633,402				
National Aluminium and Profiles Company	Jordan Branch	54,612	52,544	621,292	379,249				
Company's Name	Geographical Location	For the Year Ended December 31, 2018				December 31, 2018			
		Revenue		Expenses		Assets		Liabilities	
		USD	USD	USD	USD	USD	USD	USD	USD
Sinlora Food Industries Company	Jordan	32,105,400	29,622,121	66,424,500	29,451,876				
Arab Palestinian Investment Company / Jordan (Eunepco)	Jordan	1,094,115	226,229	2,514,223	1,548,565				
The National Aluminium and Profiles Company	Jordan	69,421	65,214	305,122	247,515				





**26. Fair Value Measurement**

**A. The Classification of Financial Assets and Financial Liabilities of the Company Classified at Fair Value as an Available-for-Sale:**

Some financial assets and financial liabilities of the Company are classified at fair value at the end of each fiscal period. The following schedule shows the information about how to determine

Financial Assets/Financial Liabilities	Book Value		Fair Value	and Input used	Valuation Method	and the important judgments inputs
	December 31, 2017 USD	December 31, 2018 USD				
<b>Financial Assets at Fair Value</b>						
Financial assets at Fair Value through profit or loss						
Financial assets at Fair Value through Other Comprehensive Income						
Level 1 (Quotations Prices)						
Level 2 (Quotations Prices)						
Level 3 (Quotations Prices)						
Financial Assets						
Investment Properties						
Property Plant & equipment at fair value						
<b>Total Financial Assets at Fair Value</b>						
	12,994	12,513	Level One	Market Price	Not Applicable	Not Applicable
	11,500,310	11,607,909	Level One	Payment Price Compared with similar financial instrument	Not Applicable	Not Applicable
	9,542,989	8,088,375	Level Two	Indisposed Compared with similar financial instrument	Not Applicable	Not Applicable
	9,542,984	4,548,375	Level Two	Indisposed	Not Applicable	Not Applicable
	419,147	1,309,884	Level Three	Real Estate expense Real Estate account	Not Applicable	Not Applicable
	419,147	1,309,884	Level Three	Real Estate expense	Not Applicable	Not Applicable
	419,147	1,309,884	Level Three	Real Estate account	Not Applicable	Not Applicable

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

**B. The Classification of the Financial Liabilities of the Company Classified at Fair Value as an Available-for-Sale:**

Should the asset is not included in the available-for-sale, we believe that the book value of the financial liabilities shown in the consolidated financial statements of the Company approximate their fair value.

Non-Specified Fair Value Financial Liabilities	Book Value		Fair Value		Book Value	Fair Value	The Level of Fair Value
	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	
Long-term bonds							
Level 1							
Level 2							
<b>Total Non-Specified Fair Value Financial Liabilities</b>							

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 periods that are ending with it.

\* The fair value mentioned above is as of December 31, 2017, and 2018.

**d. Unipal General Trading Company**

There are lawsuits held against Unipal General Trading Company with an amount of USD 14,156,728. 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 9,367. 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 382,468. 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 16,377. 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.

Based on the Company's management and its lawyer's opinion, the Company will not bear any liabilities exceeding the provision booked in the consolidated financial statements.

### 36. Related Parties Balances and Transactions

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

#### Balances:

Due from related parties	Relationship to company	December 31,	
		2019	2018
		USD	USD
Aggad Investment Company	Major Shareholder	126,122	471,256
Taleed Medical Supplies and Services- Gulf	Owned by Major Shareholder Company	-	2,970
United cars company	Owned by Major Shareholder Company	178	-
Central and West Africa for Commercial Agencies	Under Liquidation Company	245,706	240,804
		<u>372,006</u>	<u>715,030</u>
<b>Due to related parties</b>			
Medical supplies and services company -KSA*	Owned by Major Shareholder Company	5,900,000	-
Taleed Medical Supplies and Services company - Gulf	Owned by Major Shareholder Company	42,835	-
The shareholders of the Arab Palestinian Investment Company**		535,458	739,017
		<u>5,478,293</u>	<u>739,017</u>

\* This amount represents the unpaid amount resulting from the acquisition of the assets of Mediserv for Medical Services - Iraq (Note 39)

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

In addition to the above, there are purchase transactions of shares at subsidiaries and affiliated companies alongside the assets of related parties, refer to (Note 1 and 39)

#### Transactions:

Year 2019	Nature of Transaction	Amount
		USD
Aggad Investment Company - Major Shareholder	Travel and insurance expenses paid on behalf of the Company	171,866
Year 2018	Nature of Transaction	Amount
		USD
Aggad Investment Company - Major Shareholder	Travel and insurance expenses paid on behalf of the Company	375,047

b. The salaries, bonuses and other benefits of the executive management of the holding company and its subsidiary companies amounted to USD 4,727,752 for the year 2019 (USD 3,973,295 for the year 2018).

### 37. 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, 2019 and 2018:

	December 31,	
	2019	2018
	USD	USD
Due to banks	56,125,886	46,383,855
Accounts payable	47,966,829	50,524,785
Notes payable within one year and Deferred Checks	8,062,443	6,734,867
Due to related parties	578,293	739,017
Lease liabilities - short term	2,338,842	-
Short-term loan installments	31,678,898	31,299,551
Other credit balances	24,997,373	16,526,302
Income Tax provision	4,845,171	2,796,094
Total Current Liabilities	<u>176,593,735</u>	<u>155,004,471</u>
Provision for End-of-service indemnity	14,285,598	12,062,613
Long term - lease liabilities	7,000,741	-
Long-term bonds	35,000,000	35,000,000
Long-term loan installments	42,157,231	41,664,561
Total Liabilities	<u>275,037,305</u>	<u>243,731,645</u>
Total Owners' Equity	<u>157,843,016</u>	<u>139,403,836</u>
Ratio of Debt to Owners' Equity	<u>174%</u>	<u>175%</u>

#### 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,	
	2019	2018
	USD	USD
Current Assets	233,064,429	214,278,854
Less: Current liabilities	<u>(176,593,735)</u>	<u>(155,004,471)</u>
	<u>56,470,694</u>	<u>59,274,383</u>





#### g. 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, except for the balances due from the Palestinian authorities amounting to \$25 million. 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,	
	2019	2018	2019	2018
	USD	USD	USD	USD
Jordanian Dinar	51,578,791	48,700,922	5,118,215	5,182,635
Shekel	122,917,837	75,552,432	85,214,293	77,957,663
Euro	3,369,549	4,408,960	8,156,589	7,626,301

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency type for the years 2019 and 2018 and that impacts the statement of profit or loss and owners' equity is as follows:

	+1%		-1%	
	2019	2018	2019	2018
	USD	USD	USD	USD
	USD	USD	USD	USD
<b>Asset</b>				
Shekel	1,229,178	755,524	(1,229,178)	(755,524)
Euro	33,695	44,089	(33,695)	(44,089)
<b>Liabilities</b>				
Shekel	852,143	779,577	(852,143)	(779,577)
Euro	81,566	76,263	(81,566)	(76,263)

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%	
	2019	2018	2019	2018
	USD	USD	USD	USD
Statement of profit or loss	1,730,245	1,610,828	(1,730,245)	(1,610,828)

#### 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.

Indicator	December 31, 2019		
	Change in Indicator	Effect on Statement of profit or loss	Effect on Owner's Equity
	USD	USD	USD
	USD	USD	USD
Palestine Stock Exchange	+- 5%	+ -655	+ -579.262
Indicator	December 31, 2018		
	Change in Indicator	Effect on Statement of profit or loss	Effect on Owner's Equity
	USD	USD	USD
	USD	USD	USD
Palestine Stock Exchange	+- 5 %	+ - 626	+ - 657.898

#### g. Occupation and Sovereign Risks

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

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



### 38. Earnings per Share Attributable to Shareholders

	For the Year Ended December 31,	
	2019	2018
	USD	USD
Profit for the year	17,871,120	13,085,969
	Share	Share
Weighted Average of shares Number	87,785,000	82,494,521
	USD/Share	USD/Share
Earnings per share for the year relating to the Company's shareholders / basic and diluted*	-/203	-/159

The weighted average number of shares was increased by the share dividends granted during the year 2019.

### 39. The acquisition of subsidiaries

During the year 2019, the Medical Supplies and Services Company purchased net assets for MediServe for Medical Services - Iraq and acquired Taleed Medical Supplies - Jordan from Medical Supplies and Services - KSA, based on the initial purchase accounting to the temporary fair value of the assets and liabilities acquired by the group, and will be completed in next period. The completion of the purchase price allocation may result in a change in the fair value of the assets and liabilities acquired and, consequently, a change in intangible assets (goodwill).

#### Goodwill impairment test

During the year, the company evaluated the recoverable amount and determined that the goodwill associated with the subsidiary is not impaired.

#### Assumptions used in calculating the value of use:

The recoverable amount associated with the cash-generating unit is determined on the basis of the value of the usage account, by predicting cash flows derived from the financial budget approved by management, which covers 5 years.

Calculating the value in use is most sensitive to the following assumptions:

- Discount rates;
- Expected growth rates;
- the country's gross domestic and operational product; and
- Domestic inflation rates

The discount rates reflect management's estimate of return on capital used. Discount rates are calculated using a weighted average cost of capital.

The projected growth rates, GDP, and domestic inflation rates are assumptions based on analysis of management and industrial published research.

#### Sensitivity to changes in assumptions

Management believes that reasonable possible changes in the key assumptions used to determine the recoverable amount will not result in impairment for goodwill.

The net assets directly attributable to the acquisition of the two companies was as of the date of acquisition, as follow:

	July 31, 2019	
	Taleed for Medical Supplies - Jordan	Medi Serve Medical Service - Iraq
	USD	USD
Cash and cash equivalents	143,875	28,658
Accounts receivable and note receivable	303,972	5,640,255
Inventory	3,832	756,972
Other debit balances	104,517	255,957
Property and equipment	3,945	183,831
<b>Total Assets</b>	<b>560,141</b>	<b>6,865,673</b>
Account payable	194,666	752,662
Other credit balances	13,472	983,765
<b>Total Liabilities</b>	<b>208,138</b>	<b>1,259,031</b>
Net assets acquired	352,003	5,606,642
Less: amount paid in cash	400,000	8,000,000
<b>Goodwill</b>	<b>47,645</b>	<b>2,393,358</b>

### 40. Subsequent events

The outbreak of Novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Group considers this event to be a non-adjusting event after the reporting period and therefore has not made any adjustments to the financial statements as a result of this matter. The outcome of this event is unknown and therefore the impact on the Group cannot be reasonably quantified at the date of issuance of these financial statements. From the analysis performed so far, no liquidity or any significant operational disruptions have been identified or expected. Management will continue to monitor the situation closely and take additional measures as a fall back plan in case the period of disruption becomes prolonged.

These and other related matters will be considered and their impact on the Group's financial estimates including the effect on the expected credit loss model for financial assets, the valuation of investments in financial assets and real-estate in addition to assessing the indicators of impairment in the value of tangible and intangible assets and the rationality of the inputs used for this purpose in the financial statements of the year 2020 and future periods.





