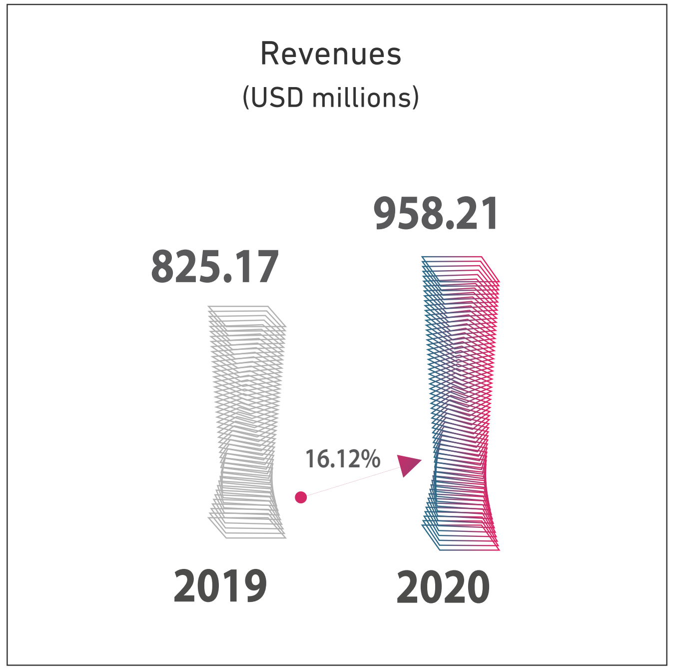
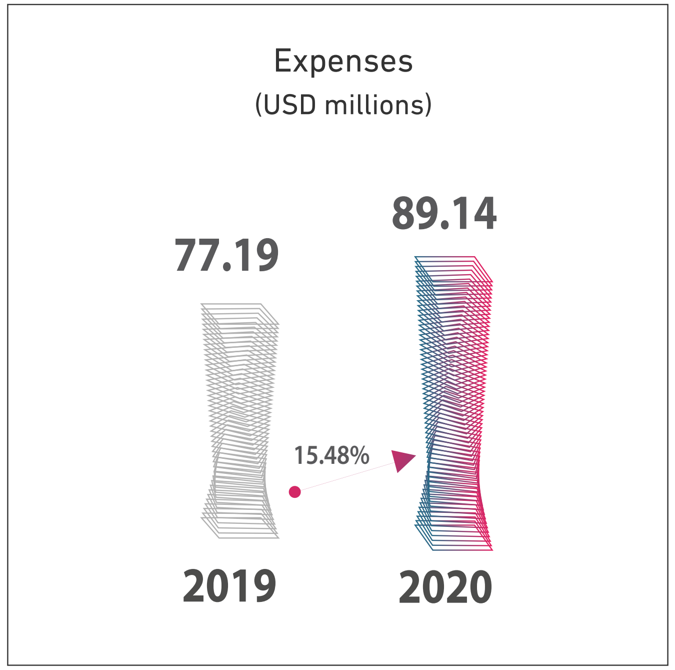
APIC أيبك

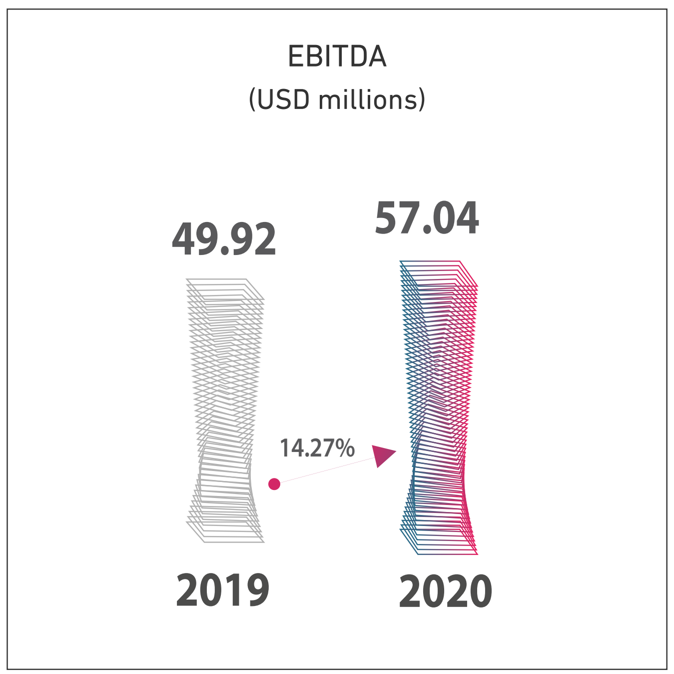
2020 Annual Report

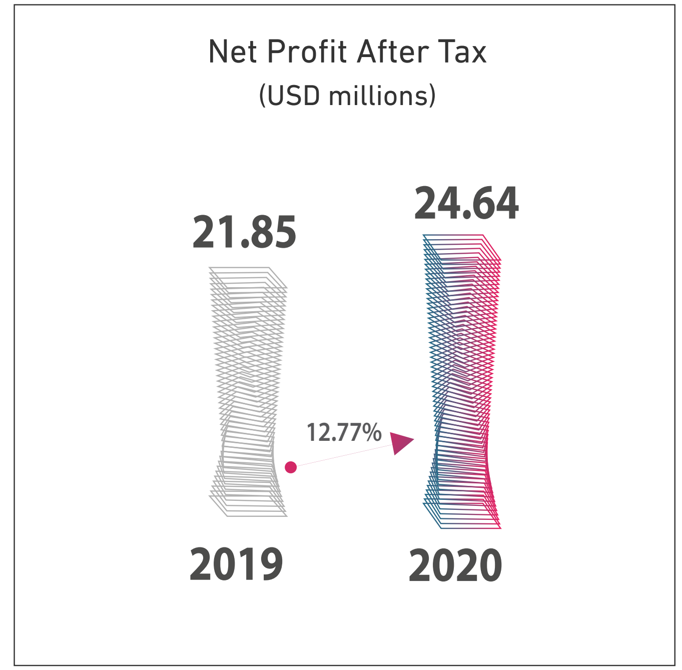
Table of Contents

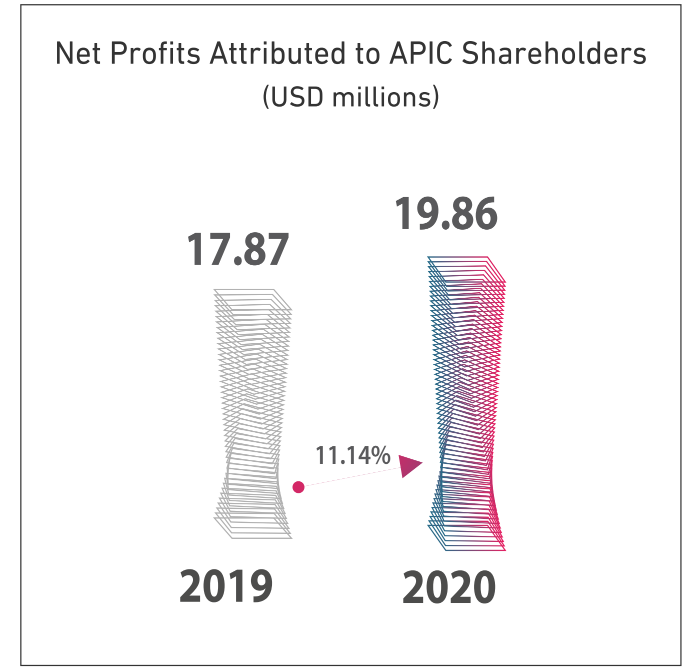
Key Performance Indicators











Chairman's Statement

Dear Shareholders,

First, allow me to express my deepest sympathies to all those affected by the COVID-19 pandemic, and I hope that you and your families remain safe and in good health during these difficult and unprecedented times.

In 2020, the coronavirus pandemic invaded the world and caused widespread disruptions to businesses, with a consequential negative impact on global economic activity. APIC's management was able to respond rapidly, effectively, and decisively to the challenges of the coronavirus crisis from its onset, forming a planning and oversight committee to supervise business continuity for all the group's companies during the emergency phase that worked to prioritize the safety of all employees and customers, ensure the stability and efficiency of operations and maintain customer services and the collection of receivables from customers. These measures were instrumental in mitigating the impact of the pandemic on the consolidated results of the group in 2020, and furthermore, the group reported a good year-on-year growth rate. Total revenues reached USD 958.21 million in 2020, a growth of 16.12% compared to 2019. The group's net profits grew by 12.77% to reach USD 24.64 million, while net profits attributed to APIC shareholders rose by 11.14% and amounted to USD 19.86 million. Consequently, earnings per share increased to reach 21 cents in 2020, a growth of 10% year on year.

APIC's market capitalization grew by 17.2%

APIC's share maintained good performance throughout 2020, closing at USD 2.80 by the end of the year, a growth of 9.8% compared to 2019. APIC's market capitalization increased to USD 266 million by the end of 2020, a growth of 17.2% year on year.

Increasing the number of issued shares to 95 million

In 2020, the company increased the number of issued shares from 89 million to 95 million through the distribution of six million bonus shares.

Total value of distributed dividends amounted to USD 12 million, 13.48% of the company's paid-in capital.

In conjunction with the distribution of bonus shares representing 6.74% of the company's paid-in capital, APIC distributed cash dividends to its shareholders amounting to USD 6 million, representing 6.74%; accordingly, total value of distributed dividends of cash and bonus shares amounted to USD 12 million, representing 13.48% of the company's paid-in capital, which was USD 89 million at the time.

Issuance of new bonds

APIC also issued new five-year bonds in 2020, through two parallel issuances in both the US dollars and euro currencies, of which USD 58 million and € 14 million are in a private subscription with the participation of nine major banks and companies in Palestine. This confirms the strength of the company, particularly that the bond issuance was executed during exceptional circumstances due to the coronavirus pandemic; financial institutions did not hesitate to subscribe on the strength of their confidence in the company and its solid financial position.

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

Most APIC subsidiaries achieved significant developments and accomplishments in 2020. National Aluminum and Profiles Company (NAPCO), in partnership with Bank of Palestine, established Qudra Energy Solutions, a company that operates in the renewable energy sector using the leading technologies and solutions to offer solar energy as a strategic alternative in Palestine. Building power plants using solar cells will contribute to further investment in natural resources, as well as help achieve economic development within all other Palestinian sectors, including operating factories, pumping stations, water desalination and other industries using renewable energy. Unipal General Trading Company acquired 80% of Al-Jihan General Trading Company in Jordan as part of its expansion strategy. Al-Jihan is active within the FMCG sector in Jordan and represents many leading brands within both the food and non-food categories. Sky Advertising and Promotion Company acquired 60% of Oyoun Media Company in Palestine, a move that will enhance Sky's portfolio within the Palestinian digital media services market. Moreover, the group's subsidiaries in the trade and distribution sector continued to enrich their portfolios of products by acquiring new exclusive distribution rights for global companies in Palestine.

USD 3.5 million investment in corporate social responsibility

In 2020, APIC doubled its corporate social responsibility budget in response to the difficulties brought about by the coronavirus pandemic. A total of USD 3.5 million were invested in corporate social responsibility by APIC and its subsidiaries, representing 14% of the group's net profit, of which USD 2 million were dedicated to national efforts in Palestine and Jordan to fight the coronavirus pandemic by providing cutting-edge medical equipment and ambulances to the Ministry of Health, financial donations to national funds, as well as the distribution of thousands of food packages to support families living under exceptional circumstances. Additionally, APIC maintained its strategic support to institutions working in the education and health sectors, entrepreneurial projects, youth as well as to social, charitable, and humanitarian organizations.

Finally, 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 would also like to thank the group's family of 2,200 hard-working and dedicated employees, who have led all these achievements and results.

Kindest regards,

Tarek Omar Aggad

Board of Directors

APIC's Board of Directors as at December 31, 2020 includes:

Mr. Tarek Omar Aggad
Chairman

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

Mr. Firas Nasereddin
Member - Representing Birzeit Pharmaceuticals Company

Mr. Said Baransi
Member - Representing BCI Group

Dr. Walid Al Kayyali
Member

Dr. Durgham Maree
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.

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 is chaired by Dr. Mazen Hassounah, and committee members include Mr. Nashat Masri and Mr. Ali Aggad.

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.

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 2020 amounted to USD 360,000.

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.

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.

Executive Management

APIC's executive management team as at December 31, 2020 is:

Mr. Tarek Omar Aggad
Chief Executive Officer

Mr. Amro Al Khayyat
Chief Investment Officer

Mr. Nader Hawari
VP - Corporate Operations and Business Development

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

Mr. Tareq Abbas
VP - Corporate Affairs

Mr. Ramez Abu Ghazaleh
Supervisor of Internal Audit

Mr. Khaled Baradei
Chief Financial Officer

Legal Advisor

A. F. & R Shehadeh - Law Firm

www.shehadehlaw.com

External Auditor

Deloitte & Touche Middle East - Jordan

www.deloitte.com

About APIC

26 Years of Excellence... Milestones

Growth

2020
- Public shareholding listed and traded on Palestine Exchange (PEX: APIC)
- Paid-in capital of USD 95 million
- Authorized capital of USD 100 million
- 2,200 employees in Palestine, Jordan, Saudi Arabia, the United Arab Emirates and Iraq

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

2013
- Became a public shareholding company

2000
- Established Arab Palestinian Shopping Centers Company (Bravo), Palestine
- Acquired Sky Advertising and Promotion Company, Palestine

1998
- Acquired Unipal General Trading Company, Palestine
- Acquired Palestine Automobile Company, Palestine
- Acquired Medical Supplies and Services Company, Palestine

1996
- Acquired Siniora Food Industries, Palestine and Jordan
- Registered in Palestine as a foreign private shareholding company

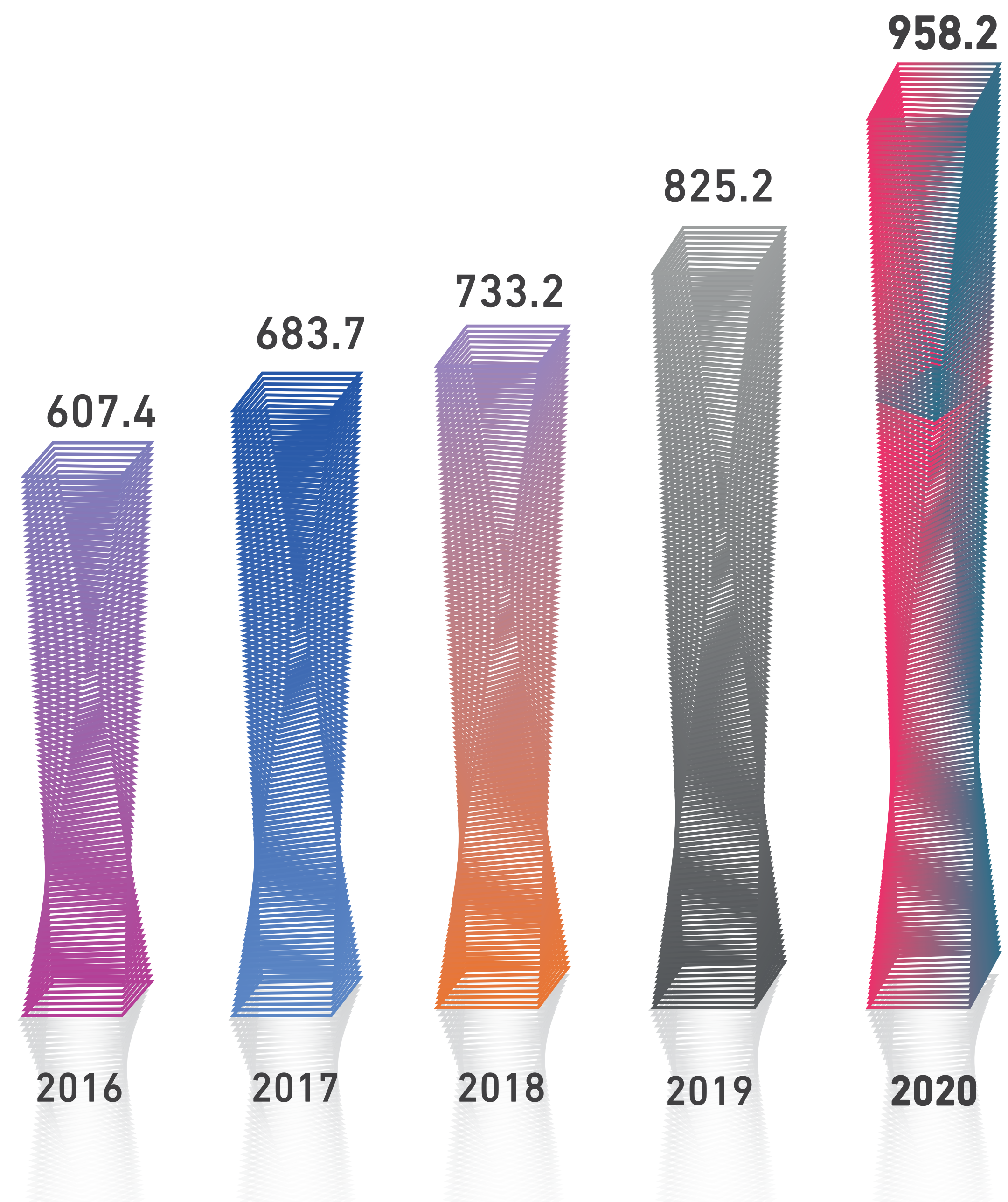
1995
- Acquired National Aluminum and Profiles Company (NAPCO), Palestine

1994
- Established and registered in BVI as a private investment holding company with a capital of USD 70 million

Business Inauguration

Total Revenues 2016-2020

(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 95 million as of December 31, 2020.

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, the United Arab Emirates and Iraq 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.

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 everyone 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's empowerment

Equality at the workplace is a basic labor principle that APIC ensures to uphold for all employees, males, and females. This includes employment, promotion, salaries, and professional development.

APIC ensures women's empowerment by adhering to the following

- Employment: Strive to achieve a gender-balanced workforce and actively balance the gender ratio in managerial positions.
- Empowerment: Increase the investment in the capabilities and competencies of employees by providing career support and guidance through employee development initiatives, training plans, and mentoring programs.
- Work and Life: Support employees to achieve a better work-life balance.

Shareholders

APIC's Share

APIC's share performance	2020	2019	change %
Share close as at December 31(USD)	2.80	2.55	9.8%
Trading volume (shares)	38,523,543	9,266,924	315.7%
Trading value (USD)	94,752,676	22,106,192	328.6%
Market capitalization as at December 31 (USD)	266,000,000	226,950,000	17.2%
Number of shareholders	867	742	16.8%

High: USD 2.80 Low: USD 2.35

Shareholders who own 5% and above:

Shareholder	Ownership % as at December 31, 2020
Aggad International Investment CO LTD	23.24%
Walid Amen Al Kayyali	9.26%
KAMCO Investment Company (DIFC) LTD	5.26%
Violette Ibrahim Baransi	5.11%

Main Decisions of the General Assembly 2020

Decisions of the Ordinary General Meeting May 21, 2020

- Approved the report of the Board of Directors of the company for the year 2019.
- Approved the auditor's report and the financial statements for the year ending December 31, 2019.
- Elected Deloitte & Touche Middle East as the auditors for the company for the year 2020 and authorized the Board of Directors to set their remuneration.
- Ratified the recommendation of APIC's Board of Directors in relation to dividend distribution of 13.48% of the company's paid-in capital for registered shareholders of record as at May 20, 2020 as follows:
  - Cash dividends amounting to USD 6 million, representing 6.74%.
  - Share dividends amounting to 6 million shares, representing 6.74%.
- Exonerated the members of the Board of Directors for the fiscal year ending December 31, 2019.

Decisions of the Extraordinary General Meeting May 21, 2020

- Approved and ratified the issuance of new corporate bonds pursuant to the following terms:
  - Not convertible into shares and not listed or traded on any stock exchange.
  - To be issued through two parallel issuances in both the US dollars (USD) and the euro currencies (the "Two Issuances") with a nominal gross value of up to USD 75.0 million.
  - With a five-year term and bullet repayment.
  - To be issued via a private offering in accordance with Securities Issuance Regulations issued in

Palestine on September 22, 2008, by the Board of Directors of Palestine Capital Market Authority and in accordance with Article (23) of the Securities Law number (12) of 2004.

- The proceeds of the Two Issuances will be utilized as follows:
    - Repayment of the existing bonds amounting to USD 35.0 million, which will mature on January 18, 2022 through early redemption.
    - Payment of the early redemption premium on the existing bonds amounting to USD 350,000.
    - The settlement of some existing loans on APIC and its subsidiaries.
    - Financing general investments of the company.
- Authorized the Chairman of the Board of Directors, in all capacities he enjoys whether on behalf of APIC or on behalf of its subsidiaries, to make available to the relevant authorities the required guarantees and undertakings to accomplish and complete the Two Issuances whether through the transfer, removal/release or the institution and recordal of new mortgages on the moveable and immoveable properties of the company and that of its subsidiaries (including the recordal of first and second ranking mortgages) and to take any requisite measures for the implementation and achievement of the Two Issuances.
- Authorized the Chairman of the Board of Directors to undertake all required measures and procedures for the purposes of completion of the Two Issuances and determine the number of these bonds as the chairman deems suitable in addition to sign, on behalf of the company, all contracts and documents and necessary applications, extend all commitments and guarantees, or any other matters relevant to the subject in addition to taking the necessary decisions including authorizing individuals, lawyers or entities in relation to all the authorities vested in him or any part thereof to ensure proper execution of the bonds issuance pursuant to this meeting, which shall include authorizing and appointing whoever he deems suitable to for the removal/release or transfer of any existing mortgage or to mortgage the moveable and immoveable properties of APIC and its subsidiaries in Palestine, Jordan or anywhere else in the world up to the gross nominal value of the issued bonds.
- The General Assembly authorized the Chairman of the Board to carry out all procedures relating to the repayment of the existing bonds and the mechanism for doing so.

Decisions of the Extraordinary General Meeting December 22, 2020

- Approved the issuance of 1.2 million shares of APIC's authorized capital of USD 100 million through a private issuance in favor of Mrs. Haifa Aburdene in exchange for acquiring all the shares of Mrs. Aburdene in APIC's subsidiary Unipal General Trading Company in a deal that consists of two components: a share swap and a cash consideration.
- Approved the raise of APIC's authorized capital from USD 100 million to USD 125 million with a par value of USD 1.00 per share.
- Authorized the Chairman of the Board of Directors to undertake all necessary measures and appropriate mechanisms for the purposes of implementing the above-mentioned decisions as he deems appropriate, and in this regard he may sign all necessary contracts, documents and requests/petitions, extend all commitments/undertakings and guarantees, and any other matters related to the matters above and take the necessary decisions, including delegating persons and/or attorneys and/or parties to ensure the implementation of the above-mentioned decisions.
- Authorized the Board of Directors to take all appropriate decisions, procedures, and mechanisms in the future for the purposes of paying/covering the un-subscribed shares of the authorized share capital of USD 125 million as they deem appropriate.

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 dividends (USD)	Number of distributed bonus shares
2019	May 21, 2020	Cash & bonus shares	13.48%	Cash: 6.74% Bonus shares: 6.74%	89,000,000	USD 6,000,000	6,000,000 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

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, 2020	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, Turkey	Manufacturing of cold cuts, luncheon canned meat and frozen meat
National Aluminum and Profiles Company PLC	72.99% [(1)]	Palestine	Palestine, Jordan	Manufacturing of aluminum and profiles
Trade and Distribution Sector				
Unipal General Trading Company PSC	93.41%	Palestine	Palestine, Jordan	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, Jordan, Iraq	Distribution of medical supplies, equipment and healthcare products
Arab Palestinian Shopping Centers Company PSC	99.78% [(2)]	Palestine	Palestine	Operating shopping centers and Bravo supermarkets, 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% [(3)]	Palestine	Palestine	Storage and cooling

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

Other Investments

APIC's total investment portfolio in listed and unlisted shares, affiliate companies and investment funds amounted to USD 27,740,468 million as at December 31, 2020.

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.

About APIC Subsidiaries

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 also owns a subsidiary in the United Arab Emirates, the Diamond Meat Processing Company, as well as Trakya ET for meat manufacturing, the owner of the Polonez brand, in Turkey. Siniora Food Industries produces cold cuts and canned luncheon meat from four 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, the third in the United Arab Emirates (UAE) and the fourth in Turkey. Siniora's factories in Jordan and Palestine also produce various frozen meat products and have been awarded the updated version of Food Safety System Certificate FSSC 22000: 2005 which represents the adoption of the highest food security standards worldwide and is recognized by the Global Food Safety Initiative and supported by the European Food and Drink Association and the American Groceries Manufacturing Association. Siniora factories in Jordan and Palestine have been awarded the updated version of international certifications for Occupational Health and Safety Management Systems (ISO 45001:2018) and Environmental Management Systems (ISO14001:2015). Siniora has also been awarded ISO 9001:2015 certifications for Quality Management System, in addition to the Palestinian Standard Certificate in Palestine and Halal Certificate issued by Jordan Standards and Metrology Organization (JSMO). Moreover, Siniora's factory in Dubai, UAE, has been awarded ISO22000: 2005 for food safety management systems and ISO9001:2015 for Quality Management System and Emirates HALAL logo by Emirates Authority for Standardization and Metrology (ESMA).

The company markets its products through mass merchandisers, grocery stores, high-frequency stores and department stores in Jordan, Palestine, Saudi Arabia, the UAE, and Turkey 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).

CEO: Mr. Majdi Al Sharif

Contact Information

Email: info@siniorafood.com
Website: www.siniorafood.com

Palestine	Jordan
Bethany, Jerusalem	Amman, King Abdullah II Industrial Estate, Sahab
Tel: +970 2 279 6804	Tel: +962 6 402 3772
Fax: +970 2 279 9088	Fax: +962 6 402 3773

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 for the purpose of seizing 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, one in Ramallah and one in 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 through its affiliate Qudra Energy Solutions Company, including design, supply, installation, supervision, quality assurance inspections as well as after-sales services through a team of highly-qualified engineers and experts who use the latest systems with the best international standards.

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).

General Manager: Mr. Anan Anabtawi

Contact Information

Email: info@napco.com.ps
Website: www.napco.ps

Headquarters

Beit Iba, Qusin Junction, Nablus
Tel: +970 9 234 7222
Fax: +970 9 234 7616

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, Mars Wrigley, Reynolds 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.

Unipal subsidiary in Jordan, Al-Jihan General Trading Company, is active within the FMCG sector in Jordan and represents many leading brands within both the food and non-food categories such as NADEC, FrieslandCampina, Lotus, BIC, Breitsamer, ACRCOR, Duracell and Kean.

CEO: Mr. Imad Khoury

Contact Information

E-mail: info@unipalgt.com
Website: www.unipalgt.com

Headquarters

Ramallah, Palestine
Tel: +970 2 298 1060
Fax: +970 2 298 1065

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 numerous options of high-quality vehicles, and top-notch after sales services. In all of its main sales showrooms, customers have the choice of wide variety of brand-new cars, and the company also operates several large state-of-the-art service, parts and body and paint facilities, staffing them with qualified engineers and technicians. Moreover, PAC's Customer Relationship Management (CRM) protocol seeks to increase customer satisfaction and retention through a number of initiatives and activities.

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

General Manager: Mr. Rami Shamshoum

Contact Information
E-mail: info@pac-pal.com
Website: www.pac.ps

Headquarters:
Ramallah, Al-Ayyam Street, Industrial Zone, Beitunia
Tel: +970 2 241 4363
Fax: +970 2 298 0662

Trade and Distribution Sector

Medical Supplies and Services Company
شـركـة الـتـوريـدات والخـدمــات الطبيــة

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 Eli Lilly, Janssen, Abbott, EPD, Abbvie, Sanofi, GlaxoSmithKline, GSK Consumer, Novo Nordisk, Boehringer Ingelheim, B|Braun, MSD, GEHC Pharma, GEHC (Digital Imaging and Ultrasound), Medtronic, Nihon Kohden, Nihon Kohden Orangemed, Merivaara, Ambu, Fluke, Nidek, Beirsdorf (NIVEA), Trisa, GSK Oral Care, STAGO, Immucor, EPPENDORF, Merck Sharp & Dohme, Abbott (diagnostics, molecular, diabetes care, point of care, rapid diagnostics), among many others.

MSS subsidiary in Jordan Taleed Medical Supplies Company also operates a branch in Iraq.

Managing Director: Mr. Samer Kreitem

Contact Information

E-mail: info@msspal.com
Website: E-mail: www.msspal.com

Headquarters

Ramallah, Palestine
Tel: +970 2 295 9372
Fax: +970 2 295 9375

Trade and Distribution Sector

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 has the largest supermarket 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.

General Manager: Mr. Ashraf Atari

Contact Information

E-mail: info@bravo.ps
Website: www.bravo.ps

Headquarters

Al Bireh, Palestine
Tel: +970 2 242 8581
Fax: +970 2 242 8582

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.

Sky subsidiary in Palestine, Oyoun Media Company, specializes in providing digital media services, including digital communications and social media management.

General Manager: Mr. Nader Maree

Contact Information

E-mail: info@sky-adv.com
Website: www.sky.ps

Headquarters

Al-Bireh, Palestine
Tel: +970 2 298 6878
Fax: +970 2 298 6879

Arab Leasing Company
الشركة العربية للتأجير التمويلي

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.

General Manager: Mr. Sufian Deriah

Contact Information

Ramallah, Al-Ayyam Street, Industrial Zone, Beitunia

Tel: +970 2 298 0026

Fax: +970 2 298 0061

E-mail: info@alc.com

Environmental Responsibility

APIC subsidiaries operate in accordance with stringent 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 mitigate 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 installed solar photovoltaic systems with a total power capacity of 2.4 MW to date as part of a comprehensive plan to achieve energy independence for the group in the future.

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 have increased their reliance on renewable energy to operate their production lines. The companies also operate in line with international best practices in the field to reduce gas emissions, control water consumption, treat industrial and solid waste, recycle, treat wastewater and manage risk.

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 of 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.
- 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 those 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 have contributed to the replacement of imported electricity by 25% with emission-free sources of electricity.
- The schedule of the production process was developed along with the efficient use of energy, which has led to the reduction of energy needed to power the factory.
- 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 rainwater, 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 landfills designated for that use, in addition to recycling waste. About 1,400 tons of aluminum were melted in 2020.

Siniora practices in this respect include:

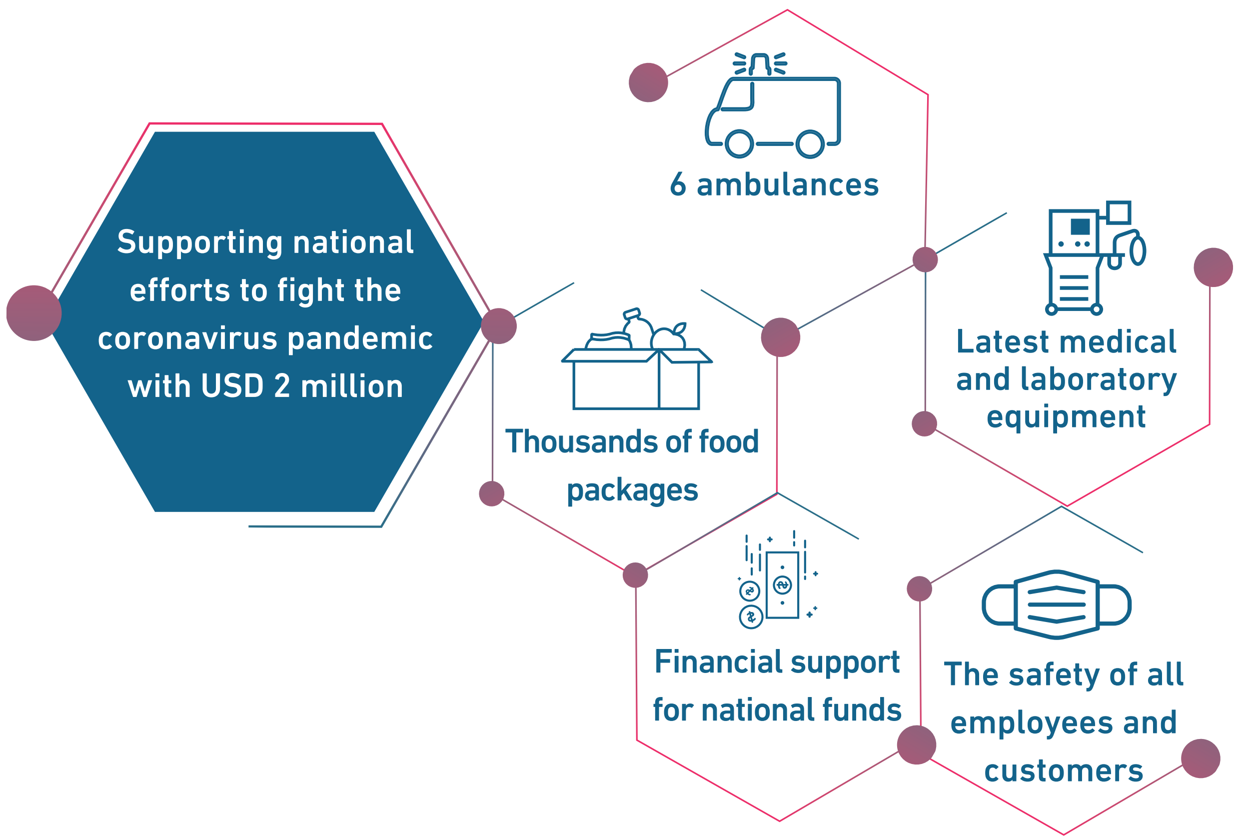
- Solid waste management by collecting the waste in dedicated areas that is then disposed of by qualified contractors authorized by the Ministry of Environment. Moreover, used and damaged utensils are sold to an authorized party by the Ministry of Environment.
- Water consumption optimization through standard operating procedures to monitor and prevent excessive water consumption.
- Energy consumption optimization through the installation of a renewable energy system using photo voltaic 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.
- In terms of gas emissions, regular measures and tests for boiler emissions are conducted by a certified contractor, in addition to the continuous precautionary maintenance of the boiler 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. The company's 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...A Continuous Commitment and True Support

APIC invested 14% of its net profit in 2020 in corporate social responsibility, amounting to USD 3.5 million

APIC's commitment to the communities within which it operates stems from its deep faith that fundamental change begins with recognizing the importance of responsibility towards those around you. This belief is rooted in APIC's vision of 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 2020, APIC invested 14% of its net profit in corporate social responsibility, amounting to USD 3.5 million.

The global coronavirus pandemic caused severe social and economic unrest, which in turn required serious resource mobilization and the unification of national efforts to support and aid hindered communities. The support was demonstrated through APIC's advancement of social unity and community resilience in the face of the pandemic. In 2020, APIC doubled the budget of its corporate social responsibility strategy, allocating more than half to support national efforts in both Palestine and Jordan to combat the pandemic, amounting to USD 2 million.



In-kind Support

Latest Medical and Laboratory Equipment

- Providing COVID-19 rapid testing devices to enable medical staff to examine and diagnose in a short timeframe.
- Equipping intensive care units with all essential medical equipment and supplies at quarantine stations.
- Providing protective suits for medical staff and the armed forces.
- Training healthcare professionals in the use of medical equipment.
- Providing ventilators for hospital intensive care units.

Ambulances

- Delivering six fully-equipped Hyundai H1 ambulances to the Palestinian Ministry of Health in support the ministry's work to combat the virus and curb its spread.

Food Parcels

- Donating thousands of food parcels to support families affected by the pandemic in Palestine and Jordan.
- Providing meal kits to the armed forces and volunteering military troops in various governorates of Palestine.

Financial Donations

- Financial support for national funds established to combat the coronavirus pandemic.
- Financial support for several official institutions and national initiatives formed to combat the coronavirus pandemic.

The Safety of all Employees and Customers

- Precautionary measures were taken to protect all APIC employees, customers, suppliers, and the public during the pandemic at all locations, branches, and facilities of APIC and its subsidiaries, including offices, warehouses, distribution centers, and customer service centers.
- Medical-grade gloves, protective masks, and disinfectants were provided to APIC headquarters and its subsidiaries.
- Personal protection supplies were distributed, including N95 masks, to all employees and offices, warehouses, and branches of APIC subsidiaries were continuously sterilized.
- Social media awareness campaigns were launched to spread awareness among citizens regarding the pandemic and its dangers.

Orphans, Families and Persons with Special Needs

Children with Autism and Learning Disabilities Society

APIC has pledged strategic support to the Children with Autism and Learning Disabilities Society in Tulkarem, Palestine, for three years, between 2020 and 2022. This support will assist the society in its mission of integrating autistic children and those with learning disabilities into society by developing their skills and creativity.

The Children with Autism and Learning Disabilities Society is a non-profit humanitarian charity founded in 2009 in Palestine. The society aims to aid children with disabilities and autistic children in the areas of care, rehabilitation, and development of their skills as well as training in order to better achieve the principle of social justice and protection of basic rights and facilitate their integration into the Palestinian society. The society provides its services through the Rehabilitation Center for Children with Developmental Disabilities, a medical rehabilitation center licensed by the Palestinian Ministry of Health.

Orphans, Families and Persons with Special Needs

The Arab Orphans Committee

APIC supported the Arab Orphans Committee in 2020 by sponsoring 14 university students in Jordan through the Student Fund Program.

The Arab Orphans Committee (AOC) was established in Haifa in 1940, was re-established in Jordan in 1949 and works on supporting the underprivileged youths in Palestine and Jordan with equal opportunities in education through its soft loan and scholarship programs along with providing workshops and training at its industrial school in Jerusalem.

Orphans, Families and Persons with Special Needs

Jasmine Charitable Society

APIC pledged strategic support to Jasmine Charitable Society in 2020 to aid the association in executing its humanitarian message in the care and rehabilitation of people with special needs. This support is based on the value of the association's mission in targeting autistic children who are in dire need of early rehabilitative efforts in early childhood.

Jasmine Charitable Society (JCS) is a non-profit Palestinian civil society organization that cares for children with disabilities. The society was founded in 2002 in Ramallah and Al Bireh, Palestine, and works on the care, rehabilitation, and treatment of individuals with disabilities in order to integrate them into the local community, helping them become self-dependent in their daily lives. To date, the society supports 150 children.

Orphans, Families and Persons with Special Needs

SOS CHILDREN'S VILLAGES PALESTINE

SOS Children's Villages in Palestine

APIC has regularly supported SOS Children's Villages in Palestine 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 been sponsoring a family of eight children in Bethlehem's SOS Children's Villages.

As a continuation of an agreement signed in 2019, APIC is active in the Youth Links initiative that helps SOS Children's Villages Palestine build youth capabilities, enabling them to engage as active and influential members within the Palestinian society as well as preparing them to face future challenges, especially in choosing the appropriate academic and vocational paths in preparation for their inclusion into the job market at for-profit and nonprofit companies and organizations.

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.

SOS Children's Villages in Jordan

APIC pledged funding to SOS Children's Villages Jordan in 2020 to support it in carrying out its humanitarian work in providing integrated care for children and youth.

SOS Children's Villages Jordan is a national non-profit organization established in 1983. The association cares for around 250 orphaned children and those who lack parental care in 32 houses in three villages and nine youth houses in Amman, Irbid, and Aqaba. The SOS Children's Villages concept is based on four main pillars: a mother, brothers and sisters, a home, and a village. An SOS mother cares for five to seven children in a house that replicates the setting of a family, providing children with care, accommodation, education, skills, protection, social inclusion, food, security, physical health, social and emotional well-being, and livelihood.

The Society of Inash El Usra

APIC has been a strategic donor for the Society of Inash El Usra since 2016 through a partnership agreement that ends in 2021, assisting the organization in fulfilling its national, social, and humanitarian missions.

Inash Al Usra association is a Palestinian developmental women's association established in Al-Bireh in 1965, which has grown from one room to five buildings and from one employee to 105 employees (of which 85% are women). Inash Al Usra has a palpable effect on humanitarian, social, economic, and academic aspects of Palestinian society. Inash al Usra works in the areas of Palestinian identity preservation through culture and heritage, as well as in both academic and vocational education for hundreds of female and male students each year. The association also works in the field of humanitarian and developmental activities, which help economically fragile families strengthen their ability to remain steadfast and has nine small social businesses to help enhance people's livelihoods.

Star Mountain Rehabilitation Center

APIC has pledged support to Star Mountain Rehabilitation Center since 2017 in a strategic agreement until 2022, to assist the organization in fulfilling its mission of providing rehabilitation to persons with intellectual disabilities, offering them training and other opportunities needed 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, based on love, dignity, justice, and equality. The center's three programs include an 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 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

Give Palestine Association

APIC has been providing strategic support to the 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, APIC continued to support the vocational and technical training program for orphans in the Gaza Strip for two years, based on a two-year agreement signed in 2019. This program aims to support 100 orphaned 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 for them to better integrate into 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 to alleviate their difficulties. The association was founded by merging the Association of Gaza Voluntary Relief Efforts (Ata` Gaza), which was established in 2003 in Gaza City, with the Give Palestine Association that was founded in Ramallah in 2010. The association works in various fields such as relief, culture, and sustainable development. Also, 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 18 years is more than one million people.

Orphans, Families and Persons with Special Needs

Ephpheta Paul VI

APIC has pledged to support Ephpheta Paul VI in Bethlehem, Palestine, through a three-year agreement that spans 2020 through 2022. This agreement comes in support of the school established by the association, to aid in its humanitarian and social mission in educating children and youth who are deaf and hard of hearing from different areas in Palestine.

Ephpheta Paul VI is a specialized school for deaf and hard of hearing children and youth. It has assisted in their rehabilitation in terms of linguistic, academic, and social integration in Palestine since 1971. The school was established after His Holiness Pope Paul VI visited as a pilgrim to the Holy Land in 1964. On September 6, 1971, the audio-phonetic rehabilitation and academic program began for 24 deaf children until the sixth grade. Now, after 49 years, the school has 190 deaf students from the age of one year to the age of 18, from the early intervention stage to the secondary stage (Tawjihi). The school adopts the oral method (lip reading and auditory training) in the rehabilitation and education of the deaf and hard of hearing from childhood.

Orphans, Families and Persons with Special Needs

Tkiyet Um Ali (TUA)

APIC subsidiary Siniora Food Industries supported Tkiyet Um Ali (TUA) for voluntary and philanthropic work in Jordan through a two-year agreement (2020-2021). This agreement was instituted to support the association in covering the costs of monthly food parcels for 200 families in the southern governorates of Jordan.

TUA was established in 2003 by Her Royal Highness Princess Haya Bint Al Hussein in memory of her late mother, Her Majesty Queen Alia. TUA is the first non-governmental organization of its kind to eradicate hunger in Jordan and the Arab world. Since its establishment, Tkiyet Um Ali has never shied away from its vision of reaching a hunger-free Jordan. Tkiyet Um Ali (TUA) delivers sustainable food aid to 20,000 families living in extreme poverty in Jordan through its Sustainable Food Aid Program. Tkiyet Um Ali also implements various other programs which aim to secure people in need with their daily food such as the Wayfarer Program, Mawa'ed Al Rahman Program, and the Adahi Program. Also, throughout the year, TUA offers 19 volunteering programs that aim to preserve the dignity of endorsed families and improve their living conditions.

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.

Dar Al-Tifel Al-Arabi Organization (DTA) was founded in Jerusalem in 1948 by the late Hind Husseini, a pioneer in philanthropy and voluntary work in Palestine. DTA is a forerunner in community work in Jerusalem, and its services span various sectors including education, orphan care, heritage, and culture. It runs and supervises Dar Al Tifel Al-Arabi elementary and secondary school, 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.

Education

Dual Studies – Al-Quds University

APIC has been supporting Al-Quds University's Dual Studies program since 2016, hosting 16 students during 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 Study 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.

Sarah Al-Afghani , Faculty of Engineering

Siniora Food Industries Trainee

"In light of the economic conditions in Palestine and the continuous increase in the number of graduates coming into the labor market, the opportunity to study within the Dual Studies program provided me with the ability to form a preliminary picture of what practical and actual functional applications are by engaging in a comprehensive practical environment for all aspects that were cited during our theoretical education. It also played an important role in helping me build a clear approach to what I aspire to achieve in the future by enhancing my personality and experiences, which began to develop little by little because of the continuity of this process. The opportunity to work at Siniora Food Industries is one of the best opportunities that have been presented to me, which I am very grateful for having."

Education

BIRZEIT UNIVERSITY

Birzeit University

As part of the support provided to Birzeit University (BZU) over 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 15,000 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.

Education

إنجاز فلسطين
A Member of JA Worldwide

INJAZ Palestine

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 a partnership with the private and education sectors, INJAZ provides programs delivered by experienced volunteers from the Palestinian private sector to inspire and educate youth about entrepreneurial and business innovation.

APIC's Scholarship for the Children of its Employees

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

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 583 and hail from Jordan and 44 other countries.

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 5,000 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 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 through a five-year agreement until 2022, 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 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 4.4 million for freelancers and other online workers, helped train and educate over 10,000 unique individuals in technology and business, and made it easier for Palestinian businesses to receive payments online.

Aid and Hope Program for Cancer Patients Care

APIC has been providing support to the 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 of breast cancer and improving the lives of breast cancer patients in the Gaza Strip.

مركز الحسين للسرطان
King Hussein Cancer Center

King Hussein Cancer Foundation

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

In 2020, APIC maintained its support to the Khair Fund, which was established in 2019 to cover 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.

Health and Medical Care

HOSPICE
جمعية مؤسسة الملاذ للرعاية الإنسانية
AL- Malath Foundation for Humanistic Care

Al-Malath Hospice for Humanistic Care

APIC subsidiary Siniora Food Industries pledged a strategic partnership with Al-Malath Hospice in Jordan, in a two-year agreement, from 2020 to 2021 to aid the hospice in continuing its psychological, emotional, and social support for patients in the late stages of a terminal illness.

The first of its kind in the Middle East, Al Malath Hospice is a nonprofit, voluntary organization established in February 1993 that provides holistic support and home care for patients in the late stages of a terminal illness. Al-Malath provides a sound palliative approach to the relief of physical and emotional symptoms that neither hastens nor postpones death. The service exists in the hope and belief that through providing appropriate care and the promotion of a caring community that is sensitive to their needs, patients and their families may be free to attain a degree of physical, mental, and spiritual preparation for death that will ease the way for them.

Health and Medical Care

Cancer Patients Charitable Society

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 which 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 as 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.

Culture and Heritage

El-Funoun Palestinian Popular Dance Troupe

APIC has been supporting 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 several 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 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.

Other Institutions

Throughout 2020, APIC and its subsidiaries provided financial and in-kind support to other various groups and organizations, including:

- Palestinian Federation of Industries
- Jerusalem Protection Society
- Palestinian Football Association
- Ibdaa Charity Organization
- Jerusalem Forum
- Palestinian Civil Defense
- Municipalities and village councils
- Chevening Masters Scholarships
- The Palestine Red Crescent Society
- Higher Council for Innovation and Excellence
- Various schools and universities
- Sports, youth and cultural centers and clubs
- Several institutions working to increase public awareness about the social, economic, and cultural aspects in Palestine.

Financial Performance 2020

CFO's Statement

Dear Shareholders,

We are pleased to present the audited consolidated financial statements for 2020, which show that APIC achieved good growth in its results despite the extraordinary circumstances and the closures caused by the coronavirus (COVID-19) pandemic. Total revenues grew by 16.1% year on year, reaching USD 958.2 million in 2020, while operating profits grew by 13.6%, reaching USD 44.6 million in 2020. Earnings before interest, taxes, depreciation, and amortization (EBITDA) reached USD 57 million in 2020, a growth of 14.3% compared to 2019. Consequently, the group's consolidated net profits grew by 12.8% to reach USD 24.7 million in 2020, of which USD 19.9 million were attributed to APIC shareholders with a growth of 11.1%. Earnings per share (EPS) also grew by 10% to reach 21 cents in 2020.

The group's general, administrative, and financing expenses amounted to USD 89.1 million in 2020, with a growth of 15.5% compared to 2019, which was attributed to the additional variable expenses related to the increase in the sales and marketing activities for the new brands, the growth in manpower caused by the increase of operational capacity, the increase in depreciation and bank loan expenses, expenses related to the investment and expansion activities of the different subsidiaries, and expenses related to new acquisitions by APIC's subsidiaries during 2020 including the acquisition of Al-Jihan General Trading Company by Unipal General Trading Company, the acquisition of Oyoun Media by Sky Advertising and Promotion Company, and the recording and consolidation of the financial statements of Taleed Jordan with Medical Supplies and Services Company for the year 2020 despite the fact that its operations were recorded from its acquisition date in August 2019. Total expenses also included corporate social responsibility donations, which doubled in 2020 due to the pandemic and amounted to USD 3.5 million, USD 2 million of which were allocated to support national efforts in Palestine and Jordan to combat the pandemic and its impact. Part of the expenses incurred were related to precautionary measures undertaken during the COVID-19 pandemic to protect all APIC employees, customers, suppliers, and the public at all locations, branches, and facilities of APIC and its subsidiaries, including offices, warehouses, distribution centers, and customer service centers. APIC is one of the few companies that maintained all its staff during the pandemic, paying their wages in full without any deductions.

Despite the exceptional circumstances in 2020, APIC maintained its solid and strong financial position and none of its subsidiaries faced any cash deficits or financial defaults. On the contrary, at the peak of the pandemic, on June 25, 2020, APIC issued new corporate bonds through two parallel issuances of USD 58 million and € 14 million with the participation of nine major banks and companies in Palestine. The proceeds from the bonds were utilized to repay the previous bonds amounting to USD 35 million, settle the early redemption premium on these bonds amounting to USD 350,000, repay some existing loans of APIC and its subsidiaries amounting to USD 15.5 million, finance the investments of the company, as well as increase the capital of Arab Leasing Company.

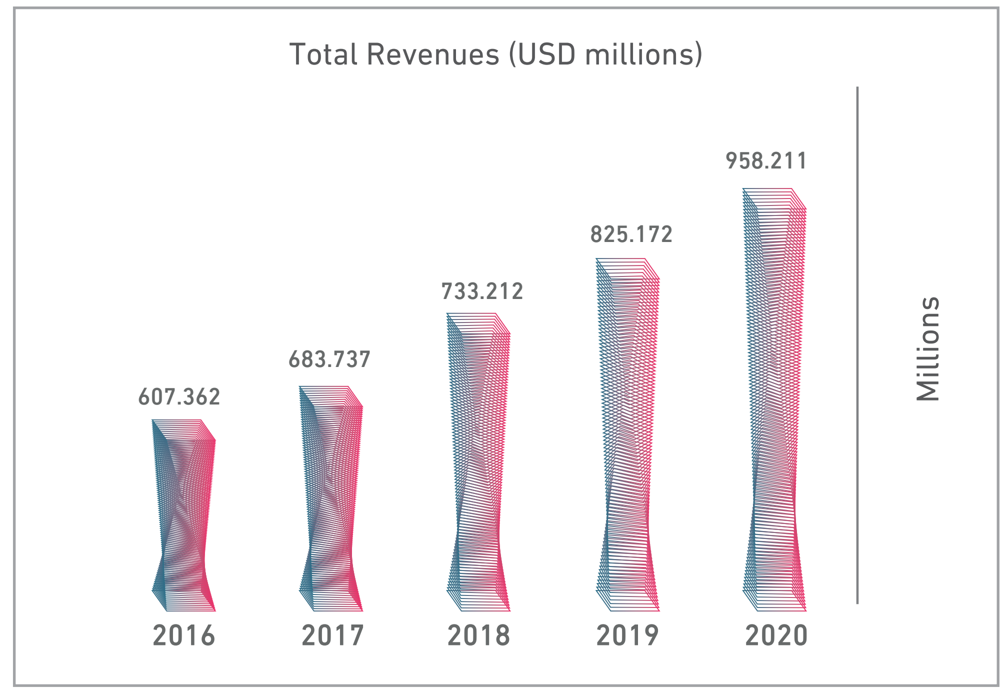
Consolidated Financial Position

Total assets reached USD 511.1 million at the end of 2020, an increase of 18.1% over 2019. Current assets amounted to USD 292.9 million at the end of 2020, an increase of 25.6% over 2019. Short-term liabilities reached USD 201.9 million at the end of 2020, an increase of 9.3% over 2019's closing, while the leverage ratio of the group increased to 1.45x at the end of 2020 as opposed to 1.32x at the end of 2019.

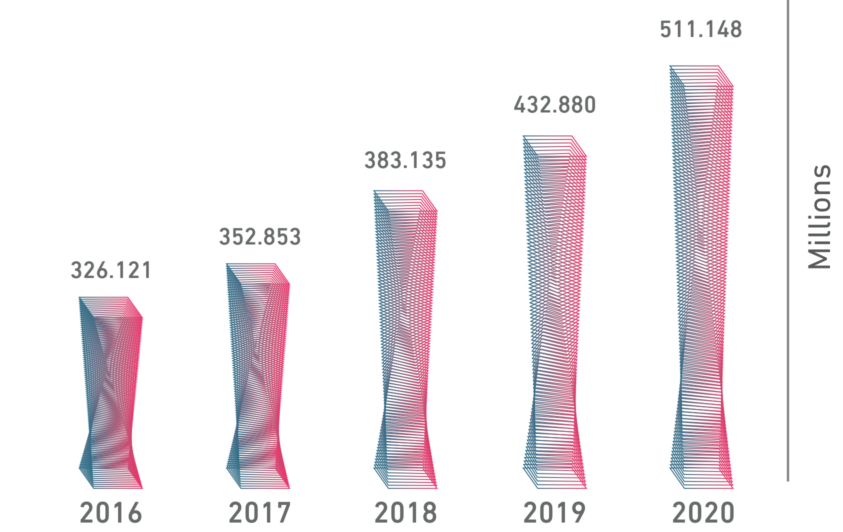
The group's bank borrowing increased to reach USD 195.6 million by the end of 2020, an increase of 18.5% over 2019. The increase in short-term borrowing was USD 31.2 million, while the increase in the long-term borrowing, which includes the corporate bonds, was USD 25.6 million. Thus, the total bond size of USD 75.1 million represented 38.4% of the group's total borrowing at the end of 2020. Accordingly, the financial leverage ratio reached 47% at the end of 2020 and is very close to 2019's year-end ratio.

As for owner equity, USD 6 million were distributed to shareholders during 2020 as cash dividends. Moreover, the company's capital was increased by six million shares through the distribution of six million bonus shares to APIC shareholders. As a result of the bonus share distribution, APIC's paid-in capital increased to USD 95 million. The value of net profits from the group's consolidated statement of comprehensive income amounted to USD 23.8 million, of which USD 18.8 million were attributed to APIC shareholders. Hence, total owner equity, including non-controlling interest, amounted to USD 174.76 million at the end of 2020, an increase of 10.7% over 2019. APIC shareholder equity reached USD 145.9 million at the end of 2020, an increase of 9.8% over 2019.

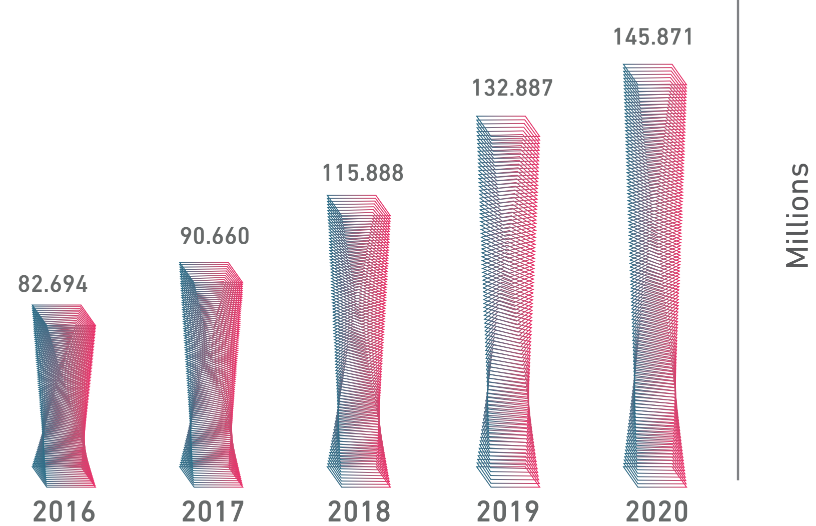
The following charts shows the main indicators and financial data for the company between 2016 and 2020:



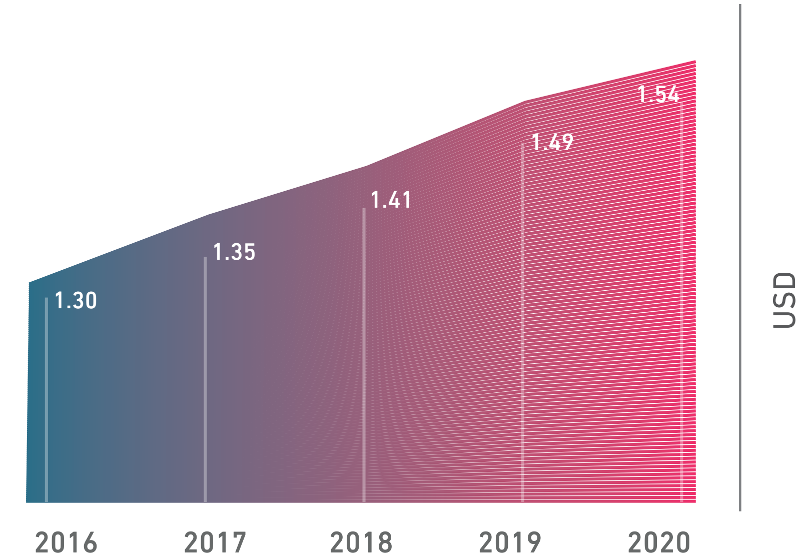
Total Assets (USD millions)



APIC's Net Shareholder Equity (USD millions)



Book Value Per Share (USD)



Discrepancy Between Initial Disclosure And Final Audited Results

In February 2021, APIC disclosed its consolidated preliminary financial statements for 2020 before having them audited by the external auditor and expressing their opinion thereon. No major discrepancies were found after the completion of audit with the exception of what resulted from the reconciliation and the elimination of the commercial transactions that occurred between the group's subsidiaries that appeared in the final settlements, the booking of all provisions and expenses, and the completion of the valuation of other investments. It also includes the reclassifications of some items, especially those related to IFRS 16 while highlighting its effects and balances in separate items on the income statement. Accordingly, the previously stated effects on the statement of income and comprehensive income and the balance sheet were as follows:

Consolidated Statement of Income and Comprehensive Income

- The group's net revenues amounted to USD 958.2 million, which is less than the initial disclosure by around USD 3.17 million and resulted from excluding the value of sales and internal sales costs that occurred between the group's subsidiaries.
- The expenses items were reclassified. As a result, expenses related to the depreciation of the right-of-use assets and the interest-of-lease liabilities have been spilt from the general and administrative expenses, thus their effect on the operating profit was excluded.
- The consolidated net profit in the audited statements appeared lower than the preliminary results by around USD 11,000 due to the reconciliation and reclassification of some expenses.
- The consolidated statement of comprehensive income appeared higher than the preliminary statements by around USD 1.07 million and resulted from the increase in the value of some lands owned by the group, the change in the fair value of investments, and the effect of changes in currency exchange rates.

Consolidated Balance Sheet
A number of accounts and items have been reclassified on 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, 2020
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

ARAB PALESTINIAN INVESTMENT COMPANY
(HOLDING COMPANY)
BRITISH VIRGIN ISLANDS
DECEMBER 31, 2020

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche (ME) – Jordan
Jabal Amman, 5th Circle
190Zahran Street
Amman 11118, Jordan

Tel: +962 (6) 5502200
Fax: +962 (6) 5502210
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

AM / 001 / 006655

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Palestinian Investment Company (Holding Company) (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as of December 31, 2020, and the consolidated statements of income, comprehensive income, changes in owners' equity, and the consolidated statement of cash flows for the year then ended, and 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, 2020, 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.

Deloitte.

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
1. Expected Credit Losses of Financial Assets The Group held total receivables, cheques under collection and other financial assets with a carrying amount of USD 131.3 million and the related allowance for expected credit losses amounted to approximately JD 6.5 million as of December 31, 2020. 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. As disclosed in Note 41, the COVID-19 pandemic significantly impacted management's determination of the ECL and required the application of heightened judgment. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in the Groups modelled results, management applied quantitative and qualitative adjustments for the impacts of the unprecedented specific scenarios arising from the pandemic. The Group made amendments on the expected credit loss calculation models to take into consideration the potential impact of the COVID 19 pandemic to address the impact on certain sectors or specific customers based on relative cashflow forecasts. Refer to notes (2, 6 and 11) on the consolidated financial statements for the accounting policy and the related disclosures.	Our procedures included, but were not limited to, the following: • 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. • 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. • We reviewed the Group's policy on determining the allowance for expected credit losses and compared it to the requirements of IFRSs. • 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. • 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. • We assessed the amendments made by management to respond to COVID-19 by evaluating the model adjustments in relation to macroeconomic factors and the forward looking scenarios which were incorporated into the impairment calculations by utilizing our experience to challenge the methodologies. • 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. • We reperformed the mathematical accuracy of the calculations of the allowance for expected credit losses. • 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. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Deloitte.

	Key audit matter	How our audit addressed the key audit matter
2.	**Inventory**	

The Group held inventories with a carrying amount of USD 90.5 million representing approximately 17.7 % of the total assets amount as of December 31, 2020.

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.

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.

As disclosed in Note 41, the COVID-19 pandemic significantly impacted management's determination of the allowance for slow moving and obsolete inventories and required the application of heightened judgment. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in the Groups modelled results, management applied quantitative and qualitative adjustments for the impacts of the unprecedented specific scenarios arising from the pandemic. The Group made amendments to the model used to determine the allowance for slow moving and obsolete inventories to take into consideration the impact of the COVID 19 pandemic.

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.

Refer to notes (2 and 7) for accounting policy the related disclosures.

How our audit addressed the key audit matter

Our procedures included, but were not limited to, the following:

- Assessed the design and implementation of the Group's controls over the estimation and monitoring of the allowance of slow moving and obsolete inventories;
- Assessed the methodology used to determine the measurement of the allowance for slow moving and obsolete inventories.
- 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 industry practice;
- 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;
- 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
- Assessed the amendments made by management to to the model used to determine the allowance for slow moving and obsolete inventories as a result of the COVID-19 pandemic.
- Assessed if the disclosures in the financial statements relating to this area against the requirements of IFRSs.

Deloitte.

	Key audit matter	How our audit addressed the key audit matter
3.	**Impairment of goodwill and trademarks**	

As of December 31, 2020, the book value of goodwill and trademarks amounted to approximately $ 17.7 million, which represents about 1.4% of the total assets. It is considered that the useful life of the trademarks is indefinite.

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.

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 15 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.

Refer to notes (2 and 15) for more details relating to this matter.

How our audit addressed the key audit matter

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 work consisted of:

- evaluating the design and implementation of controls over the Group's testing of goodwill and trademarks for impairment;
- 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;
- reconciling the net carrying amount of the goodwill and trademarks allocated to the CGU with the Group's accounting records;
- engaging our internal valuation specialist to assess the discount rate applied by benchmarking against independent data, the valuation methodology, value in use calculations, and terminal growth rate..
- 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 in the consolidated financial statements relating to this area against the requirements of IFRSs.

Deloitte.

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.

- 5 -

Deloitte.

- 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
March 29, 2021

Deloitte & Touche (M.E.) – Jordan

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

- 6 -

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

	Note	December 31 2020 USD	December 31 2019 USD
Assets			
Current Assets:			
Cash on hand and at banks	5	32,618,477	21,115,083
Accounts receivable and short term cheques under collection – net	6	128,889,880	158,758,083
Inventory – net	7	80,497,523	70,988,709
Due from related parties	30	348,702	372,000
Financial assets at fair value through profit or loss	8	695,477	13,094
Other debit balances	9	38,669,012	22,433,357
Leasing contracts receivable – short term	10	4,126,520	3,377,570
Total Current Assets		292,845,409	273,184,423
Non-Current Assets:			
Leasing contracts receivable – long term	10	6,917,831	6,075,233
Cheques under collection – long term	6	2,468,218	3,365,630
Deferred tax assets	21	2,275,287	1,880,211
Financial hedging instruments assets	40	8,551,200	–
Right of use asset – net	12	9,139,081	8,472,081
Financial assets at fair value through other comprehensive income	11	37,740,460	27,037,980
Investment property	14	819,127	819,127
Intangible assets – net	13	29,312,088	29,788,009
Investment in associate companies	16	8,382,311	7,197,323
Property and equipment – net	17	124,774,093	124,305,590
Projects under construction	18	3,824,481	3,836,437
Total Non-Current Assets		218,302,701	159,615,883
Total Assets		511,148,111	432,880,321
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable		82,138,038	43,066,829
Due to banks	19	29,037,118	56,125,884
Notes payable within one year and postdated cheques	22	5,237,098	8,062,448
Due to related parties	30	129,765	3,476,291
Lease liabilities – short term	12	2,043,046	2,338,942
Short term loan installments	23	48,925,756	23,678,889
Other credit balances	22	26,810,851	16,248,611
Income tax provision	21	5,626,301	3,606,931
Total Current Liabilities		201,923,471	156,593,758
Non Current Liabilities:			
End of service indemnity provision	24	17,294,897	14,289,796
Long term bonds payable	35	75,102,400	15,000,000
Lease liabilities – long term	12	6,460,339	7,000,740
Financial hedging instruments liabilities	40	7,959,300	–
Long term loans installments	23	27,687,343	42,157,331
Total Non-Current Liabilities		134,466,279	98,443,572
Total Liabilities		336,389,750	275,037,330
Owners' Equity			
Shareholders' Equity:			
Paid up capital	1 & 32	95,000,000	90,000,000
Share premium		10,075,000	10,075,000
Retained earnings		36,935,837	28,922,913
Cumulative change in fair value		(277,363)	1,926,014
Property and equipment (Land) revaluation reserve	25	15,636,282	14,229,284
Foreign currency translation differences		347,385	310,855
Difference on the purchase of minority interest		(11,844,946)	(11,876,650)
Total shareholders' equity		145,871,495	132,887,315
Non-controlling interest	27	28,886,066	24,959,681
Total Owners' Equity		174,757,361	157,843,011
Total Liabilities and Owners' Equity		511,148,111	432,880,321

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 2020 USD	For the Year Ended December 31 2019 USD
Net sales		954,520,094	820,110,578
Less: Cost of sales		(836,154,727)	(718,948,458)
Sales Gross Profit	28	118,365,367	101,162,120
Service revenue		3,689,720	5,060,946
Less: Service cost		(3,395,062)	(3,188,105)
Net Service revenue		294,658	1,872,841
Less: General and administrative expenses	29	(47,368,417)	(38,937,207)
Selling and distribution expenses	30	(26,724,885)	(24,871,016)
Profit from Operations		44,567,323	39,226,738
Unrealized gain from financial assets at profit or loss		65,754	581
Depreciation of right of use asset	12	(2,919,232)	(3,528,399)
Interest on lease liabilities	12	(603,219)	(567,379)
Gain from financial assets at fair value through other comprehensive income	11	1,660,031	1,177,024
Interest and borrowing cost		(12,131,093)	(10,606,734)
Company's share of associate companies profit	16	917,203	669,786
Other expenses – net		(812,828)	(937,686)
Profit for the Year before Income Tax		30,983,119	26,552,547
Income tax expense – the Company and its subsidiaries	21	(6,340,396)	(4,701,196)
Profit for the Year		24,642,723	21,851,351
Attributable to:			
Company's shareholders		19,862,219	17,871,120
Non-controlling interest	27	4,780,504	3,980,231
Profit for the Year		24,642,723	21,851,351
Earnings per share attributable to the Company's shareholders	36	0.209	0.190

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

ARAB PALESTINIAN INVESTMENT COMPANY

(HOLDING COMPANY)

BRITISH VIRGIN ISLANDS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2020	2019
	USD	USD
r	24,642,721	21,851,351
ensive Income Items:		
ncome items which are transferable to the consolidated statement of profit or loss:		
lue – property and equipment revaluation reserve / land	976,481	-
lue – financial assets at fair value through other comprehensive income	(2,096,762)	471,642
translation	274,504	126,991
ehensive Income for the Year	23,796,946	22,449,984
ensive Income Attributable to:		
holders	18,837,753	18,469,753
nterest	4,959,193	3,980,231
ehensive Income for the Year	23,796,946	22,449,984

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.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

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

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

	Note	For the year ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		USD	USD
Profit for the year before tax		46,993,319	43,552,947
Adjustments for:			
(Gain) from the sale of property, plant and equipment		(37,787)	(137,424)
Depreciation of property, plant and equipment	17	10,808,497	9,882,794
Depreciation of right-of-use asset	13	2,919,033	3,820,369
Terminated Leases	13	2,858	8,553
Interest on Lease Liabilities	13	465,229	347,529
Unrealized (Gain) from financial assets at fair value through profit and loss		(35,734)	(183)
(Gain) from investment in affiliates	16	(917,253)	(469,546)
Provision for expected credit loss	8	840,882	788,347
Provision for slow moving items	7	1,118,994	926,510
Provision for End of service indemnity	24	1,477,619	1,098,885
The effect of the change in financial hedging instruments		(592,395)	
Provision for unearned leasing contracts	12	-	80,002
Cash Flows from Operating Activities before Changes in Working Capital		48,159,500	43,256,897
(Increase) in accounts receivable, Cheques under collection and other debit balances		(25,410,026)	(19,795,109)
(Increase) decrease in inventory		(16,331,485)	4,808,228
Decrease in due from related parties		78,998	345,026
(Decrease) increase in due to related parties		(4,934,528)	4,739,275
(Increase) in leasing contracts receivable		(2,693,791)	(1,175,998)
Increase in accounts payable and other credit balances		23,897,568	1,680,475
Net Cash Flows from Operating Activities before End-of-Service Indemnity and Income Tax Paid		19,159,347	33,872,943
Paid from End-of-service indemnity provision	24	(508,237)	(875,900)
Paid from income tax provision	33	(4,505,094)	(5,125,951)
Net Cash Flows from Operating Activities		14,146,016	28,870,761
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in financial assets at fair value through profit or loss		(768,012)	383
(Increase) in financial assets at fair value through other comprehensive income		(793,465)	(606,974)
(Increase) in investment in associate company		(2,970,772)	(3,207,978)
Purchase of Property and Equipment	17	(9,935,812)	(15,202,160)
Proceeds from the sale of Property and Equipment		693,236	564,997
Payments of leasing obligation	13	(3,010,515)	(4,029,692)
(Change) in intangible assets	15	(5,744,019)	(2,847,907)
Addition to projects under construction	18	(3,268,350)	(3,681,475)
Net Cash Flows (used in) Investing Activities		(25,340,645)	(27,898,866)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends		(5,020,000)	(5,020,000)
(Decrease) increase in due to Banks	19	(26,358,755)	4,742,531
Increase in loans, checks and notes payable		16,942,725	2,159,993
Increase in bonds payable		48,102,400	-
Net change in non-controlling interest and foreign currency translation and others		(800,255)	(2,409,813)
Net Cash Flows from Financing Activities		23,806,118	4,532,411
Net Increase in Cash		12,502,489	5,404,727
Cash on hand and at banks-beginning of the year		27,115,988	21,711,261
Cash on Hand and at Banks-End of the Year	5	39,618,477	27,115,988
Non Cash Items			
Property and equipment revaluation impact	18	770,461	-
Bad debts written off		118,094	757,541
Investment in associate company	16	(267,993)	(3,525,000)
Increase in paid up-capital	1	6,000,000	1,500,605
Increase in Share Premium	1	-	3,025,000
Transfer from Projects under construction to property and Equipment	17 and 18	5,149,600	4,402,049
Transfer from Investment property to property and Equipment	14 and 17	-	937,797

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

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

1. General

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

b. Several adjustments have been made to the company's paid-up capital, the latest of which was during the year 2020, as the company's general assembly decided in its regular meeting held on May 21, 2020 to increase the company's paid-up capital by USD 6 million by capitalizing part of the retained earnings resulting in an increase of the company's paid-up capital to reach USD 95 million. The approval of the regulatory authorities was obtained in Palestine and the British Virgin Islands.

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

d. The headquarter of the company is located at Ikram Street, Dabouq, 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:

	December 31, 2020		December 31, 2019			
	Paid-up Capital	Equity Share	Paid-up Capital	Equity Share	Ownership Date	Main Activity
	USD	%	USD	%		
Arab Palestinian Storage and Cooling Company	4,500,000	68/47	4,500,000	68/47	1997	Management of refrigerated stores
Medical Supplies and Services Company	20,000,000	100	4,000,000	100	1998	Trade of medicine and medical supplies
Unipal General Trading Company *	7,042,253	93/41	7,042,253	93/41	1998	General trading
National Aluminum and Profiles Company	10,315,938	72/99	10,315,948	72/99	1995	Manufacturing of aluminum
Palestine Automobile Company	20,000,000	100	14,500,000	100	1998	Trading of cars
Sky Advertising and Promotion Company **	845,068	100	845,068	100	2000	Advertising, public relations and events
Siniora Food Industries Company	38,081,805	65/63	35,260,931	66/54	1996	Food industries
Arab Palestinian Shopping Centers Company	9,876,543	99/78	9,876,543	99/78	1999	Establishing and owning commercial / shopping malls
Jericho Natural and Mineral Water Factory Company	4,803,734	85	4,803,734	85	2001	Natural and mineral water
Arab Leasing Company	6,000,000	100	3,000,000	100	2015	Financial Leasing
Arab Palestinian Investment Company / Jordan (Exempted)	70,400	100	70,400	100	2011	Trading of cars and commercial agencies
APIC Gulf Investments	40,000	100	40,000	100	2019	Investment and asset management

* During the year, Al Jiban General Trading Company - Jordan was established and it is 80% owned by Unipal General Trading Company - note (39).

** During the year, a controlling stake in Oyoun Media Advertising and Publication Company, was purchased by Sky Advertising and Promotion Company resulting in an ownership level of 60% in the company - note (39).

The following are the most important financial information for the subsidiary companies for the year 2020:

Company's Name	December 31, 2020 Total Assets	December 31, 2020 Total Liabilities	December 31, 2019 Total Revenue	December 31, 2019 Total Expenses
	USD	USD	USD	USD
Arab Palestinian Storage and Cooling Company	636,206	2,911,099	684,043	2,785,648
Medical Supplies and Services Company - consolidated	113,902,303	78,887,359	92,491,242	67,979,865
Unipal General Trading Company	108,364,217	62,036,090	86,030,570	48,641,761
National Aluminum and Profiles Company	46,595,298	29,260,972	43,485,930	26,144,972
Palestine Automobile Company	49,937,606	27,657,362	50,775,888	33,079,560
Sky Advertising and Promotion Company	3,151,081	1,895,687	3,963,894	2,153,504
Siniora Food Industries Company	100,437,330	38,559,506	99,027,893	43,578,516
Arab Palestinian Shopping Centers Company	26,509,976	12,569,513	28,214,666	14,329,180
Jericho Natural and Mineral Water Factory Company	-	55,030	-	55,130
Arab Leasing Company	18,679,577	11,402,917	13,876,445	9,850,642
Arab Palestinian Investment Company / Jordan (Exempted)	533,710	91,492	3,705,927	1,961,424
APIC Gulf Investments	6,659,091	6,492,422	6,941,150	6,463,699

g. The Board of Directors approved the Company's consolidated financial statements on 28 March 2021.

2. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements:

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

The reporting currency of the 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, 2019 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:

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

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

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the 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 Group.

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

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 Group 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 consolidated 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 Group 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 Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group'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 past due by a significant period, 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 consolidated 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 consolidated statement of profit and loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 Group 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

The Group as a lessee

The Group 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 Group 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 Group 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 Group 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.

Lease liabilities are presented as a separate note in the consolidated statement of financial position.

Later, lease liabilities are subsequently measured by increasing the book value to reflect the interest in the lease liabilities (using the effective interest method) and by reducing the book value to reflect the lease 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 lease 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 Group 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 Group 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 lease 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 consolidated statement of profit or loss.

<u>The Group as a lessor</u>

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

Leases in which the Group 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 Group 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.

Leasing 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 Group'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 Group's existing net investment with respect to lease contracts.

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

<u>Impairment of non-financial assets</u>

At the reporting date, the Group assesses whether there is evidence that the asset has been impaired. If any evidence exists, or when an impairment test is required, the Group 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 Group.

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.

<u>Inventory</u>

- Finished goods and work in process are stated at cost or net realizable value, whichever is lower, net of provision for damaged and slow-moving items. Cost includes: raw materials cost, direct labor and indirect manufacturing costs.
- Raw materials are stated at the lower of cost or net realizable value. Finished goods and work in process are stated at the lower of cost or net realizable value. Cost includes raw materials and the related direct and indirect manufacturing costs.
- Cars inventory is stated at the lower of cost or net realizable value on the basis of the actual cost of each car. Ccost consists of all expenses incurred by the Group until the inventory is delivered to the Group's warehouses and showrooms or the warehouses at the Group'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 Group recognizes revenue mainly from sale of goods.

Revenue is measured based on the consideration to which the Group 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 Group 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 on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group 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 recognized for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognizes a right to returned goods asset and a corresponding adjustment to cost of sales. The Group 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 recognized 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 Group 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 Group account for consideration payable to a customer (listing fee and promotional expenses) which occur in conjunction with purchase of goods from the Group 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 Group.

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
a. Intangible assets with an indefinite life
- Goodwill is booked at cost that represents the excess amount paid to acquire or purchase an investment in a subsidiary over the Group's share of the fair value above 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.

b. Intangible assets with a finite life
- Intangible assets resulting from 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 Group'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.

  Intangible assets are amortized over their expected useful life at annual percentages ranging from 20% to 35%.

  The Group recognizes exclusive distribution rights and backlogs that results from acquisitions within items of intangible assets based on the accounting approach applied at the initial purchase and the temporary fair value of the assets and liabilities acquired by the Group, which are subsequently evaluated based on changes in the group's management estimates.

  Computer programs are amortized according to the productive ages, which have been estimated by the management of the group and are expected to be utilized using the straight-line method, at a average rate of 7 years.

c. Intangible assets resulting from acquisitions
The Group recognizes the surplus between the investment value and the net assets acquired resulting from the acquisitions that took place during the period as other intangible assets and are classified under the item intangible assets - net.

The group measures the distribution of the purchase price on the purchased assets during the 12 months following the date of purchase. The completion of this study may lead to a change in the fair value of the acquired assets and the associated liabilities, accordingly to a change in the intangible assets (goodwill) or the recognition of intangible assets of other natures.

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

The individual financial statements of each 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 other comprehensive income 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 Group 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 Group'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 Group's shares

The cost of issuance or purchase of the Group'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 lease duration, unless there is another basis for the time duration when the economic benefits from the lessee are expected. The expected leases 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 Group'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 Group'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-asses 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.

Impairment loss on intangible assets with infinite useful life
Group management is required to use judgment and estimates to assess whether there is impairment loss on the value of intangible assets that have unlimited useful life by estimating the value in use of the cash-generating units assigned to them. Calculating the value in use requires group management to estimate future cash flows expected to originate from the cash generating unit and an appropriate discount rate in order to calculate the current value.

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 Group'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 Group uses available observable market data. In case of the absence of level 1 inputs, the Group 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 Group uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

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

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

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

Provision for sales returns and discounts
The Group uses its accumulated historical experience to estimate the number of returns at the portfolio level using the expected value method. It is highly probable that, given the constant level of returns, there will be no significant reversal in the cumulative revenue recognized as compared to previous years.

The Group uses its accumulated historical experience to estimate discounts and revenue is recognized to the extent it is highly probable that there will be no material reversal thereof. Liabilities are recovered for expected discounts on amounts payable to customers in respect of sales made during the year.

Options for extension and termination of lease contracts
Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract administration. Most of the extension and termination options held are renewable by both the Group and the lessor.

Determine the term of the lease contract
In determining the term of the lease, the management takes into account all facts and circumstances which create economic incentive for the option of extension, or no termination option. Extension options (or periods following termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The valuation is reviewed in the event of a significant event or a major change in the circumstances affecting this valuation that are within the control of the lessee.

Deduction of rental payments
Rental payments (if any) are discounted using the Group Incremental Borrowing Rate ("IBR"). Management applied judgments and estimates to determine the rate of additional borrowing at the commencement of the lease.

4. Application of New and Amended International Financial Reporting Standards

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

The following new and revised IFRSs, which are effective for annual periods beginning on or after January 1, 2020 or later, have been adopted in the preparation of the Group'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
Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest rate benchmark reform	The changes modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The changes are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and The changes require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.
Amendment to IFRS 3 Business Combinations relating to definition of a business	The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They: • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

New and revised standards	Amendments to new and revised IFRSs
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2 Share-based payment, IFRS 3 Business Combinations, IFRS 6 Exploration for and Evaluation of Mineral Resources, IFRS 14 Regulatory Deferral Accounts, IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 34 Interim Financial Reporting, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IAS 38 Intangible Assets, IFRIC 12 Service Concession Arrangements, IFRIC 19 Extinguishing of Financial Liabilities with Equity Instruments, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 Foreign Currency Transactions and Advance Consideration, and SIC-32 Intangible Assets – Web Site Costs to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	The Group has adopted the amendments to IFRS 2, IFRS 6, IFRS 15, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 21 in the current year.
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to definition of material	Three new aspects of the new definition should especially be noted: • Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A). • Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote. • Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.
Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

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

New and revised standards	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases) The amendments in Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	January 1, 2021
Amendments to IFRS 3 Business Combinations relating to Reference to the Conceptual Framework The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	January 1, 2022
Amendments to IAS 16 Property, Plant and Equipment relating to Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to Onerous Contracts – Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	January 1, 2022

New and revised standards	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: • IFRS 1 First-Time Adoption of International Financial Reporting Standards – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS 9 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 Leases – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS 41 Agriculture – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	January 1, 2022
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	January 1, 2023
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9 The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	January 1, 2023
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.	January 1, 2023

New and revised standards	Effective for annual periods beginning on or after
Amendments to IFRS 17 *Insurance Contracts* Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.	January 1, 2023
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Group's management expects to apply these new standards, interpretations and amendments to the consolidated financial statements of the Group when they are applicable, and the adoption of these new standards and interpretations and amendments may not have any material impact on the consolidated financial statements of the Group in the initial application period.

5. Cash on Hand and at Banks

This item consists of the following:

	December 31	
	2020	2019
	USD	USD
Cash on hand	2,281,629	4,839,705
Current accounts	37,336,848	22,276,283
Total	**39,618,477**	**27,115,988**

6. Accounts Receivable and Checks under Collection- Net

This item consists of the following:

	December 31	
	2020	2019
	USD	USD
Trade receivable	106,208,089	87,910,586
Cheques under Collection - Short Term	28,652,873	25,724,752
Total trade receivable and cheques under collection - short term	**134,860,962**	**113,635,338**
Employees Receivable	583,947	743,245
	135,444,909	**114,378,583**
Less: Provision for expected credit loss	(6,555,369)	(5,614,502)
Total	**128,889,540**	**108,764,081**

The average credit period ranges from 10 to 150 days. No interest charged on the outstanding trade receivable balances.

The Group has adopted the simplified approach as permitted by IFRS 9. The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the consolidated financial statements date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The table below illustrates the risk associated with of trade receivables and short-term cheques under collection based on the provisioning matrix:

As of December 31, 2020

	Current receivables (not past due) *	Receivables are past due: From one day to 90 days	From 91 days to 180 days	From 181 days to 365 days	More than 365 days	Total
	USD	USD	USD	USD	USD	USD
Total trade receivables **	86,312,666	12,423,351	8,380,757	16,277,928	11,466,320	134,860,062
Expected credit loss	883,004	733,038	504,529	1,005,390	3,429,409	6,555,369
Expected credit loss rate	1%	5.90%	6.00%	6.20%	29.90%	4.90%

As of December 31, 2019

	Current receivables (not past due) *	Receivables are past due: Less than 90 days	From 90 days to 180 days	From 181 days to 365 days	More than 365 days	Total
	USD	USD	USD	USD	USD	USD
Total trade receivables	70,957,054	13,273,499	8,974,462	11,812,001	8,617,850	113,634,866
Expected credit loss	590,709	717,835	493,899	459,546	3,352,513	5,614,503
Expected credit loss rate	0.80%	5.40%	5.50%	3.90%	38.90%	4.90%

* Current receivables include short-term checks due within 3 months.
** Trade accounts receivable includes amounts due from the Palestinian Authorities as follows:

	Receivables are past due: Less than 90 days	From 90 days to 180 days	From 181 days to 365 days	More than 365 days	Total
	USD	USD	USD	USD	USD
As of December 31, 2020	3,252,318	6,044,946	10,966,351	8,911,760	29,175,375
As of December 31, 2019	2,450,145	1,880,316	12,071,026	4,601,221	21,002,708

The Group does not record any expected credit loss against these amounts based on the adopted policies and management estimates regarding settlement ability and probability of default.

- The movement on the expected credit loss during the year is as follows:

	For the year ended December 31, 2020: Stage 2	Stage 3	Total
	USD	USD	USD
Balance – beginning of the year	2,007,517	3,606,986	5,614,503
Add: Provision booked during the year	414,189	466,713	880,902
Foreign currencies translation	76,955	102,004	178,959
Less: Written-off debts *	(639)	(118,356)	(118,995)
Balance – End of the Year	2,498,022	4,057,347	6,555,369

	For the year ended December 31, 2019: Stage 2	Stage 3	Total
	USD	USD	USD
Balance – beginning of the year	1,864,883	3,559,254	5,424,137
Add: Provision booked during the year	191,300	621,027	812,327
Foreign currencies translation	(3,594)	134,173	130,579
Less: Written-off debts *	(1,861)	(750,679)	(752,540)
Balance – End of the Year	2,050,728	3,563,775	5,614,503

* During the year 2020, trade receivables were written-off by amount USD 118,994, in accordance with the Board of Directors approval.

7. Inventory - Net

This item consists of the following:

	December 31, 2020	December 31, 2019
	USD	USD
Produced goods available for sale	9,491,983	6,844,728
Medicine	9,947,870	8,290,091
Medical equipment	1,060,649	458,287
Consumable materials	29,661,569	20,538,855
Laboratory tools and materials	4,326,243	1,260,104
Cars and spare parts *	12,881,913	14,525,194
Medical equipment and machinery	8,355,877	5,627,911
Total Finished Goods	**76,726,104**	**57,545,170**
Raw materials	11,796,344	11,949,928
Scrap and other materials	904,801	790,828
Other materials	2,858,401	376,495
Total Inventory	**92,285,650**	**70,162,421**
Less: Provision for slow-moving inventory **	(3,102,704)	(2,464,518)
Net Inventory	**89,182,946**	**67,697,903**
Goods in transit	1,314,679	3,290,805
Total	**90,497,625**	**70,988,708**

* 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:

	2020	2019
	USD	USD
Balance - beginning of the year	2,464,518	2,044,393
Additions to the provision during the year	1,118,940	626,516
Written-off inventory during the year	(480,754)	(206,391)
Balance - End of the Year	3,102,704	2,464,518

8. Financial Assets at fair value through profit or loss

This item consists of the following:

	December 31,	
	2020	2019
	USD	USD
Listed shares in Palestine Stock Exchange and Trading investment portfolio	695,433	13,094
Total	**695,433**	**13,094**

9. Other Debit Balances

This item consists of the following:

	December 31,	
	2020	2019
	USD	USD
Receivable Claims	7,553,766	4,920,558
Value added tax	2,933,980	998,098
Prepaid expenses	4,593,377	4,005,228
Refundable deposits against LGs', LCs and others	3,617,916	1,741,467
Advance payments to suppliers	7,108,945	9,272,380
Loans granted by the company	681,615	509,784
Other debit balances	2,181,418	1,985,784
Total	**28,669,012**	**22,433,517**

10. Leasing Contracts Receivable

This item consists of the following:

	December 31,	
	2020	2019
	USD	USD
Leasing contracts receivable – short term	4,126,620	3,377,035
Leasing contracts receivable – long term	6,817,531	5,073,325
Total	**10,944,151**	**8,450,360**

December 31, 2020	**Minimum Lease Payments**	**Current amount of the Minimum Lease Payments**
	USD	USD
Lease payments due within one year or less	5,166,293	4,334,636
Lease payments due after one year and before 5 years	8,012,189	6,817,531
Total	**12,970,466**	**11,152,167**

December 31, 2019	**Minimum Lease Payments**	**Current amount of the Minimum Lease Payments**
Lease payments due within one year or less	4,188,653	3,585,051
Lease payments due after one year and before 5 years	5,663,701	5,073,325
Total	**9,852,354**	**8,658,376**

	December 31,	
	2020	2019
	USD	USD
Total investment cost in the financial leasing	12,970,466	9,852,354
Less: Unearned revenue	(1,818,299)	(1,193,978)
Current amount of the financial leasing contract	**11,152,167**	**8,658,376**
Less: Provision for unpaid leases	(208,016)	(208,016)
Financial lease installments due within one year	(4,126,620)	(3,377,035)
Financial leasing receivables (long term)	**6,817,531**	**5,073,325**

11. Long-term Checks Under Collection

This item consists of the following:

	December 31,	
	2020	2019
	USD	USD
Unipal General Trading Company	74,294	-
Medical Supplies and Services Company	63,200	347,559
Palestine Automobile Company	2,328,722	3,017,571
Total	**2,466,216**	**3,365,630**

- The maturities of long-term checks under collection extend up to the year 2025.

12. Leases

a. Right of use assets

The Company leases many assets, including lands, buildings and vehicles, the average lease term is 7 years, and the following is the movement over the right of use assets during the year 2020.

	For the year ended December 31	
	2020	2019
	USD	USD
Beginning balance	9,472,061	10,935,650
Add: additions into during the year	2,558,646	1,093,749
Less: Depreciation for the year	2,919,232	2,529,399
Less: Contracts terminated during the year	2,859	8,631
Foreign Exchange differences	29,464	(292)
Balance - December 31, 2020	**9,138,081**	**9,472,061**

amounts that were recorded in the consolidated statement of profits or losses.

	For the year ended December 31	
	2020	2019
	USD	USD
Depreciation for the year	(2,919,232)	(2,529,399)
Interest for the year	(403,219)	(247,329)
Total	(3,322,451)	(2,776,728)

b. Lease liabilities

The following is the movement over lease liabilities during the year 2020.

	For the year ended December 31	
	2020	2019
	USD	USD
Beginning balance	9,339,583	10,916,636
Add: Additions during the year	1,365,739	1,093,749
Interest during the year	403,219	447,329
Foreign Exchange Differences	8,759	511
Less: Lease payments made during the year	2,010,525	2,018,642
Balance - December 31, 2020	**9,106,785**	**9,339,583**

The following is the maturity of lease liabilities analysis as of 31, December 2020.

	For the year ended December 31	
	2020	2019
	USD	USD
Less than one year	2,442,940	2,328,941
One to five years	5,891,004	5,265,611
More than five years	772,851	1,735,131
Balance - December 31, 2020	**9,106,785**	**9,329,583**

13. Financial assets at Fair Value through Other Comprehensive Income

The item consists of the following:

	Number of Shares	December 31, 2020	Number of Shares	December 31, 2019
		USD		USD
Listed Shares:				
Bank of Palestine limited*	5,803,464	14,839,719	5,438,615	10,877,220
Al - [illegible] company for Investment and Export	301,300	840,802	328,000	708,001
		15,680,521		**11,585,221**
Unlisted Shares:				
Palestine Private Power Company	372,228	1,897,218	372,728	1,702,738
Palestine for Energy Generation Company / Palestine for Electrical	620,000	594,000	600,000	624,000
Watani Finance House	515,000	511,737	515,000	511,737
Madfoo3atcom for electronic payment solutions	240,007	1,559,040	124,162	2,324,580
Bundles Creations Inc	200,000	200,000	-	-
Seed Holding Ltd	350,000	350,000	-	-
Hosa Meat	8,382	1,343,700	-	-
Medical Supplies Limited	8,700	243,700	-	-
		14,[illegible]		**5,844,[illegible]**
Investment Fund:				
Catalyst Private Equity		-		69,334
Sunrise Fund		1,021,886		1,037,349
Loyal Capital		2,163,979		2,250,222
Ibtikar Fund		227,590		270,524
Al-Masfa Company Fund		531,734		332,614.59
Rasmalak		106,500		106,000
JV Gaza		201,[illegible]		251,535
		5,259,384		**5,698,183**
		27,746,448		**27,097,988**

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

14. Investment Property

The item consists of the following:

	December 31,	
	2020	2019
	USD	USD
Arab Palestinian Investment Company	819,127	819,127
Total	**819,127**	**819,127**

The movement on the Investment Property is as follows:

	December 31,	
	2020	2019
	USD	USD
Balance - beginning of the year	819,127	1,126,684
Transferred to property and equipment (note 17)*	-	(307,557)
Balance - End of the Year	**819,127**	**819,127**

The cost of these investment property was (USD [illegible]), noting that some of these lands are pledged as collateral against credit facilities obtained through banks.

*The land was transferred during 2019 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.

15. Intangible Assets - Net

The item consists of the following:

	December 31st	
	2020	2019
	USD	USD
Goodwill - net *	14,803,279	14,891,256
Trademarks**	1,272,410	1,272,410
Exclusive Distribution Rights and Backlogs ***	1,517,582	-
Computer Software****	103,392	143,326
Other assets resulting from acquisitions *****	5,815,213	2,441,307
Total	**23,512,[illegible]**	**18,758,306**

* Goodwill resulted from the company's purchase of shares at a value greater than the book value of the share in some of its subsidiaries. During the year 2020, impairment of USD [illegible] was booked against the [illegible] investment in one of the subsidiaries and USD [illegible] were released due to sale of shares.

** This item represents the value of the trademarks purchased from the [illegible] Company of [illegible] Food Industries Company (a subsidiary company) in addition to the fees transferring its ownership.

*** [illegible]

**** This item represents the cost value of computer programs after subtracting the accumulated amortization value, the Group amortizes computer programs by 20% annually.

***** The details of this item appear in note ([illegible]) to the financial statements, which shows the net assets directly related to the acquisition of the purchased assets.

12. Property and Equipment - Net

This item consists of the following:

	Land	Buildings and Constructions	Furniture and Fixtures	Computers	Vehicles	Leasehold Improvements	Machinery and Equipment	Tools	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
For the Year Ended December 31, 2020									
Cost:									
Beginning balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transferred from Projects under construction (8)		[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Disposals		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers resulting from acquisitions during the period			[illegible]	[illegible]	-	[illegible]			[illegible]
The impact of revaluation of lands	[illegible]		-	-	-	-	-	-	[illegible]
Foreign Currency Translation Differences			[illegible]	[illegible]	-	-	-	-	[illegible]
Ending Balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	**2,437,446**	[illegible]
Accumulated Depreciation:									
Beginning Balance	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers resulting from acquisitions during the period		-	[illegible]	[illegible]	-	-	-	-	[illegible]
Disposals		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Foreign Currency Translation Differences	-	-	[illegible]	[illegible]	-	-	-	-	[illegible]
Ending Balance	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Book Value at End of the Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
For the Year Ended December 31, 2019									
Cost:									
Beginning balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions *	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transferred from Projects under construction (8)		[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transferred from investment property (note 11)	[illegible]	-	-	-	-	-	-	-	[illegible]
Foreign Currency Translation Differences	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ending Balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation:									
Beginning Balance	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Foreign Currency Translation Differences	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ending Balance	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Book Value at End of the Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* [illegible]

13. Investment in associate company

This item consists of the following:

	December 31, 2020						
	Ownership and voting rate	Investment Amount	Country of incorporation	Market value	Date of financial information	Activity Type	Purchase Date
	%						
Arabian Tiles Company (ARTEC)	[illegible]	[illegible]	Saudi Arabia	Unlisted	[illegible]	[illegible]	[illegible]
Capital Tobacco Company	[illegible]	[illegible]	Palestine	Unlisted	[illegible]	Manufacture and trade of tobacco	[illegible]
Total		[illegible]					

	December 31, 2019						
	Ownership and voting rate	Investment Amount	Country of incorporation	Market value	Date of financial information	Activity Type	Purchase Date
	%						
Arabian Tiles Company (ARTEC)	[illegible]	[illegible]	Saudi Arabia	Unlisted	[illegible]	[illegible]	[illegible]
Capital Tobacco Company	[illegible]	[illegible]	Palestine	Unlisted	[illegible]	Manufacture and trade of tobacco	[illegible]
Total		[illegible]					

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

	December 31, 2020	December 31, 2019
	USD	USD
Balance - beginning of the year	[illegible]	-
[illegible]	-	[illegible]
[illegible]	[illegible]	-
Group share of profits for the year	[illegible]	[illegible]
Balance – end of the year	[illegible]	[illegible]

The Group's share of profits and (losses) of its associates is as follows:

	December 31, 2020	December 31, 2019
	USD	USD
Arabian Tiles Company (ARTEC)	[illegible]	[illegible]
Capital Tobacco Company	[illegible]	-
Total	[illegible]	[illegible]

The Group's share of the assets, liabilities and revenues of its associates is as follows:

	December 31, 2020	December 31, 2019
	USD	USD
Total Assets	[illegible]	[illegible]
Total Liabilities	[illegible]	[illegible]
Total Revenue	[illegible]	[illegible]

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

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

18. Projects under construction

This item represents costs of work relating to constructing and equipping the production facilities and administration offices and the renovation of different production lines for the subsidiary companies represented by National Aluminum and Profiles Company, Siniora Food Industries Company, Unipal General Trading Company and Arab Palestinian Shopping Centers Company, which were not yet completed as of December 31, 2020

The movement on the projects under construction is as follows:

	2020	2019
	USD	USD
Balance - beginning of the year	3,896,617	4,428,186
Additions	3,268,700	3,891,473
Transferred to property and equipment(note 17)	(5,340,825)	(4,423,042)
Balance - End of the Year	**1,824,492**	**3,896,617**

The cost to complete the above projects amounted to USD 1.2 millions.

19. Due to banks

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

	December 31,	
	2020	2019
	USD	USD
National Aluminum and Profiles Company	5,739,203	5,450,052
Medical Supplies and Services Company	11,703,423	36,443,459
Unipal General Trading Company	10,536,661	14,011,852
Arab Palestinian Shopping Centers	-	220,523
Palestine Automobile Company	290,289	
Siniora Food Industries Company	1,567,542	-
Total	**29,837,118**	**56,125,886**

20. Notes Payable due within one year and Deferred Checks

This item represents notes payable to the following companies:

	December 31,	
	2020	2019
	USD	USD
National Aluminum and Profiles Company	984,206	757,055
Unipal General Trading Company	13,936	-
Medical Supplies and Services Company	3,482,991	4,070,376
Siniora Food Industries Company	1,253,118	1,292,271
Arab Palestinian Shopping Centers	2,493,447	1,942,741
Total	**8,227,998**	**8,062,443**

21. Loans

The details of this item are as follows:

	December 31, 2020		December 31, 2019	
	Short-term	Long-term	Short-term	Long-term
	USD	USD	USD	USD
Arab Palestinian Investment Company:				
Arab Bank Loans	-	-	618,133	6,681,487
Jordan Ahli Bank Loans	-	-	1,224,500	1,439,780
	-	-	**1,842,633**	**8,121,267**
Siniora Food Industries Company:				
Jordan Ahli Bank Loan	-	-	788,667	
Arab Bank Loans	7,026,749	8,794,382	7,608,371	14,008,795
	7,026,749	**8,794,382**	**8,397,038**	**14,008,795**
National Aluminum and Profiles Company:				
Jordan Ahli Bank Loans	3,558,397	2,002,388	1,756,622	1,105,752
Al Quds Bank Loans	1,281,900	1,624,788	3,107,171	1,928,779
Bank of Palestine for Investment Loans	555,248	-	604,354	-
Cairo Amman Bank Loans	1,164,394	1,231,199	1,571,850	1,571,340
The Housing Bank for Trade and Finance Loan	169,568	1,063,468	-	-
Arab Bank Loan	1,541,180	-	2,918,838	-
Safa Bank Loan	1,000,126	-	-	-
Bank of Palestine Loan	946,037	-	500,175	-
	10,037,842	**5,921,643**	**8,938,031**	**4,603,871**
Palestine Automobile Company:				
National Bank Loans	1,533,935	-	380,738	-
The Housing Bank for Trade and Finance Loan	556,933	-	841,393	-
Arab Bank Loan	1,355,878	-	321,149	112,271
Al Quds Bank Loans	3,239,389	663,446	2,760,946	593,775
Jordan Ahli Bank Loans	2,326,363	-	1,833,590	2,098,138
Cairo Amman Bank Loans	334,356	190,977	385,864	215,621
Bank of Palestine Installment Loan	-	191,838	271,649	-
Arab Islamic Bank Loan	266,765	865,568	295,643	528,857
Bank of Jordan Loan	2,411,296	-	4,257,771	3,177,193
	12,253,894	**1,914,821**	**10,820,160**	**7,315,189**
Arab Leasing Company:				
National Bank Loan	311,789	589,321	198,632	465,853
Jordan Ahli Bank Loan	123,879	1,209,883	417,163	775,381
Al Quds Bank Loan	444,258	1,091,208	557,406	1,553,035
Italian Development Cooperation Agency *	-	953,850	-	836,208
Palestine Investment Bank Loan	-	-	61,852	150,989
	1,223,921	**3,844,252**	**1,234,057**	**3,720,338**
Medical Supplies and Services Company:				
Arab Islamic Investment Bank Loan	715,750	-	-	-
The Housing Bank for Trade and Financial Loan	1,615,487	-	-	-
Arab Bank Loan	1,987,533	4,375,046	-	-
Safa Bank Loan	5,896,126	-	-	-
Bank Of Jordan Loan	21,556,742	411,999	-	-
	31,064,788	**4,786,045**	**439,979**	**4,187,071**
Arab Palestinian Shopping Centers Company:				
Arab Islamic Investment Bank Loan	155,855	50,233	140,270	185,390
Cairo Amman Bank Loan	583,417	2,475,278	271,300	4,222,505
	739,272	**2,525,501**	**439,979**	**4,397,871**
	62,925,756	**27,687,543**	**31,678,898**	**42,137,231**

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

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

22. Other Credit Balances

This item consists of the following:

	December 31,	
	2020	2019
	USD	USD
Accrued expenses	11,885,842	10,009,771
Accrued interest	179,895	933,948
Unearned revenue	626,379	298,393
Accrued salaries and bonuses	6,379,499	6,092,392
Accrued vacations	1,105,819	785,455
Social security deposits	123,470	91,491
Sales tax deposits	418,954	989,933
Income tax deposits – employees	1,398,705	474,066
Customers advances	685,669	1,137,105.00
Sundry provision	3,374,789	2,250,054
Others	1,631,630	3,183,505
Total	**29,810,851**	**26,246,613**

23. Income Tax - Subsidiaries

a. Income tax provision

The movement on income tax provision is illustrated as follows:

	December 31,	
	2020	2019
	USD	USD
Balance - Beginning of the year	3,595,931	2,796,094
Income tax paid	(4,505,094)	(4,125,961)
Released from the holding company income tax provision	-	(673,064)
Income tax expense	6,735,464	5,598,862
Balance - End of the year	**5,826,301**	**3,595,931**

b. Income tax expense

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

	For The Year Ended	
	2020	2019
	USD	USD
Income tax expense for the year	6,735,464	5,598,862
Deferred tax assets for the year	(438,587)	(289,401)
Amortized deferred tax assets	43,519	64,799
Released from the holding company income tax provision	-	(673,064)
	6,340,396	**4,701,196**

The Arab Palestinian Investment Company (holding company) has performed a final tax settlement with the income tax department up to the year 2018 in Jordan and in Palestine.

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

Company's Name	Final Settlement up to Year
Unipal General Trading Company	2019
Sky Advertising and Promotion Company	2018
Medical Supplies and Services Company	2018
National Aluminum and Profiles Company	2017
Palestine Automobile Company	2017
Arab Palestinian Storage and Cooling Company	2017
Arab Palestinian Shopping Centers Company	2018
Siniora Food Industries Company (Jordan and Palestine)	2018
Jericho Natural and Mineral Water Factory Company	Liquidated
Arab Leasing Company	2016
Arab Palestinian Investment Company / Jordan (Exempted)	2018

In the management and its tax consultant's opinion, the provisions recorded as of December 31, 2020 are sufficient to settle the tax liabilities.

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

c. Deferred Tax Assets

This item consists of the following:

	2020					2019
	Beginning Balance	Additions	Released Amounts	Ending Balance	Deferred Tax	Deferred Tax
	USD	USD	USD	USD	USD	USD
Expected Credit Loss (Accounting Receivable)	4,535,419	775,101	(164,287)	5,146,233	358,665	300,907
Provision for slow-moving inventory	2,499,019	1,097,122	(483,388)	3,032,753	212,920	151,238
End-of-service indemnity provision	11,831,338	2,660,130	(409,882)	14,081,592	1,703,702	1,428,074
	18,825,776	**4,532,358**	**(1,057,557)**	**22,300,578**	**2,275,287**	**1,880,219**

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

Sky Advertising and Promotion Company, Palestine Automobiles Company, Arab Palestinian Storage and Cooling Company, Jericho Natural and Mineral Water Factory Company and Central & West Africa for Commercial Agencies and Arab Leasing Company.

The movement on deferred tax assets is as follows:

	2020	2019
	USD	USD
Balance - beginning of the year	1,880,219	1,655,617
Additions	438,587	289,401
Disposals	(43,519)	(64,799)
Balance – End of the Year	**2,275,287**	**1,880,219**

24. Provision for End-of-Service Indemnity

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

	December 31,	
	2020	2019
	USD	USD
Unipal General Trading Company	4,848,666	3,846,554
Siniora Food Industries Company	4,213,159	3,561,712
Medical Supplies and Services Company	3,318,069	3,061,332
National Aluminum and Profiles Company	1,436,007	1,155,824
Palestine Automobile Company	891,890	722,776
Arab Palestinian Investment Company (holding company)	777,068	641,243
Sky Advertising and Promotion Company	693,601	567,806
Arab Palestinian Shopping Centers Company	714,215	573,272
Arab Palestinian Storage and Cooling Company	91,261	89,387
Arab Leasing Company	78,961	65,691
Total	**17,254,997**	**14,285,598**

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

	2020	2019
	USD	USD
Balance – beginning of the year	14,285,598	12,062,613
Additions	3,477,637	3,098,883
Paid from the provision	(508,237)	(875,900)
Balance – End of the Year	**17,254,998**	**14,285,598**

25. Bonds

This item represents the bonds issued by the Group at an annual interest ranging between 3.75% and 4.5%.

The movement on this account is as follows:

	December 31,	
	2020	2019
	USD	USD
Balance – beginning of the year	35,000,000	35,000,000
Additions	75,102,400	–
Disposals	(35,000,000)	–
Balance – End of the Year	**75,102,400**	**35,000,000**

The details of the loan introduction as at the end of the period were as follows:

	December 31,	
	2020	2019
	USD	USD
Dollar bonds - issuance of the year 2018 *	–	35,000,000
Dollar bonds - issuance of the year 2020 ***	50,000,000	–
Euro bonds - issuance of the year 2020 ***	17,102,400	–
Total	**75,102,400**	**35,000,000**

* During the month of January 2018, the Arab Palestinian Investment Company issued bonds with a total Par value of USD 35 million, the Par value of each bond is USD 10,000, the date of issue is January 18, 2018, and its maturity is January 18, 2022, and the interest rate calculated on the bonds is 5% annually fixed for the first 30 months and an interest rate of 6 months LIBOR + 5/2% for the remaining 30 months of the bond's life, provided that the interest rate is not less than 5%. Interest payments are calculated over 360 days and are paid every six months from the date of issuance. Note that the issuing company has the right to amortize the value of one million US dollars and its multiples of bonds issued before their maturity date, at an amortization rate of 101% of the par value of the bonds to be amortized.

During the year 2018, a hedging agreement was concluded against the fluctuations of the LIBOR interest rate with the Arab Bank - Palestine under which an exchange rate of 5.702% would be paid to the bank for the last 30 months of the life of the bonds issued during the year 2018 in exchange for an interest rate of 6 months LIBOR. Interest payments are calculated on 360 days and paid every six months, starting from July 18, 2019.

The total par value of the bonds is secured by first-class mortgages of no less than 150% of the face value of the bonds. These mortgages include shares and plots of land.

The company early extinguished the Dollar bonds - issuance of the year 2018 during the year 2020 which amounted to USD 35 Million.

** During the month of June 2020, the Arab Palestinian Investment Company issued bonds with a total par value of USD 50 million, the par value of each bond is USD 10,000, the date of issue is June 28, 2020 and its maturity June 28, 2025, and the interest rate calculated on the bonds is 4.5% annually fixed for the first 30 months and the interest rate of 6 months LIBOR + 3.5% for the remaining 30 months of the bond's life, provided that the interest rate is not less than 4.5%. Interest payments are calculated over 360 days and are paid every six months from the date of issuance, noting that the issuing company has the right to amortize what its value is One million US dollars and its multiples of bonds issued before their maturity date, at an amortization rate of 101% of the par value of the bonds to be amortized.

*** During the month of June 2020, the Arab Palestinian Investment Company issued loan bonds with a total nominal value of 14 million Euros, equivalent to 15,727,000 US dollars, as on June 30, 2020, the nominal value of each bond is 10,000 Euros, the date of issue is June 28, 2020, and its maturity is June 28, 2025. The interest rate calculated on the bonds is 3.75% p.a. fixed for the first 30 months and the interest rate for 6 months EURO LIBOR + 3.5% for the remaining 30 months of the bond's life, provided that the interest rate is not less than 3.75% and not more than 4.75%, and interest payments are calculated over 360 days. It is paid every six months from the date of issuance, noting that the issuing company has the right to amortize the value of one million euros and its multiples of bonds issued before their maturity date, and at an amortization rate of 101% of the nominal value of the bonds to be amortized.

The movement on this account is as follows:

	December 31,	
	2020	2019
	USD	USD
Bonds maturing within one to five years	75,102,400	35,000,000

26. Property and Equipment Revaluation Reserve

This items consists of:

Company Name	December 31, 2020 Revaluation Reserve	Percentage of Ownership	Company's Share	Non controlling interest	December 31, 2019 Revaluation Reserve	Company's Share	Non Controlling Interest
	USD	%	USD	USD	USD	USD	USD
Arab Palestinian Shopping Centers Company	7,041,188	100%	7,025,597	15,591	7,041,188	7,025,597	15,591
National Aluminum and Profiles Company	2,493,784	73%	1,815,224	677,560	2,003,114	1,462,096	541,018
Unipal General Trading Company	2,075,098	93%	1,938,326	136,772	2,075,098	1,938,326	136,772
Siniora Food Industries Company	4,100,829	66%	2,691,511	1,409,318	4,101,330	2,729,211	1,372,119
Palestine Automobile Company	2,096,340	100%	2,096,340	-	1,610,000	1,610,000	-
Arab Palestinian Storage and Cooling Company	93,550	68%	64,054	29,496	93,550	64,054	29,496
	17,900,781		15,636,052	2,264,729	16,924,300	14,829,284	2,095,016

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

Company Name	Cost As of December 31, 2020	Cost As of December 31, 2019	Fair Value As of December 31, 2020	Fair Value As of December 31, 2019	Property and Equipment (Land) Revaluation Reserve As of December 31, 2020	Property and Equipment (Land) Revaluation Reserve As of December 31, 2019
	USD	USD	USD	USD	USD	USD
Arab Palestinian Shopping Centers Company	3,148,352	3,148,352	10,189,540	10,189,540	7,041,188	7,041,188
National Aluminum and Profiles Company	896,256	896,256	3,390,040	2,899,370	2,493,784	2,003,114
Unipal General Trading Company	1,067,902	1,067,902	3,143,000	3,143,000	2,075,098	2,075,098
Siniora Food Industries Company	6,780,406	6,780,406	10,881,227	10,881,736	4,100,821	4,101,330
Palestine Automobile Company	4,136,833	4,136,833	6,233,173	5,746,833	2,096,340	1,610,000
Arab Palestinian Storage and Cooling Company	365,405	365,405	458,955	458,955	93,550	93,550
	16,395,154	16,395,154	34,295,935	33,319,454	17,900,781	16,924,300

The movement on the property and equipment (Land) revaluation reserve is demonstrated as follows:

	2020	2019
	USD	USD
Balance – Beginning of the year	16,924,300	16,924,300
Current year impact on shareholders equity	806,758	11,828
Current year impact on non controlling interest	169,723	(11,828)
Balance - End of the Year	17,900,781	16,924,300

29. General and Administrative Expenses

This item consists of the following:

	2020	2019
	USD	USD
Salaries and wages	14,928,627	13,808,671
Bonuses and employees benefits	6,136,361	4,091,185
Provision for End-of-service indemnity	1,827,435	1,627,066
Rent	473,615	458,803
Stationery and printing	181,822	152,583
Maintenance and cleaning	1,158,684	1,049,491
Telecommunication	716,752	656,386
Hospitality	940,211	673,237
Donations	3,486,303	1,587,115
Transportation, travel and business trips expenses	906,150	1,011,119
Consultation, legal and professional expenses	2,478,880	2,073,861
Subscriptions, governmental expenses and fees	832,042	531,498
Board of Directors' expenses	501,287	501,845
Insurance	1,254,925	1,222,714
Vehicles expenses	325,290	414,528
Water and Electricity	1,217,534	1,231,754
Advertising	90,231	278,399
Depreciation of Property and equipment	5,191,818	4,385,201
Provision for expected credit loss (Note 6)	880,992	788,343
Provision for unpaid leases	-	39,000
Goods storage and security expenses	619,867	236,835
Provision for slow-moving inventory items (Note 7)	1,418,940	626,516
Training	134,582	252,195
Others	2,276,993	1,447,628
Total	**47,368,417**	**38,937,207**

30. Selling and Distribution Expenses

This item consists of the following:

	2020	2019
	USD	USD
Salaries and wages	6,440,359	5,669,752
Company's share in social security & Provision for End of service	798,036	679,775
Advertising	4,055,016	5,006,542
Sales bonuses and commissions	6,417,707	5,005,862
Vehicles and fuel expenses	3,765,840	3,431,846
Telecommunication	156,069	103,299
Insurance	539,639	404,501
Depreciation of Property and equipment	912,255	893,739
Marketing	1,198,174	1,440,328
Transportation and travel	634,968	610,607
Export expenses	388,293	449,719
Showrooms' expenses	6,923	210,234
Rent	188,801	111,081
Others	1,112,605	795,898
Total	**26,724,885**	**24,871,816**

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

This item consists of the following:

	2020	2019
	USD	USD
Dividends Income	1,680,031	1,177,024
	1,680,031	**1,177,024**

32. Contingent Liabilities

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

	December 31,	
	2020	2019
	USD	USD
Letters of credit	11,022,032	6,678,656
Bank guarantees	18,412,109	25,985,729
Letters of guarantee	1,255,640	-

33. Segmental Analysis

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

	Industrial	Service	Trade	Other *	For the Year ended December 31, 2020	2019
	USD	USD	USD	USD	USD	USD
Total revenue	114,055,847	2,783,600	841,377,162	-	958,220,611	825,171,574
Less: Cost of sales and services	(79,449,359)	(3,395,062)	(756,705,568)	-	(839,549,989)	(722,136,563)
Gross Profit	**34,606,487**	**(612,456)**	**84,666,597**	-	**118,660,628**	**103,034,981**
Less: Expenses allocated to sectors	(28,601,352)	(1,885,602)	(45,425,210)	(11,765,342)	(87,677,508)	(76,482,434)
Profit before Tax	**6,005,135**	**(2,498,058)**	**39,241,383**	**(11,765,342)**	**30,983,115**	**26,552,547**
Less: Income tax	(615,480)	(68,438)	(5,296,477)	(60,000)	(6,140,395)	(4,701,196)
Profit for the Year	**5,389,655**	**(2,566,496)**	**33,944,906**	**(11,825,342)**	**24,842,724**	**21,851,351**

* The Holding Company.

	December 31,	
	2020	2019
	USD	USD
Total Assets	531,148,113	432,880,321
Total Liabilities	191,590,550	275,037,306

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, 2020		December 31, 2020	
		Revenue	Expenses	Assets	Liabilities
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	45,448,086	41,798,793	76,407,147	19,449,836
Arab Palestinian Investment Company / Jordan (Exempted)	Jordan	163,929	316,909	533,770	11,492
APIC Gulf Investment	United Arab Emirates	161,962	77,405	6,659,041	6,892,422
Taleed for Medical Supplies	Jordan/Iraq	6,857,689	5,813,840	8,499,938	6,579,204
Al Jiban for General Trading Company	Jordan	7,351,688	6,817,020	11,894,370	9,093,523
National Aluminum and Profiles Company	Jordan Branch	97,771	95,144	112,810	14,834

Company's Name	Geographical Location	For the Year Ended December 31, 2019		December 31, 2019	
		Revenue	Expenses	Assets	Liabilities
		USD	USD	USD	USD
Siniora Food Industries Company	Jordan	34,383,547	31,620,862	58,196,300	21,920,447
Arab Palestinian Investment Company / Jordan (Exempted)	Jordan	1,088,152	608,369	3,705,927	1,955,928
APIC Gulf Investment	United Arab Emirates	489,346	31,835	6,941,150	6,463,690
Taleed for Medical Supplies	Jordan/Iraq	2,383,217	2,347,598	7,019,884	6,033,403
National Aluminum and Profiles Company	Jordan Branch	54,812	57,644	331,092	109,348

34. Lawsuits

The following shows the cases filed against the group (and its subsidiaries) as of December 31, 2020:

a. Siniora Food Industries Company

There are lawsuits filed against the Siniora Food Industries Company - Palestine, valued at USD 171,848, in addition to a group of unspecified cases. In the opinion of the legal advisor and the company's management, the company will not have any obligations for these cases.

b. Arab Palestinian Shopping Centers Company

There are lawsuits held against Arab Palestinian Shopping Centers Company with an amount of USD 4,287,582. 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 "Ahlia Insurance Group" raised a lawsuit against Mr. Ali Al-Aqqad personally and against him as the chairman of Jericho Natural and Mineral Water Factory Company and against the Arab Palestinian Investment Company (APIC) as a shareholder and a board member of Jericho Natural and Mineral Factory Company, represented by Mr. Tarek Omar AL-Aqqad, claiming a compensation for USD 721,577, representing the plaintiff's shares in the Company's capital. The plaintiff objected against the Company's management which incurred losses as well as to its previous sale of the Company's assets. On December 6, 2011 a verdict was issued to dismiss the case, in which the prosecutor appealed the verdict in the specialty court. On October 3, 2013 a verdict was issued from the court of appeal accepting its principal and accordingly the Company's lawyer appealed this decision. The court's decision was to refuse the appeal and to return the case to the court of first instance. The court's decision to reject the cassation and return the papers to the Court of first instance to proceed the case on 2 June 2015. The company has filed a request to return lawsuit and the court will look into the filed request on the postponed session in November 17, 2016.

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

d. Unipal General Trading Company

There are lawsuits held against Unipal General Trading Company with an amount of USD 14,218,854. 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 175,252. 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 465,250. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company therefrom.

g. Sky Advertising and Promotion Company

There are lawsuits held against Sky Advertising and Promotion Company with an amount of USD 21,617. 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 cases filed against the Arab Palestinian Storage and Cooling Company of USD 254,482, in addition to other cases of unspecified value.

In the opinion of the Group's management and its legal advisors, the Group will not incur any obligations that exceed the provisions recognized in the consolidated financial statements.

35. Fair Value Hierarchy

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

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

Financial Assets/Financial Liabilities	Book Value December 31 2020 USD	Fair Value December 31 2019 USD	The Level of Fair Value	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
Financial Assets at Fair Value						
Financial assets at Fair Value through profit or loss	695,453	13,094	Level One	Market Price	Not Applicable	Not Applicable
Financial assets at Fair Value through Other Comprehensive Income:						
Listed Companies Shares	10,680,522	11,585,381	Level One	Market Price	Not Applicable	Not Applicable
Non-listed Companies Shares	11,959,463	9,562,593	Level Two	Compared with similar financial instrument	Not Applicable	Not Applicable
Investment Funds	8,100,484	4,860,164	Level Two	Compared with similar financial instrument	Not Applicable	Not Applicable
Financial hedging instruments assets	8,555,200	-	Level One	Market Price	Not Applicable	Not Applicable
Investment Properties	848,177	818,127	Level Three	Real Estate appraiser		
Property Plan & equipment at fair value	35,025,518	38,048,825	Level Three	Real Estate appraiser		
Total Financial Assets at Fair Value	**75,851,845**	**65,888,834**				

There were no transfers between level One and level Two during the year 2020.

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

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

	Book Value December 31, 2020 USD	Fair Value December 31, 2020 USD	Book Value December 31, 2019	Fair Value December 31, 2019	The Levels of Fair Value
Non-specified Fair Value Financial Liabilities					
Long-term Bonds	75,102,400	75,165,041	35,000,000	35,611,806	Level Two
Loans and Banks Payable	120,450,417	120,567,606	129,926,015	130,084,157	Level Two
Total Non-specified Fair Value Financial Liabilities	**195,552,817**	**195,732,711**	**164,926,015**	**165,695,963**	

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

- The fair value mentioned above is as of December 31, 2020, and 2019

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 Group	December 31, 2020 USD	December 31, 2019 USD
Aqqad Investment Company	Major Shareholder	97,393	126,122
United Motors Company	Owned by Major Shareholder	178	178
Central and West Africa for Commercial Agencies	Under Liquidation Company	251,131	245,706
		372,006	372,006
Due to related parties			
Medical supplies and services company -KSA*	Owned by Major Shareholder	-	4,900,000
Taleed Medical Supplies and Services company - Gulf	Owned by Major Shareholder	82,324	42,835
The shareholders of the Arab Palestinian Investment Company**		441,441	535,458
		523,765	5,478,293

* 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 2020	Nature of Transaction	Amount USD
Aqqad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	94,256

Year 2019	Nature of Transaction	Amount USD
Aqqad Investment Company – Major Shareholder	Travel and insurance expenses paid on behalf of the Company	171,866

b. The salaries, bonuses and other benefits of the executive management of the holding company and its subsidiary companies amounted to USD 5,970,153 for the year 2020 (USD 4,727,752 for the year 2019).

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, 2020 and 2019:

	December 31,	
	2020	2019
	USD	USD
Due to banks	29,837,118	56,125,886
Accounts payable	62,128,036	43,066,820
Notes payable within one year and Deferred Checks	8,227,998	8,062,443
Due to related parties	523,765	3,478,293
Lease liabilities – short term	2,643,846	2,338,842
Short-term loan installments	62,925,756	31,678,898
Other credit balances	29,810,851	26,246,613
Income tax provision	5,826,301	3,595,931
Total Current Liabilities	201,923,671	176,593,735
Provision for End-of-service indemnity	17,254,997	14,285,598
Long term - lease liabilities	6,462,939	7,000,741
Long-term bonds	75,102,400	35,000,000
Financial hedging instruments liabilities	7,959,000	-
Long-term loan installments	27,687,543	42,157,231
Total Liabilities	336,390,550	275,037,305
Total Owners' Equity	174,757,561	157,843,016
Ratio of Debt to Owners' Equity	%193	174%

b. Liquidity Risk

Liquidity risk, also referred to as financing risk, is the risk that the Group will encounter difficulty in raising funds to meet its commitments. Moreover, the Group 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 Group'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,	
	2020	2019
	USD	USD
Current Assets	292,845,409	233,064,429
Less: Current liabilities	(201,923,671)	(176,593,735)
	90,921,738	**56,470,694**

c. Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 USD 29 million. In addition, the debtors are spread widely among client's classifications and their geographical areas. Moreover, the Group 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,	
	2020	2019	2020	2019
	USD	USD	USD	USD
Jordanian Dinar	64,938,062	51,578,791	18,213,476	5,118,215
Shekel	91,326,396	122,917,837	116,368,705	85,214,293
Euro	1,821,055	3,369,549	8,031,654	8,156,589

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency type for the years 2020 and 2019 and that impacts the consolidated statement of profit or loss and owners' equity is as follows:

	+1%		-1%	
	2020	2019	2020	2019
	USD	USD	USD	USD
Asset				
Shekel	913,264	1,229,178	(913,264)	(1,229,178)
Euro	18,211	33,695	(18,211)	(33,695)
Liabilities				
Shekel	1,163,687	852,143	(1,163,687)	(852,143)
Euro	80,317	81,566	(80,317)	(81,566)

The Group's management believes that there is no substantial risk of the exchange rate of some currencies against the US dollar, since the exchange rates of the Jordanian dinar, the Saudi riyal and the Emirati dirham are linked to the US 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%	
	2020	2019	2020	2019
	USD	USD	USD	USD
Consolidated statement of profit or loss	2,117,398	1,730,245	(2,117,398)	(1,730,245)

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 Group are not listed in financial markets. The below sensitivity analysis refers to the investments listed in Palestine Stock Exchange.

	December 31, 2020		
	Change in Indicator	Effect on Statement of profit or loss	Effect on Owner's Equity
Indicator	USD	USD	USD
Palestine and Jordan Stock Exchange	%5-+	-+34.772	-+534.026

	December 31, 2019		
	Change in Indicator	Effect on Consolidated statement of profit or loss	Effect on Owner's Equity
Indicator	USD	USD	USD
Palestine and Jordan Stock Exchange	+- 5%	+-655	+-579.262

g. Occupation and Sovereign Risks

Occupation and ssovereign risks are the risks to which the Palestinian National Authority (PNA) 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 National Authority. 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,	
	2020	2019
	USD	USD
Profit for the year	19,862,219	17,871,120
	Share	Share
Weighted Average of shares Number	95,000,000	93,875,000
	USD/Share	USD/Share
Earnings per share for the year relating to the Group's shareholders / basic and diluted*	-/209	-/190

The weighted average number of shares was increased by the stock dividends granted during the year 2020.

39. Acquisition of subsidiaries

1. Unipal General Trading Company (subsidiary company) acquired 80% of Al Jihan Trading Company during the year 2020.

2. Sky Advertising and Promotion Company acquired a 60% stake in Oyoun Media Advertising and Publication Company during the year 2020.

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

Goodwill impairment test

During the year, the Group evaluated the recoverable amount and determined that the goodwill associated with the acquired assets is not impaired and that its book value approximates its fair value.

Assumptions used in calculating the value in use:

The recoverable amount associated with the cash-generating unit is determined on the basis of the value of the usage amount, by predicting cash flows derived from the financial budget approved by management, covering 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 follows on the date of acquisition, noting that management will perform a purchase price allocation study on the acquired assets during a year from the acquisition date:

	August 11, 2020	September 31, 2020
	Oyoun Media for Advertising and Publications Company	Al-Jihan for General Trading Company
	USD	USD
Cash and cash equivalents	138,399	-
Accounts receivable and note receivable	59,983	-
Inventory	-	3,161,973
Property and equipment	8,518	291,804
Total Assets	**206,900**	**3,453,777**
Account payable	56,958	-
Accrued expenses	7,392	
Deferred revenues	11,921	-
Other credit balances	2,448	-
Total Liabilities	**78,719**	**-**
Net assets acquired	128,181	3,453,777
Less: amount paid in cash	747,000	9,650,777
Other Assets Resulting from Acquisitions	**618,819**	**6,197,000**

During the year 2019, the Medical Supplies and Services Company purchased the net assets of Mediserve Medical Services Company - Iraq (a related company) and acquired Taleed Medical Supplies - Jordan from the Medical Supplies and Services Company - Saudi Arabia (a related company). The accounting for the initial purchases is based on the temporary fair valueof the assets and liabilities acquired by the Group.

The Group's net share of the net assets directly related to the acquisitions that occurred during the year 2019 on the date of its acquisition was as follows:

	July 31, 2019	
	Taleed for Medical Supplies Company - Jordan	Assets of Mediserve Medical Services Company - 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	104,517	255,957
Property and equipment	3,945	183,831
Total Assets	560,141	6,865,673
Account payable	194,666	275,266
Other credit balances	13,472	983,765
Total Liabilities	208,138	1,259,031
Net assets acquired	352,003	5,606,642
Less: amount paid in cash	400,000	8,000,000
Other assets arising from acquisitions	47,645	2,393,358

During the year 2020, the Group completed the purchase price allocation on the other assets resulting from the acquisitions of Taleed Medical Supplies - Jordan and the assets of Mediserve Medical Services Company - Iraq.

The following shows the movement in other assets resulting from acquisitions during the year:

Other assets resulting from acquisitions (note 15):

	December 31, 2020
	USD
Balance - beginning of the year	2,441,003
Transferred to exclusive distribution rights and backlogs	(1,717,085)
Amounts resulting from acquisitions during the year	6,815,819
Transferred to goodwill	(723,918)
Balance – end of the year	**6,815,819**

40. Hedge Derivatives:

The Group signed an agreement during the year 2020 with Arab Bank Palestine to hedge against the change in euro exchange rate against the US dollar.

The derivative asset and liability with Arab Bank -Palestine do not meet the offsetting criteria in IAS 32. Consequently, the gross amount of the derivative asset and gross amount of derivative liability are presented separately in the Group's consolidated statement of financial position and as follows:

Financial hedging instruments assets:

The following table shows the financial hedge assets classified as effective fair value hedging instruments:

	December 31, 2020
	USD
Cross Currency Swap Agreement – Euro	8,551,200
Total hedge assets	8,551,200

Financial hedging instruments liabilities:

The following table shows the financial hedge liabilities classified as effective fair value hedging instruments:

	December 31, 2020
	USD
Cross Currency Swap Agreement – USD	7,959,000
Total hedge liabilities	7,959,000

41. Corona Virus ("COVID-19") Impact

The Covid-19 outbreak in early 2020 and its spread to multiple geographical locations around the world caused widespread disruptions to businesses, with the consequent negative impact on economic activity. This event witnesses constant and accelerating developments which requires from the company's management to perform an assessment of the expected impact on the Group's operation, in addition to performing a study to review and assess the expected risks on the consolidated financial statements as of December 31, 2020.

The Group has taken the following measures to contain the crisis as follows:

a. The Group has formed a committee planning the continuity of work to determine and supervise the implementation of the plan of continuity of work related to:
   - Equipping alternative sites to distribute employees to ensure the continuity of work and to maintain the social spacing between employees.
   - Activating the feature of working remotely for sensitive functions in order to ensure the continuity of providing service to customers through electronic channels.
   - Maintaining the safety of both employees and customers by taking all measures related to the sterilization of branches and workplaces.

b. In addition to monitoring the impact of the (Covid-19) crisis on the results of the Group's business, the Group's management updated the future aspirations of the following hypotheses used:
   - Adjustments to projected credit loss calculation models to consider the potential impact of an epidemic to address the impact on specific sectors or clients based on relative cash flow projections.
   - The group has made adjustments to the value models of the fleet and obsolete inventory to take into account the potential impact of the Pandamic.

c. In addition to monitoring the impact of the crisis (Covid-19) on the Group's liquidity levels, the Group's management has prepared all scenarios related to stressful situations, noting that the Group enjoys comfortable levels and a strong solvency margin that enables it to respond to market conditions and economic developments.

42. Subsequent events

1. Subsequent to the date of the consolidated financial statements, on first of March 2021, the Group completed all legal procedures to purchase 77% of the Trakya Meat Industry Company shares in the Republic of Turkey, the total value of the investment reached 203.9 million Turkish Liras equivalent to USD 26.5 million including the Group's shares of the increasing the capital of the invested company which is approximately 38.5 million Turkish Liras (equivalent to approximately to USD 5.35 million), this deal was funded by Siniora Food Industries /Palestine (subsidiary company) by obtaining a loan from Cairo Amman Bank amounted to USD 21 million at an interest rate (JD Monthly CAB Prime +1%) where the loan is settled within six years by 24 quarterly installment after a grace period of 12 months which interest is paid, and a loan from Safa Bank (Palestine) amounted to USD 7.1 million with Interest of 5.5% where the a loan is settled within six years by 24 quarterly installment after a grace period of 12 months which interest is paid. The two loans were guarantee by the mortgage of the factory land and the mortgage over the machinery and equipment of the company's factory in Palestine in addition to the guarantee of the Siniora Food Industries Company Jordan.

2. Subsequent to the date of the consolidated financial statements, the Group purchased 3% of the shares in Unipal General Trading Company owned by non-controlling parties through a special issuance of 1.2 million APIC's shares which value was estimated at an issue price of USD 2.69 per share and paid a monetary amount of USD 2.72 million. Resulting in share premiums of USD 2.03 million as a result of the agreement in addition to an increase in the controlling interest in the company to reach 96.4% of owner's equity.

3. Subsequent to the date of the consolidated financial statements, the Group (through a subsidiary company) acquired the shares of the non-controlling interests in the Unipal General Trading Company amounting to 2.5% through a payment of about USD 3.7 million, The agreement resulted in Unipal General Trading Company to become a wholly owned subsidiary.

Jordan

Amman, Dabouq
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