



آيبيك APIC

يَقُودُنَا التَّمَيُّزُ Driven by Excellence

# Annual Report 2021





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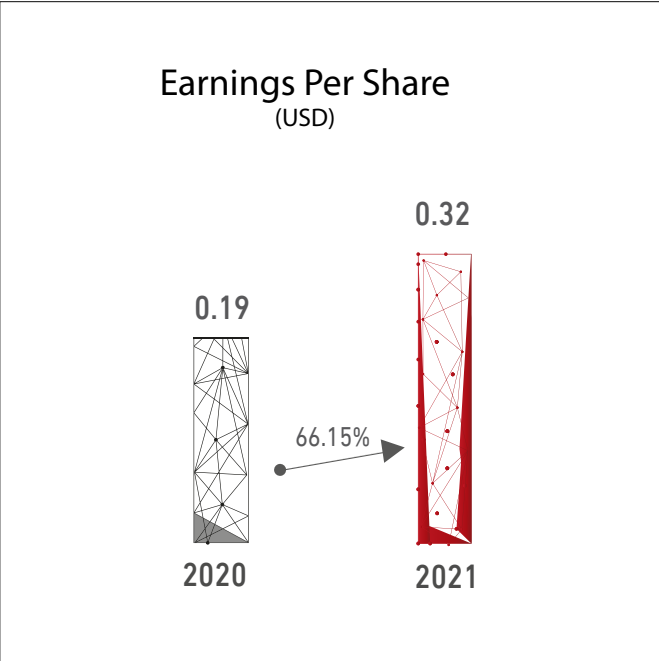
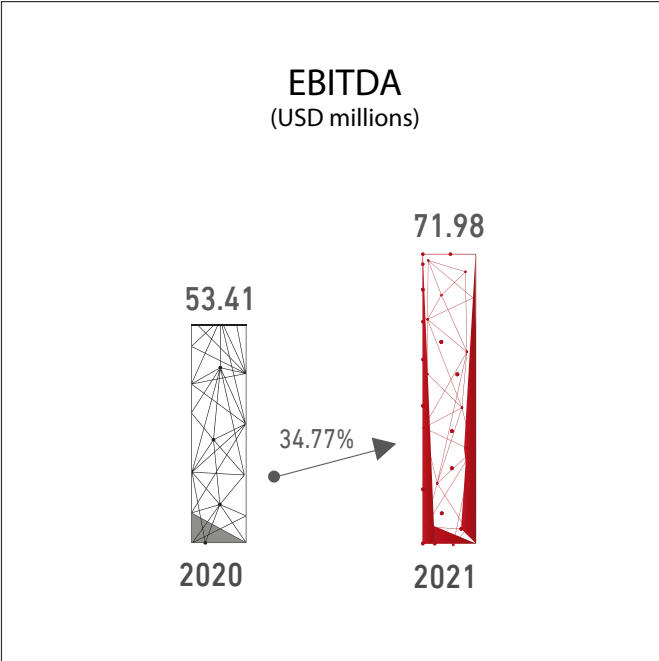
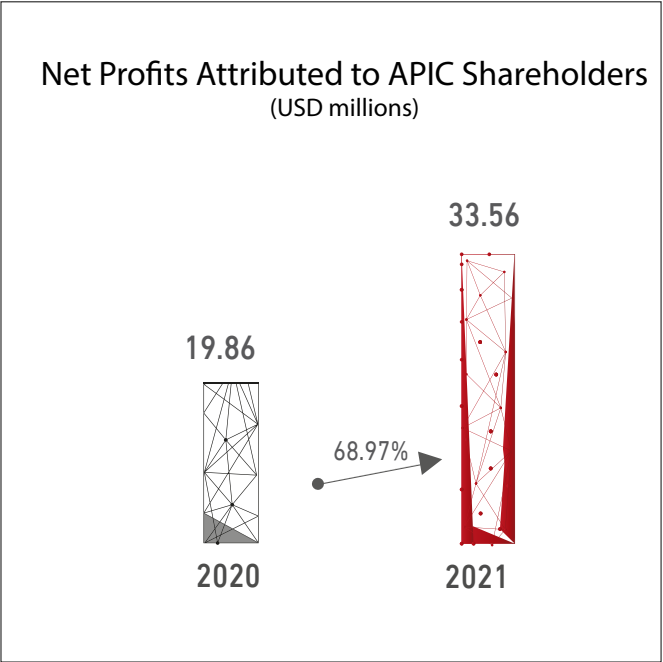
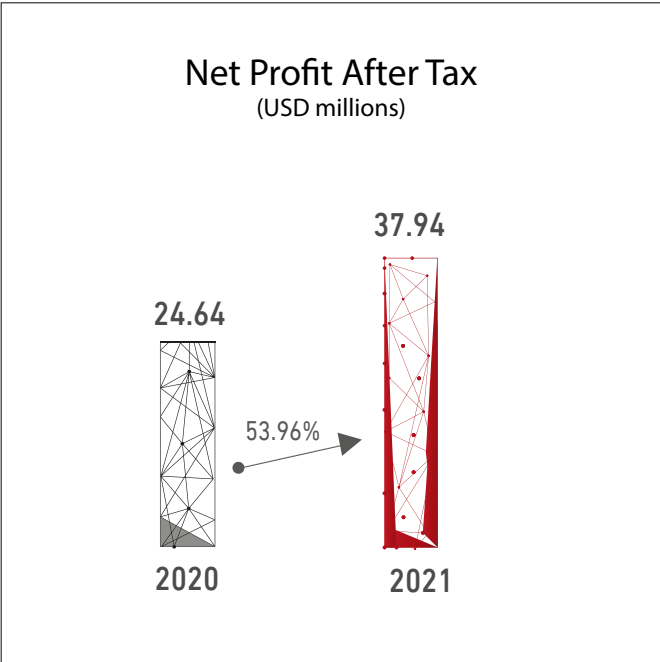
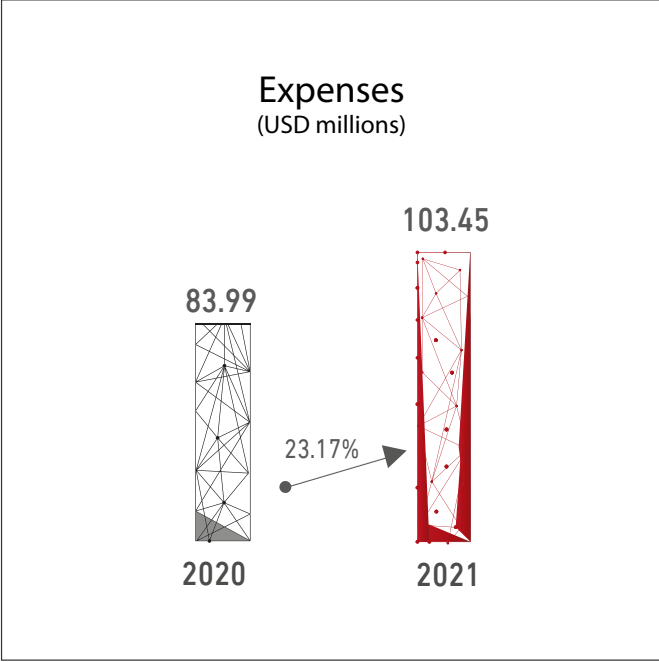
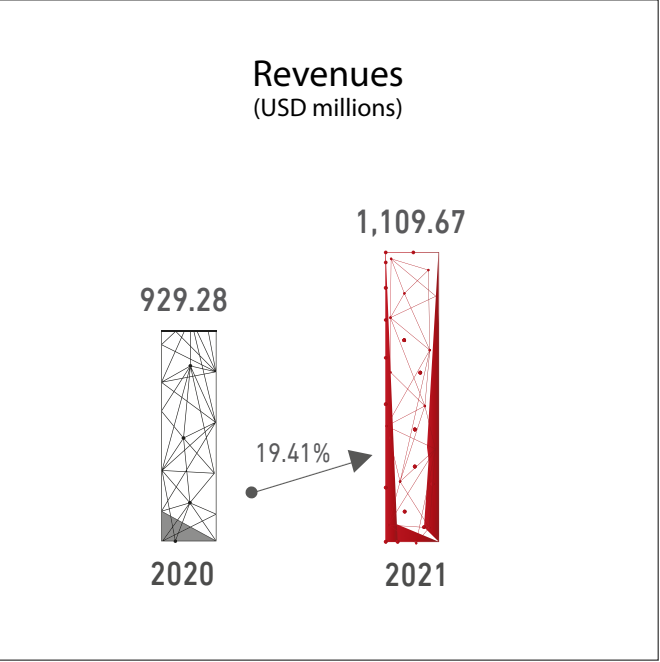


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Key Performance Indicators







## Chairman's Statement

Dear Shareholders,

I am pleased to inform you that your company achieved outstanding results in 2021. Total revenues exceeded the one billion mark and grew by 19.4% compared to 2020. The group's net profits increased by 54% to reach USD 38 million, while net profits attributed to APIC shareholders grew by 69% and amounted to USD 33.6 million. Consequently, earnings per share rose to reach 32 cents in 2021, a growth of 66% year on year.

### **Increasing the authorized capital to USD 125 million and number of issued shares to 105 million**

In 2021, APIC increased its authorized capital from USD 100 million to be USD 125 million. Also, the company increased the number of its issued shares from 95 million to 105 million shares through a private issuance of 1.2 million shares in early 2021 and the distribution of 8.8 million in bonus shares to APIC shareholders.

### **Total value of distributed dividends amounted to USD 16 million, 16.65% of the company's paid-in capital.**

In conjunction with the distribution of bonus shares, which represented 9.15% of the company's paid-in capital, APIC distributed cash dividends to its shareholders amounting to USD 7.215 million, which represented 7.5%; accordingly, total value of distributed dividends of cash and bonus shares amounted to USD 16 million, which represented 16.65% of the company's paid-in capital at the time.

### **APIC's market capitalization grew by 30%**

APIC's share maintained good performance throughout 2021, closing at USD 3.3 by the end of the year, a growth of 18% compared to 2020. APIC's market capitalization increased to USD 346.5 million by the end of 2021, a growth of 30% year on year.

### **Subsidiaries of the group achieved significant operational developments**

Siniora Food Industries Company acquired the Polonez business for meat manufacturing in Turkey in a deal worth USD 28.3 million. This acquisition came as part of the company's growth strategy to increase its market share on a regional and global scale by targeting new markets.

National Aluminum and Profiles Company (NAPCO) increased its authorized and paid-in capital from JD 8 million to JD 11 million through a secondary IPO, a step that contributes to financing part of NAPCO's strategic expansion plans.

Unipal General Trading Company, through its subsidiary in Jordan, incorporated several distribution agreements for various brands in a deal that amounted to USD 12 million, including the value of goods and other assets. This deal furthers the company's expansion in the Jordanian market and increases its portfolio of products to maximize revenues and profits.

Medical Supplies and Services Company (MSS) obtained exclusive distribution rights in Palestine for several multinational brands in the field of medical and surgical equipment, veterinary medicine, and hygiene. This move will enrich MSS's portfolio with more premium quality brands and will contribute significantly to strengthening the company's position in the Palestinian market.

### **Bravo sale deal**

APIC sold out all its stake in Arab Palestinian Shopping Centers Co. (Bravo), a move that is in line with the company's vision to focus on developing and expanding other strategic sectors. The total value of the deal, including the value of the sold shares, the settlement of Bravo's bank debts and the value of the tax settlement, amounted to USD 23 million, while the recognized profit in the interim consolidated statement of profit or loss amounted to USD 4.67 million.

### **USD 2.55 million investment in corporate social responsibility by supporting more than 70 institutions**

In 2021, APIC and its subsidiaries invested USD 2.55 million in corporate social responsibility (CSR), which represented 6.7% of the group's net profit. This comes in line with our belief that CSR and supporting others are humanitarian and national obligations to contribute to achieving social and economic sustainability. We provided financial, moral, and in-kind support for more

than 70 charitable and humanitarian institutions that work with orphans, families, and people with special needs, among other institutions in the fields of education, youth, leadership and entrepreneurship, health and medical care, culture and heritage.

I am proud of the group's achievements, and I genuinely appreciate the dedication and efforts of our 2,600 employees. I am confident that with their persistent motivation, the APIC family will bring about the growth and profitability we aspire to achieve in the future.

Finally, on behalf of myself and all my colleagues on APIC's Board of Directors, I thank you, our shareholders, for your trust in the company, and we aspire to achieve more successes with you.

Kindest regards,

**Tarek Omar Aggad**

# Board of Directors

APIC's Board of Directors as at December 31, 2021 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



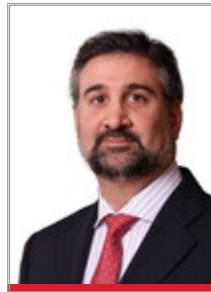
**Mr. Fuad Kattan**  
Member



**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.

### 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 2021 amounted to USD 360,000. While the value of remuneration for members of the committees stemmed from of the board of directors amounted to USD 87,000 in 2021.

### 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 (Advisor to the Board).

### 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.

# 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, 2021 is:

### Mr. Tarek Omar Aggad

Chief Executive Officer

### Mr. Nader Hawari

VP - Corporate Operations  
and Business Development

### Mr. Tareq Abbas

VP - Corporate Affairs

### Mr. Khaled Baradei

Chief Financial Officer

### Mr. Amro Al Khayyat

Chief Investment Officer

### Mrs. Fida Musleh/Azar

Investor Relations and Corporate  
Communication Manager

### Mr. Ramez Abu Ghazaleh

Internal Audit Manager

# Legal Advisor

A. F. & R Shehadeh - Law Firm

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

# External Auditor

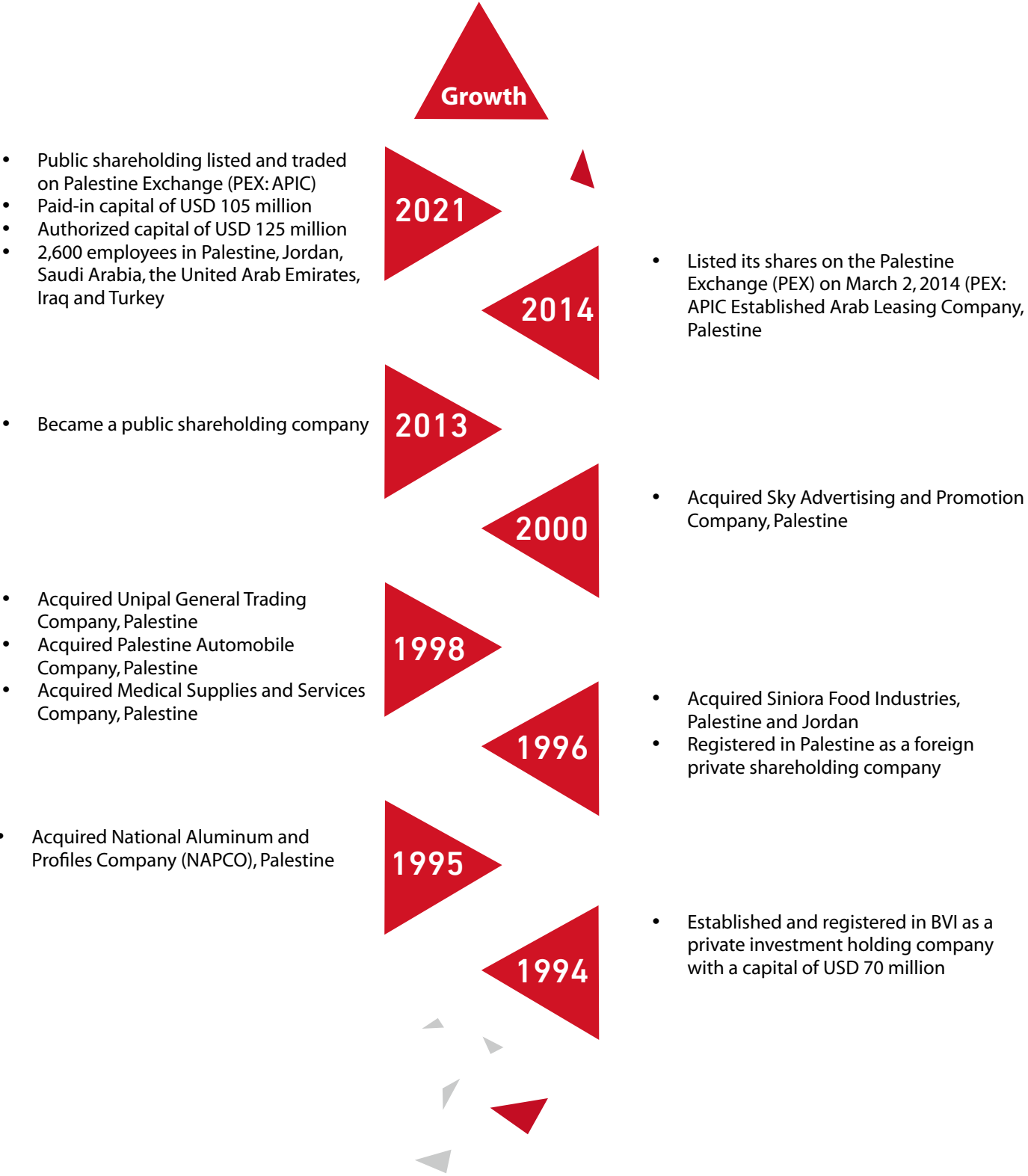
Deloitte & Touche Middle East - Jordan

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

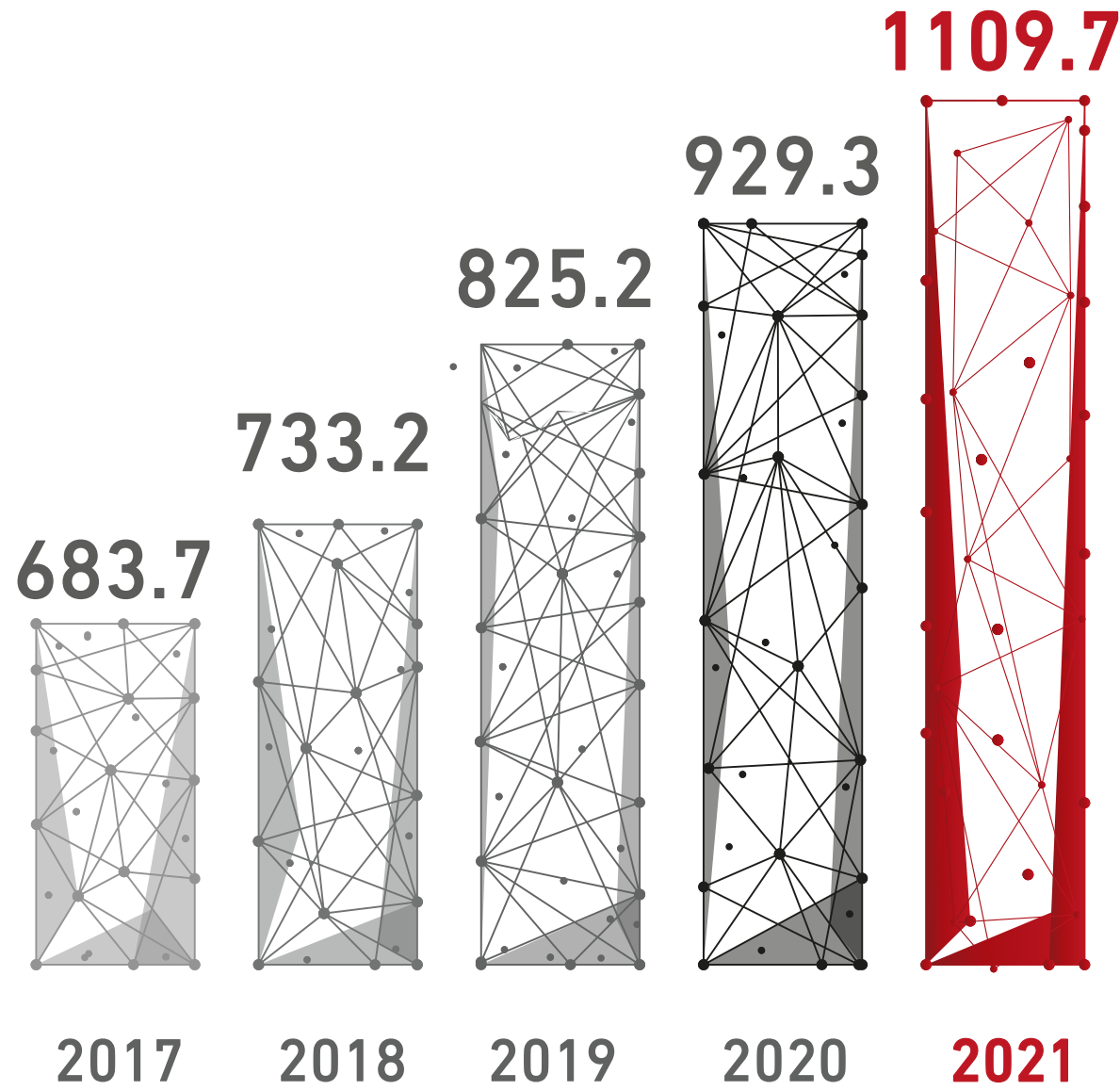


About APIC... 27 Years of Excellence

Milestones



Total Revenues 2017-2021  
(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 125 million divided into 125 million shares (USD 1.00 per share); while its paid-in capital is USD 105 million as of December 31, 2021.

## 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, Iraq and Turkey through its group of 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; Sky Advertising and Promotion Company; Arab Leasing Company; and the Arab Palestinian Storage and Cooling Company employing over 2,600 staff. 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 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                      | 2021        | 2020        | % change |
|---|-------------|-------------|----------|
| Share close (USD) as at December 31 (USD)     | 3.30        | 2.80        | 17.9%    |
| Trading volume (shares)                       | 19,016,894  | 38,523,543  | -50.6%   |
| Trading value (USD)                           | 58,527,539  | 94,752,676  | -38.2%   |
| Market capitalization as at December 31 (USD) | 346,500,000 | 266,000,000 | 30.3%    |
| Number of shareholders                        | 1,184       | 867         | 36.6%    |

High: USD 3.30

Low: USD 2.76

## Shareholders who own 5% and above

| Shareholder                           | Ownership % as at December 31, 2021 |
|---------------------------------------|-------------------------------------|
| Aggad International Investment CO LTD | 20.17%                              |
| Walid Amen Al Kayyali                 | 6.00%                               |
| KAMCO Investment Company (DIFC) LTD   | 5.20%                               |

## Main Decisions of the General Assembly 2021

- The report of the APIC Board of Directors for the year 2020 was approved.
- The auditor’s report and the financial statements for the year ending December 31, 2020, were approved.
- Deloitte & Touche Middle East was elected as the company’s auditor for the year 2021 and the Board of Directors was authorized to set the company’s remuneration.
- The General Assembly approved the Board of Director’s recommendation of a 16.647% dividend distribution of APIC’s paid-in capital amounting to USD 96.2 million for shareholders who were registered as at May 4, 2021, as follows:
  - Cash dividends amounting to USD 7.215 million, representing 7.5%
  - Share dividends amounting to 8.8 million shares, representing 9.147%
- Members of the Board of Directors were exonerated for the fiscal year ending December 31, 2020.

## 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](http://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 |
|-------------|----------------------------------|---------------------|----------------------|----------------------|------------------------|--|------------------------------------|
| 2020        | May 5, 2021                      | Cash & bonus shares | 16.647%              | Cash: 7.5%           | 96,200,000             | USD 7,215,000                              | 8,800,000 shares                   |
|             |                                  |                     |                      | Bonus shares: 9.147% |                        |  |                                    |
| 2019        | May 21, 2020                     | Cash & bonus shares | %13.48               | Cash: 6.74%          | 89,000,000             | USD 6,000,000                              | 6,000,000 shares                   |
|             |                                  |                     |                      | Bonus shares: 6.74%  |                        |  |                                    |
| 2018        | May 2, 2019                      | Cash & bonus shares | 12.8%                | Cash: 6.1%           | 82,000,000             | USD 5,000,000                              | 5,500,000 shares                   |
|             |                                  |                     |                      | Bonus shares: 6.7%   |                        |  |                                    |
| 2017        | May 2, 2018                      | Cash & bonus shares | 14.28%               | Cash: 7.14%          | 70,000,000             | USD 5,000,000                              | 5,000,000 shares                   |
|             |                                  |                     |                      | Bonus shares: 7.14%  |                        |  |                                    |
|             |                                  |                     |                      |                      |                        |  |                                    |
| 2016        | April 23, 2017                   | Cash & bonus shares | 12.06%               | Cash: 6%             | 66,000,000             | USD 3,960,000                              | 4,000,000 shares                   |
|             |                                  |                     |                      | Bonus shares: 6.06%  |                        |  |                                    |
|             |                                  |                     |                      |                      |                        |  |                                    |
| 2015        | May 18, 2016                     | Cash & bonus shares | 15%                  | Cash: 5%             | 60,000,000             | USD 3,000,000                              | 6,000,000 shares                   |
|             |                                  |                     |                      | Bonus shares: 10%    |                        |  |                                    |
|             |                                  |                     |                      |                      |                        |  |                                    |
| 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, 2021 | 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       | 77.02%(1)                           | Palestine               | Palestine, Jordan                            | Manufacturing of aluminum and profiles                               |
| Trade and Distribution Sector                    |                                     |                         |  |  |
| Unipal General Trading Company PSC               | 100%(2)                             | 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 |
| 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, equipment, and machines.                        |
| Arab Palestinian Storage and Cooling Company PSC | 71.11%(3)                           | Palestine               | Palestine                                    | Storage and cooling  |

This percentage represents APIC’s direct ownership of 74.85% in addition to its indirect ownership of 2.17 % through its subsidiary Unipal.  
This percentage represents APIC’s direct ownership of 97.5% in addition to its indirect ownership of 2.5% through its subsidiary Palestine Automobile Company.  
This percentage represents APIC’s direct ownership of 31.11% in addition to its indirect ownership of 40% through its subsidiary Unipal.

### Other Investments

APIC’s total investment portfolio in listed and unlisted shares, affiliate companies and investment funds amounted to USD 52.9 million as at December 31, 2021.

### 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.





## Siniora Food Industries Company

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

Siniora Food Industries own two brands, Siniora Al-Quds and Unium, which are recognized as leaders in the manufacturing of cold cuts, luncheon and frozen meat. Siniora is considered one of the first and largest meat manufacturing companies in the region, producing its lines in 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 Dubai, the United Arab Emirates and the fourth in Istanbul, Turkey.

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 subsidiary in the UAE, Diamond Meat Processing Company, is the owner of the Al Masa brand, and its subsidiary in Turkey Polonez Meat Manufacturing Company, owns the Polonez brand.

Siniora factories in Jordan, Palestine, and the United Arab Emirates have been awarded certificates in Food Safety Management System FSSC 22000, which are approved by GFSI. Moreover, all Siniora factories in Jordan, Palestine, the UAE, and Turkey have been awarded certificates in Food Safety Management System ISO 22000:2018, quality management certificates, and Halal certifications. Furthermore, Siniora factories in Palestine, Jordan and Turkey hold certificates in safety and occupational health management and environmental management, while the factory in Palestine holds the Palestinian Standard Certificate.

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](mailto:info@siniorafood.com)

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

#### Palestine

Bethany, Jerusalem  
Tel: +970 2 279 6804  
Fax: +970 2 279 9088

#### Jordan

Amman, King Abdullah II Industrial Estate, Sahab  
Tel: +962 6 402 3772  
Fax: +962 6 402 3773





## 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 40,000-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 making 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 holds the highest technical and administrative certificate issued by the Palestinian Standards Institution, the Quality Certificate based on the latest international references, the OHSAS Occupational Health and Safety Certificate, and ISO9001:2015 certificate, in addition to a number of technical conformity reports and certificates from various standards institutes and scientific research centers.

### General Manager: Mr. Anan Anabtawi

Contact Information  
Email: [info@napco.com.ps](mailto:info@napco.com.ps)  
Website: [www.napco.ps](http://www.napco.ps)

#### Headquarters

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



## 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. Unipal'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 subsidiaries in Jordan, Al-Jihan General Trading Company, and Uni-Pal General Trading Company are active within the FMCG sector in Jordan and represent many leading brands within both the food and non-food categories.

**CEO: Mr. Imad Khoury**

Contact Information  
E-mail: [info@unipalgt.com](mailto:info@unipalgt.com)  
Website: [www.unipalgt.com](http://www.unipalgt.com)

#### Headquarters

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





## 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](mailto:info@pac-pal.com)  
Website: [www.pac.ps](http://www.pac.ps)

#### Headquarters

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





## Medical Supplies and Services Company

**The exclusive distributor of various pharmaceuticals, FMCG, 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, MSS distributes human and veterinary 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 in this sector.

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

**Managing Director: Mr. Samer Kreitem**

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**Headquarters**  
 Ramallah, Palestine  
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 Fax: +970 2 295 9375





## 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.

Today, the company is the main provider of advertising services through the widest network of billboards and advertising LED screens, which are distributed in vital and strategic areas in various Palestinian cities.

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, Oyoum Media Company, specializes in providing digital media services, including digital communications and social media management.

### General Manager: Mr. Nader Maree

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E-mail: [info@sky-adv.com](mailto:info@sky-adv.com)  
Website: [www.sky.ps](http://www.sky.ps)

**Headquarters**  
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Fax: +970 2 298 6879

## 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 and financial leasing of equipment and machines. ALC aims to expand its services in the future to include 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

Ramallah, Al-Ayyam Street, Industrial Zone, Beitunia  
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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 2.5 MW to date as part of a comprehensive plan to achieve energy independence for the group in the future.

APIC subsidiaries have upgraded many of their vehicles to eco-friendly hybrid cars, and the group is 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 4,000 tons of aluminum were re-melted in the last three years.

### 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.
- Collecting hazardous waste in a designated area that is then disposed of in a specified area by a company that is authorized by the Ministry of Labor and according to the requirements of the Ministry of Environment.
- Water consumption optimization through standard operating procedures to monitor and prevent excessive water consumption.
- Energy consumption optimization through the installation of a renewable energy system using photovoltaic panels with a total production capacity of 1.1 MW in Jordan and Palestine, of which 1 MW is in Jordan, as well as the use of LED lighting units to reduce electrical energy consumption. Moreover, awareness signs are deployed beside lighting and air conditioning switches that provide instructions for factory employees to save electricity.
- Wastewater treatment through the operation of a treatment unit that is in line with related regulations of pH and total dissolved solids (TDS), biological oxygen (BOD) and chemical oxygen (COD) measures.
- Conducting environmental checks periodically to avoid any cases of non-conformity in order to protect the environment.
- The collection of used industrial and food oils and selling them to companies licensed by the Ministry of Environment for use in the soap industry.
- The collection of solid waste, such as nylon, carton, and damaged wooden pallets by a specialized company and replacing them with usable wooden pallets in order to reduce pressure on landfills and reduce the consumption of natural resources.
- 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 national and humanitarian duty...and a long-term investment

APIC invests 6.7% of its net profits in 2021 in social responsibility, amounting to \$2.55 million

APIC Group has maintained its assistance for the communities in which it operates through its continuous and proactive support for institutions with meaningful and effective visions in the charitable and humanitarian fields that care for orphans, people with special needs, families in need, institutions of education, health, youth, and entrepreneurial projects. In 2021, financial, in-kind, and voluntary support were presented to more than 70 institutions at a value of \$2.55 million, representing 6.7% of the company's net profit.

APIC's strategic and effective social responsibility program stems from its belief in the importance of participating in philanthropy as a national and humanitarian duty and as a long-term investment to achieve social and economic sustainability, building and empowering societies that can endure under all circumstances and challenges.



Persons with Special Needs



## Star Mountain Rehabilitation Center

### Start of the support

2017

### Purpose of support

Assisting the center in carrying out its humanitarian mission in the field of rehabilitation, training, and integration of people with intellectual disabilities into society

### Beneficiaries

Special needs of people with intellectual disabilities

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 four programs include an inclusive kindergarten, the school, the vocational training and community mobilization. Star Mountain Rehabilitation Center works with people with intellectual disabilities, their families, the community, as well as national and governmental organizations, local councils and schools to raise their awareness on disability rights and issues and inclusion 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, acrobatics, and dabkeh. The center currently supports 90 persons with intellectual disabilities from early childhood to the age of 40.





## Ephpheta Paul VI

Persons with Special Needs

### Start of the support

2020

### Purpose of support

Assisting the school in rehabilitating deaf children and students to help them develop linguistically, academically, and socially

### Beneficiaries

Special needs of people with hearing and speech disabilities

Ephpheta Paul VI is a specialized school for deaf and hard of hearing children and youth, assisting 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.



## Jasmine Charitable Society

Persons with Special Needs

### Start of the support

2020

### Purpose of support

Assisting the association in performing its humanitarian work in the care, rehabilitation and treatment of autistic children and people with disabilities through systematic and rehabilitative work in childhood

### Beneficiaries

Autistic children and children with disabilities

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.







## The Children with Autism and Learning Disabilities Society

Persons with Special Needs

### Start of the support

2020

### Purpose of support

Supporting the association in carrying out its humanitarian mission to integrate children with autism and those who have learning difficulties into society and to develop their creative abilities and talents

### Beneficiaries

Autistic children and children with disabilities

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.



## SOS Children's Villages Palestine

Orphans and Families in Need

### Start of the support

2016

### Purpose of support

Supporting the foundation and its activities, as well as sponsoring a family of seven children in SOS Children's Villages Palestine in the city of Bethlehem

### Beneficiaries

Children who have lost family care or who are at risk of losing it in Palestine

SOS Children's Villages Palestine is a member association of SOS Children's Villages International, which works in more than 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. The organization provides loving homes with SOS mothers who take care of them along with brothers and sisters in a loving family environment. It also works in cooperation with local communities, government agencies, and other organizations through the Family Strengthening Program to help and empower marginalized and fragile families to protect their children, build their capacities and care for them, provide educational supplies, health,



psychological and social support, and help establish income-generating projects for these families. There are also many forms of care that are provided to enable children and youth to integrate into Palestinian society through community homes placed outside the boundaries of children's villages or through their reintegration into their original families with the continuous follow-up of SOS Children's Villages staff. SOS Children's Villages Palestine was the first SOS Children's Village to open in the Middle East in 1966.



## SOS Children's Villages Jordan

### Start of the support

2020

### Purpose of support

Covering the value of tuition fees in Jordanian schools for 15 children of the association, with the aim of improving their chances in life and enabling them to integrate into society

### Beneficiaries

Children who have lost family care or who are at risk of losing it in Jordan

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. The institution provides 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

### Start of the support

2016

### Purpose of support

Supporting the association in its work in the field of humanitarian and development services

### Beneficiaries

Women and less fortunate groups in society

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, working 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.







Orphans and Families in Need

## Give Palestine Association

### Start of the support

2018

### Purpose of support

Supporting the relief society's programs and the vocational and technical training program for students, from which 200 orphans and poor families benefit, as well as sponsoring the psychological support project for affected children in the Gaza Strip, which includes 1,000 children and mothers

### Beneficiaries

Orphans, families in need, and the less fortunate in the Gaza Strip

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. 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, and also 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 and Families in Need

## Tkiyet Um Ali

### Start of the support

2020

### Purpose of support

Covering the costs of monthly food parcels for 200 families in the governorates of southern Jordan

### Beneficiaries

Families living below the food poverty line in Jordan

Tkiyet Um Ali was established in 2003 by Her Royal Highness Princess Haya Bint Al Hussein in memory of her late mother, Her Majesty Queen Alia. Tkiyet Um Ali is the first non-governmental organization of its kind to work towards eradicating 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 various volunteering programs that aim to preserve the dignity of endorsed families and improve their living conditions.





Education

## Dar Al-Tifel Al-Arabi Organization – Jerusalem

**Start of the support**

**2017**

**Purpose of support**

Covering educational grants for 20 distinguished girls at Dar Al-Tifl Al-Arabi School in Jerusalem

**Beneficiaries**

Orphan students from families in need 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

## The Industrial Secondary School - Jerusalem (Arab Orphan Committee)

**Start of the support**

**2017**

**Purpose of support**

Covering 25 educational grants for grades 11 and 12

**Beneficiaries**

Orphans and outstanding students from families in need

The Industrial Secondary School - Jerusalem was established in 1965 by the Arab Orphan Committee in the Beit Hanina area of Jerusalem. The German government has equipped the school with educational and training equipment and supplies and has provided it with resident experts. Since its establishment, the school has targeted orphaned Palestinian students aged between 15 and 18 years and provided them with all the material and human capabilities and the appropriate conditions to develop the practical and theoretical skills necessary to increase their chances of obtaining a job in the local market to support their families. The school offers training in several disciplines, including turning and automatic leveling, welding and metal forming (special courses), sanitary ware, central heating, and air conditioning, carpentry and furniture manufacturing, computers and networks maintenance, graphic design, electrical use and control, auto mechatronics, and hotel management.







## Dual Studies – Al-Quds University

### Start of the support

2016

### Purpose of support

Practical training for 16 students in APIC subsidiaries during their four-year university studies

### Beneficiaries

Students of dual studies in the Faculties of Electrical Engineering, Information Technology, and Business Administration at Al-Quds University

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 the chance to practice in the field of their study at a specialized Palestinian company until they achieve their bachelor's degree.



*"What differentiates me from other graduate engineers is that I got practical experience throughout my study period at the College of Dual Studies / Al-Quds University, in partnership with the National Aluminum & Profile Company (NAPCO). Being in a work environment enabled me to adapt to the world of employment and identify its requirements from the first year of education. It has also had an essential role in shaping my personality and defining the goals I aspire to achieve when I complete my education. With the constant support of NAPCO's staff, I was able to apply the theoretical element of my degree in my practical experience, as the company facilitated a remarkably suitable learning environment for the trainees. The opportunity at NAPCO has been a life-shaping one and stands as one of the best educational experiences I have yet received."*

**Faten Arar, Faculty of Engineering**

**National Aluminum & Profile Company (NAPCO) Trainee**



## Chevening Master's Scholarship

### Start of the support

2019

### Purpose of support

Full scholarship coverage for a student for a master's degree at a UK university

### Beneficiaries

High-achieving Palestinian students

Chevening is the British Government's international scholarship program, funded by the FDCO and partner organizations, operating in 160 countries, including Palestine, and awarded to outstanding leaders with leadership potential from all over the world to complete their master's studies at UK universities. The program provides fully funded study for one year for a master's degree, on any subject and at any UK university of the student's choice.



## Education



### Birzeit University

#### Start of the support

2018

#### Purpose of support

Providing annual scholarships to five students from the Omar Akkad College of Engineering

#### Beneficiaries

Engineering students at Birzeit University

Founded on the principles of excellence and opportunity for all, Birzeit University has become Palestine's leading academic institution. It is an academic powerhouse with a clear focus on excellence that has secured its national and international recognition on par 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



### INJAZ Palestine

#### Start of the support

2007

#### Purpose of support

Supporting the foundation in financing its activities, as well as volunteering the cadres of the APIC Group in the Injaz Foundation to enhance the leadership capabilities of Palestinian youth to contribute to economic development

#### Beneficiaries

Palestinian school and university students

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.







Education

## The Young Women's Christian Association (YWCA)



The YWCA of Palestine is a non-governmental association initiated in 1893 by informal groups of Christian women and was formally established in Jerusalem in 1918. The YWCA envisions a free and democratic civil society where women and youth are empowered to exercise and protect their political, economic, and social rights.



Education

مؤسسة محمود عباس  
Mahmoud Abbas Foundation

## 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 7,000 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

### Start of the support

2017

### Purpose of support

Supporting the Strengthening Young Palestinian Leaders program, which is concerned with empowering and building the capacities of young leaders and enhancing their role at all levels to play an influential role in the sustainable development process

### Beneficiaries

Young men and women in Palestinian society

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

### Start of the support

2017

### Purpose of support

Supporting the foundation's programs in developing talented entrepreneurs in Palestine

### Beneficiaries

Palestinian school and university students

Gaza Sky Geeks is a program by Mercy Corps, a leading global humanitarian organization. It was established in 2011 in collaboration with Google with the goal of leveraging and nurturing the highly skilled Palestinian youth, in order to simulate the Palestinian digital economy through tech and innovation. Operating through the Gaza Strip and the West Bank, Gaza Sky Geeks provides budding freelancers, founders, and coders with the technical training and support to earn income online through its Freelancing and Coding Academies and Startup Accelerator program. Since 2017, Gaza Sky Geeks 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.







## Youth, Leadership and Entrepreneurship

### Sharek Youth Forum

#### Start of the support

2021

#### Purpose of support

Contribution to the costs of the project to open the agricultural Al-Amal Street, which leads to the youth village of the forum in the village of Kafr Nima

#### Beneficiaries

Young men and women participating in the youth village and Palestinian farmers who need to access their lands in the area of Kafr Nima village

Sharek Youth Forum is a Palestinian not-for-profit youth organization that promotes the dynamic development of youth through a plethora of innovative and vibrant methods and activities. Sharek operates in all the Palestinian governorates, in addition to the youth village, which is established for the use of Palestinian youth, providing the space for youth to meet and work together on diverse projects throughout Palestine. Utilizing a dense network of hundreds of volunteer youth located throughout the Palestinian territories, Sharek makes use of such expertise to contribute to the creative development of youth whilst simultaneously building the capacity of its volunteers.



## Health and Medical Care

### Aid and Hope Program for Cancer Patients Care

#### Start of the support

2018

#### Purpose of support

Supporting the association's programs that aim to provide psychological and social support, medical assistance, and campaigns to raise awareness of the importance of early detection of breast cancer in women

#### Beneficiaries

Women with breast cancer and their families in Gaza

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.





## King Hussein Cancer Foundation

### Start of the support

2010

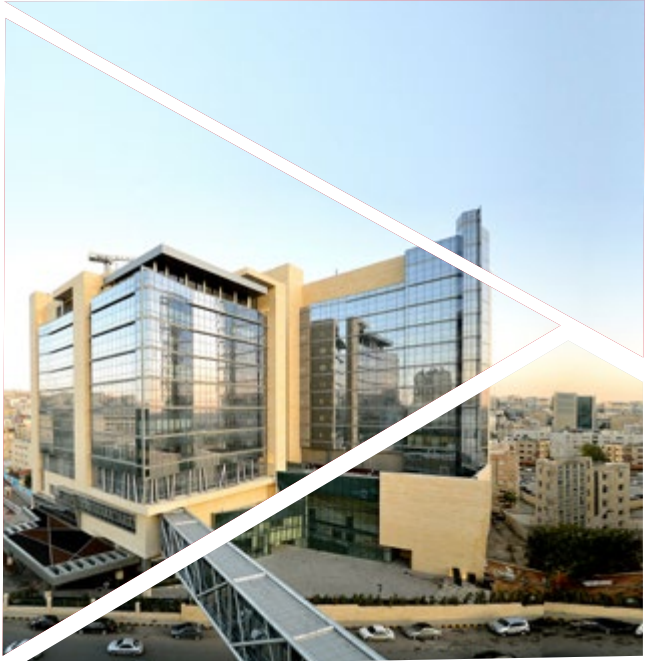
### Purpose of support

Supporting the center's programs in general and the foundation's Dream Realization Program in particular, as well as supporting the Charity Fund dedicated to covering the costs of accommodation for Palestinian cancer patients who are referred by the Palestinian Ministry of Health for treatment at the King Hussein Cancer Center

### Beneficiaries

Cancer patients

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.



## Al-Malath Hospice for Humanistic Care

### Start of the support

2020

### Purpose of support

Supporting the foundation's work in the field of palliative care for patients in the late stages of terminal illness

### Beneficiaries

Patients in the late stages of 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.







Culture and Heritage

## Centre for Architectural Conservation – RIWAQ

### Start of the support

2021

### Purpose of support

Supporting the Tashgeel program, which aims to create job opportunities through restoration in various sites in Palestine

### Beneficiaries

Palestinian workers and historical buildings

RIWAQ was set in motion in 1991 when a group of enthusiasts came together in an organized effort to save historic buildings in Palestine. RIWAQ's mission is to protect, restore, and rehabilitate the architectural and cultural heritage in Palestine through its main programs, the Restoration Program, the Regeneration of the 50 Most Significant Historic Centers, and the Community and Cultural Program. RIWAQ contributes to the production and dissemination of knowledge about heritage through its Research and Publications Program including the Registry of Historic Buildings in Palestine, and works, in collaboration with other actors, on building a conducive institutional and legal environment. Since 2001, RIWAQ has restored more than 130 community centers and has provided more than 500,000 direct days of work on-site for Palestinian workers.



Culture and Heritage

## El-Funoun Palestinian Popular Dance Troupe

### Start of the support

2016

### Purpose of support

Funding the dance troupe's activities to contribute to preserving Palestinian cultural heritage

### Beneficiaries

Talented Palestinian male and female dancers

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 2021, APIC and its subsidiaries provided financial and in-kind support to other various groups and organizations in Palestine and Jordan, including:

- Jerusalem Protection Society
- Palestinian Football Association
- IbdAA Charity Organization
- Jerusalem Forum
- Palestinian Civil Defense
- Municipalities and village councils
- Royal Society of Fine Arts- Jordan
- YMCA – Jerusalem
- Various schools and universities
- Thalassemia Patients' Friends Society
- Nur Al Ein Association - Jerusalem
- 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 2021



# CFO's Statement

## Dear Shareholders,

We are pleased to present the audited consolidated financial statements for 2021.

Kindly note that the consolidated financial statements of 2020 were represented after excluding the impact of the operations of the Arab Palestinian Shopping Centers Company (Bravo) following the selling of APIC's entire stake in the company towards the end of the first half of 2021, in order to provide a reasonable and fair basis for measuring and tracking the growth in the group's business results year on year. Bravo's net results have been re-presented in a separate line item in the income statement under «Net Profit from Discontinued Operations».

The audited financial statements show that APIC achieved remarkable growth in its results in 2021 compared to 2020. Total revenues grew by 19.4% year on year, reaching USD 1.11 billion in 2021, while operating profits grew by 31.4%, reaching USD 57.1 million. EBITDA reached USD 71.98 million, a growth of 34.8%. Consequently, the group's consolidated net profits grew by 54% to reach USD 38 million, noting that these profits include USD 4.67 million from the sale of APIC's entire stake in Bravo. Net profits attributed to APIC shareholders amounted to USD 33.6 million, a growth of 69%. Earnings per share (EPS) also grew by 66% to reach 32 cents in 2021.

The group's general, administrative and financing expenses amounted to USD 103.5 million in 2021, an increase by 23.2% compared to 2020, which was attributed to the additional variable expenses related to the increase in the sales and marketing activities for the subsidiaries' new brands, the growth in manpower caused by the increase of operational capacity, the additional expenses related to the investment expansion activities of some subsidiaries among other new acquisitions throughout the year. In 2021, Siniora Food Industries Company acquired the Polonez business for meat manufacturing in Turkey; accordingly, its total expenses were added to the group's consolidated expenses. In addition, the expenses for an entire financial year were added for Al-Jihan General Trading Company, a subsidiary of Unipal in Jordan, and Oyoun Media company, a subsidiary of Sky in Palestine, both which were acquired in mid-2020. Moreover, there was an increase in depreciation and financing expenses. Total expenses also included corporate social responsibility donations, which amounted to USD 2.55 million in 2021.

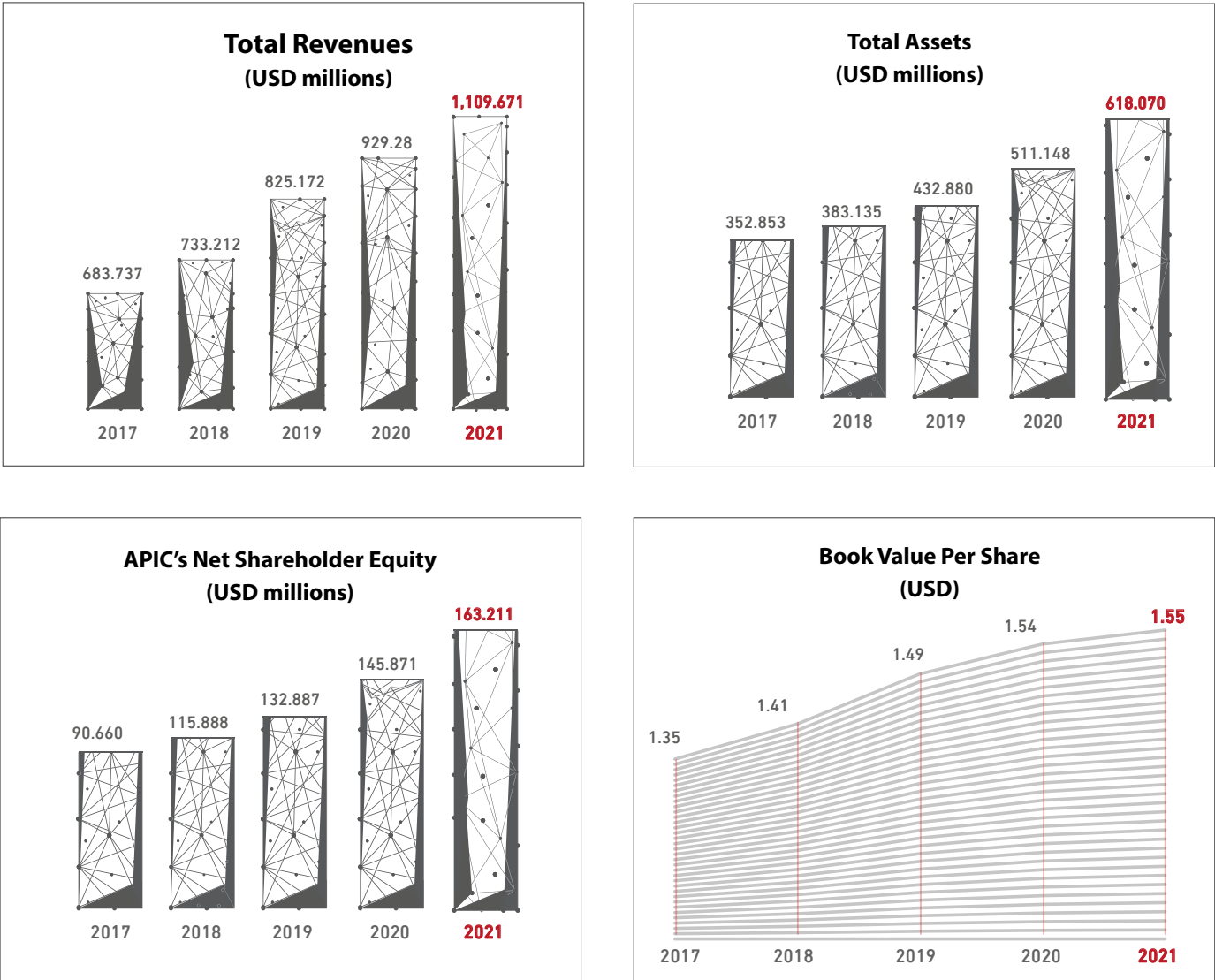
## Consolidated Financial Position

Total assets reached USD 618.1 million at the end of 2021, an increase of 21% over 2020, while current assets amounted to USD 375.8 million at the end of 2021, an increase of 28% year on year, and short-term liabilities reached USD 264.8 million at the end of 2021, an increase of 31% year on year. Accordingly, the current ratio of the group was 1.42x, which is very close to 2020's ratio of 1.45x.

The group's bank borrowing increased to reach USD 269.44 million by the end of 2021, an increase of 37.8% over 2020, 40% of which is attributed to financing the working capital of the group, while 60% is attributed to financing capital expenditures related to buying machines and operational assets, in addition to financing acquisition transactions of subsidiaries.

As for owner equity, it amounted to USD 191.5 million (including minority rights) at the end of 2021, an increase of 9.6% over 2020. Owner equity attributed to APIC shareholders amounted to USD 163.2 million at the end of 2021, an increase of 12% over 2020, with USD 7.215 million distributed to shareholders during 2021 as cash dividends. Moreover, the company's capital was increased by 10 million shares by increasing the number of issued shares from 95 million to 105 million shares through a private issuance of 1.2 million shares and the distribution of 8.8 million in bonus shares to APIC shareholders.

The following charts show the main indicators and financial data for the company between 2017 and 2021:



**Discrepancy Between Initial Disclosure and Final Audited Results**

In February 2022, APIC disclosed its consolidated preliminary financial statements for 2021 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 some classifications of accounts and representing some figures in the income statement and the balance sheet according to the classification criteria accredited by the auditors, in addition to the result of the readjustment of figures related to the final settlement and the reconciliation and the elimination of the commercial transactions that occurred between the group’s subsidiaries that appeared in the final settlements. In accordance with IFRS, the statement of comprehensive income was adjusted to present the impact of foreign currency translation resulting from the cost of investing in the Turkish company Polonez by Siniora due to the drop in the value of the Turkish lira at the end of 2021.

Khaled Baradei  
Chief Financial Officer

**ARAB PALESTINIAN INVESTMENT COMPANY**  
**(HOLDING COMPANY)**  
**BRITISH VIRGIN ISLANDS**  
  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**TOGETHER WITH THE INDEPENDENT**  
**AUDITOR’S REPORT**

**ARAB PALESTINIAN INVESTMENT COMPANY**  
**(HOLDING COMPANY)**  
**BRITISH VIRGIN ISLANDS**  
**DECEMBER 31, 2021**

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**INDEPENDENT AUDITOR’S REPORT**

**AM / 001 / 006655**

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

**Report on the Audit of the Consolidated 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, 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in owners’ equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, 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 Group as of December 31, 2021, 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’s responsibility paragraph related to the audit of the consolidated financial statements, in addition to all matters related thereto, our audit includes the implementation of procedures designed to respond to our assessment of the risks of material misstatement in the consolidated financial statements. The results of our audit procedures, including procedures to address the matters below, provide a basis for our opinion on the audit of the accompanying consolidated financial statements.

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <b>1. Expected Credit Losses of Financial Assets</b> <p>The Group held total receivables, cheques under collection and other financial assets with a carrying amount of USD 191 million and the related allowance for expected credit losses ('ECL') amounted to approximately USD 8,2 million as of December 31, 2021.</p> <p>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 including the determination of loss scenarios and the associated loss weights on outstanding balances, definition of loss given default, probability of default (PD) calculation and the assignment of management overlays to specific debtors.</p> <p>Refer to notes 2, 6 and 11 on the consolidated financial statements for the accounting policy and the related disclosures.</p> | <p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"><li>• We understood the Group's key processes used in preparing the assumptions and estimates used in the determination of the allowance for expected credit losses.</li><li>• We identified the relevant controls over the determination of the allowance for ECL, assessed the design of these controls and determined if they had been implemented appropriately.</li><li>• We reviewed the Group's policy on determining the allowance for expected credit losses and compared it to the requirements of IFRSs.</li><li>• We agreed the data used in the calculation of the allowance for expected credit losses to the Group's accounting records and other supporting documentation, where applicable.</li><li>• We assessed the Group's determination of when a significant increase in credit risk occurs and the basis for classifying exposures into different stages against the requirements of IFRSs.</li><li>• We assessed the Group's method of determining exposure when default occurs, and the probability of default and loss in the event of default used in calculating the expected credit loss of a sample of exposures.</li><li>• We reperformed the mathematical accuracy of the calculations of the allowance for expected credit losses.</li><li>• We agreed the results of the calculations used to calculate the allowance for expected credit losses to the amounts reported in the consolidated financial statements.</li><li>• We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.</li></ul> |

| Key audit matter  | How our audit addressed the key audit matter   |
|---|--|
| <b>2. Inventory</b> <p>The Group held inventories with a carrying amount of USD 98,5 million representing 15,9 % of the total assets amount as of December 31, 2021.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Refer to notes 2 and 7 for accounting policy the related disclosures.</p> | <p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"><li>• Assessed the design and implementation of the Group's controls over the estimation and monitoring of the allowance of slow moving and obsolete inventories;</li><li>• Assessed the methodology used to determine the measurement of the allowance for slow moving and obsolete inventories.</li><li>• Evaluated the Group's policies for slow moving and obsolete inventories by comparing historical estimations to actual results, assessing the consistency of the policy with prior years and our knowledge of industry practice;</li><li>• Tested the accuracy and completeness of the inventory ageing reports used by management in the assessment of the allowance for slow moving and obsolete inventories and arithmetical accuracy of the computations;</li><li>• Inquired about the existence of any obsolete or slow moving inventories during our attendance at physical inventory counts and determined that these items were included in the determination of the allowance for slow moving and obsolete inventories; and</li><li>• Assessed if the disclosures in the financial statements relating to this area against the requirements of IFRSs.</li></ul> |



| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>3. Impairment of goodwill and trademarks</b></p> <p>As of December 31, 2021, the book value of goodwill and trademarks amounted to approximately USD 14,2 million, which represents 2,2% of the total assets. It is considered that the useful life of the trademarks is indefinite.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Refer to notes 2 and 15 for more details relating to this matter.</p> | <p>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:</p> <ul style="list-style-type: none"><li>• evaluating the design and implementation of controls over the Group’s testing of goodwill and trademarks for impairment;</li><li>• assessing the principles and methods used for determining the recoverable amounts of the CGU to which the goodwill and trademarks are allocated and assessing that the methods used are in accordance with requirement of IAS 36;</li><li>• reconciling the net carrying amount of the goodwill and trademarks allocated to the CGU with the Group’s accounting records;</li><li>• 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;</li><li>• 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;</li><li>• substantiating the results of sensitivity analyses carried out by management by comparing them to those realized by us;</li><li>• verifying the arithmetical accuracy of the valuations used by the Company.</li><li>• We also assessed the disclosures in the consolidated financial statements relating to this area against the requirements of IFRSs.</li></ul> |

| Key audit matter  | How our audit addressed the key audit matter   |
|---|--|
| <p><b>Acquisition of Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (“Tarakya”)</b></p> <p>During the year the Group completed the acquisition of a controlling stake of 77% of Tarakya for a consideration of USD 23.06 million. Refer to Note 2 to the consolidated financial statements for the accounting policy and Note 1\f for the acquisition disclosure</p> <p>The cost of acquisition was accounted for by determining the fair value of assets and liabilities acquired. This acquisition resulted in the recognition of property and equipment of USD 6.9 million and intangible assets of USD 18.6 million (includes goodwill and trademarks amounted to USD 15,06 Million).</p> <p>The Group has undertaken a purchase price allocation as required by IFRS 3 Business Combinations. This included complex valuation considerations and required the use of specialists and engaged an external expert to assist them in determining this allocation.</p> <p>The process of determining the value of property and equipment and intangible assets requires the use of multiple estimates. These include, among others, the following:</p> <ul style="list-style-type: none"><li>• The allocation of the purchase price;</li><li>• The opening statement of financial position, considering fair value adjustments recognized;</li><li>• The identification of property and equipment;</li><li>• The identification of intangible assets; and</li><li>• The useful economic lives used in depreciating the property and equipment and amortizing the intangible assets.</li></ul> <p>Due to the size and complexity of the acquisition, we considered this to be a key audit matter.</p> | <p>Our audit procedures performed included, but were not limited to, the following:</p> <ul style="list-style-type: none"><li>• We confirmed that the effective date of the acquisition was in compliance with the requirements of IFRS 3 by inspecting the salient terms and conditions of the purchase agreement.</li><li>• We reviewed the sale and purchase agreements for the acquisition and assessed the acquisition accounting, tested the validity and completeness of the consideration and evaluated management’s assumptions and methodology supporting the fair values of intangible and net assets acquired.</li><li>• We assessed the skills, independence, objectivity and qualifications of the external experts used by the Group to value the net assets acquired.</li><li>• We reviewed the engagement letter between the external experts and the Group to determine if the scope of the external experts work was sufficient for audit purposes.</li><li>• We utilized our internal valuation specialists to assess the findings of the external experts.</li><li>• We agreed the results of the external experts analysis to the amounts reported in the consolidated financial statements.</li><li>• We assessed the disclosures in the consolidated financial statements, relating to this matter, against the requirements of IFRSs.</li></ul> |

#### Other Matter

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

#### Other Information

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

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

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on effectiveness of internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain appropriate and suitable evidence regarding the financial information and the workplace activities within the group "The company and its subsidiaries" to present an opinion on the consolidated financial statement. We are responsible for the coordination, supervision and performance of the group's audit. We are solely responsible regarding our audit opinion.

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

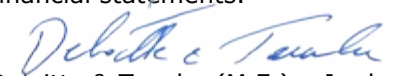
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard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

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

#### Report on Other Legal and Regulatory Requirements

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

Amman - Jordan  
March 30, 2022

  
Deloitte & Touche (M.E.) – Jordan

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

| Assets   | Note  | December 31        |                    |
|--|-------|--------------------|--------------------|
|  |       | 2021               | 2020               |
| <b>Current Assets</b>  |       | <b>USD</b>         | <b>USD</b>         |
| Cash on hand and at banks  | 5     | 46,564,274         | 39,618,477         |
| Accounts receivable and short term cheques under collection - net        | 6     | 187,489,956        | 128,889,540        |
| Inventory - net  | 7     | 98,494,959         | 90,497,625         |
| Due from related parties   | 36    | 1,821,007          | 348,702            |
| Financial assets at fair value through profit or loss                    | 8     | 369,669            | 695,433            |
| Other debit balances   | 9     | 33,687,059         | 28,669,012         |
| Leasing contracts receivable - short term                                | 10    | 7,380,290          | 4,126,620          |
| <b>Total Current Assets</b>  |       | <b>375,807,214</b> | <b>292,845,409</b> |
| <b>Non-Current Assets</b>  |       |                    |                    |
| Leasing contracts receivable - long term                                 | 10    | 8,888,028          | 6,817,531          |
| Cheques under collection - long term                                     | 11    | 3,488,782          | 2,466,216          |
| Deferred tax assets  | 23    | 2,633,284          | 2,275,287          |
| Financial hedging instruments assets                                     | 40    | 7,959,000          | 8,551,200          |
| Right of use assets - net  | 12    | 8,664,765          | 9,138,081          |
| Financial assets at fair value through other comprehensive income        | 13    | 41,774,188         | 27,740,468         |
| Investment in land   | 14    | 819,127            | 819,127            |
| Intangible assets - net  | 15    | 34,528,828         | 25,512,886         |
| Investment in associates   | 16    | 10,789,513         | 8,382,511          |
| Property and equipment - net   | 17    | 115,461,216        | 124,774,903        |
| Projects under construction  | 18    | 7,256,318          | 1,824,492          |
| <b>Total Non-Current Assets</b>  |       | <b>242,263,049</b> | <b>218,302,702</b> |
| <b>Total Assets</b>  |       | <b>618,070,263</b> | <b>511,148,111</b> |
| <b>Liabilities and Shareholders' Equity</b>                              |       |                    |                    |
| <b>Current Liabilities</b>   |       |                    |                    |
| Accounts payable   |       | 66,834,318         | 62,128,036         |
| Due to banks   | 19    | 59,236,974         | 29,837,118         |
| Notes payable and postdated cheques - short term                         | 20    | 7,091,047          | 8,227,998          |
| Due to related parties   | 36    | 440,478            | 523,765            |
| Lease liabilities - short term   | 12    | 2,825,271          | 2,643,846          |
| Loans installments - short term  | 21    | 83,322,538         | 62,925,756         |
| Other credit balances  | 22    | 38,604,039         | 29,810,851         |
| Income tax provision   | 23    | 6,404,870          | 5,826,301          |
| <b>Total Current Liabilities</b>   |       | <b>264,759,535</b> | <b>201,923,671</b> |
| <b>Non Current Liabilities</b>   |       |                    |                    |
| End of service indemnity provision                                       | 24    | 19,839,855         | 17,254,997         |
| Bonds payable - long term  | 25    | 73,918,000         | 75,102,400         |
| Notes payable and postdated cheques - long term                          |       | 1,021,044          | -                  |
| Lease liabilities - long term  | 12    | 6,163,091          | 6,462,939          |
| Financial hedging instruments liabilities                                | 40    | 7,959,000          | 7,959,000          |
| Loans installments - long term   | 21    | 52,961,967         | 27,687,543         |
| <b>Total Non-Current Liabilities</b>                                     |       | <b>161,862,957</b> | <b>134,466,879</b> |
| <b>Total Liabilities</b>   |       | <b>426,622,492</b> | <b>336,390,550</b> |
| <b>Owners' Equity</b>  |       |                    |                    |
| Authorized capital is 125,000,000 shares at a par value of \$1 per share | 1     | 125,000,000        | 100,000,000        |
| <b>Shareholders' Equity</b>  |       |                    |                    |
| Paid up capital  | 1 / B | 105,000,000        | 95,000,000         |
| Share premium  | 1 / F | 12,103,000         | 10,075,000         |
| Retained earnings  |       | 61,228,638         | 36,935,837         |
| Cumulative change in fair value  |       | 2,505,828          | (277,563)          |
| Property and equipment (Land) revaluation reserve                        | 26    | 9,479,203          | 15,636,052         |
| Foreign currency translation effect                                      |       | (8,480,229)        | 347,165            |
| Difference on the purchase of minority interest                          | 2     | (18,625,172)       | (11,844,996)       |
| <b>Total shareholders' equity</b>  |       | <b>163,211,268</b> | <b>145,871,495</b> |
| Non controlling interest   | 27    | 28,236,503         | 28,886,066         |
| <b>Total Owners' Equity</b>  |       | <b>191,447,771</b> | <b>174,757,561</b> |
| <b>Total Liabilities and Owners' Equity</b>                              |       | <b>618,070,263</b> | <b>511,148,111</b> |

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

**ARAB PALESTINIAN INVESTMENT COMPANY**  
**(HOLDING COMPANY)**  
**BRITISH VIRGIN ISLANDS**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

|  | Note | For the Year Ended December 31 |                     |
|--|------|--------------------------------|---------------------|
|  |      | 2021                           | 2020 (re-displayed) |
|  |      | <b>USD</b>                     | <b>USD</b>          |
| Net sales  |      | 1,104,518,165                  | 926,495,867         |
| Less: Cost of sales  |      | (961,160,353)                  | (813,088,073)       |
| <b>Gross Profit from sales</b>   | 28   | <b>143,357,812</b>             | <b>113,407,794</b>  |
| Services revenue   |      | 5,153,026                      | 2,782,606           |
| Less: Cost of services   |      | (5,521,903)                    | (3,395,062)         |
| <b>Net Service revenue</b>   |      | <b>(368,877)</b>               | <b>(612,456)</b>    |
| <b>Gross Profit from sales and service</b>   |      | <b>142,988,935</b>             | <b>112,795,338</b>  |
| Less: General and administrative expenses  | 29   | (54,220,614)                   | (42,612,829)        |
| Selling and distribution expenses  | 30   | (31,646,913)                   | (26,724,885)        |
| <b>Profit from Operations</b>  |      | <b>57,121,408</b>              | <b>43,457,624</b>   |
| Unrealized (loss) gain from financial assets at profit or loss                             |      | (296,927)                      | 85,734              |
| Depreciation of right of use assets  | 12   | (3,110,049)                    | (2,523,365)         |
| Interest on lease liabilities  | 12   | (439,131)                      | (335,742)           |
| Gain from financial assets at fair value through other comprehensive income                | 31   | 559,453                        | 1,680,031           |
| Interest and borrowing cost  |      | (14,029,530)                   | (11,791,731)        |
| Company's share of associate companies (loss) profit                                       | 16   | (455,677)                      | 917,203             |
| Other revenue (expenses) - net   |      | 3,455,405                      | (534,198)           |
| <b>Profit for the Year before Income Tax</b>   |      | <b>42,804,952</b>              | <b>30,955,556</b>   |
| Income tax expense - the Company and its subsidiaries                                      | 23   | (9,208,676)                    | (6,367,810)         |
| <b>Profit for the Year from Continuing Operations</b>                                      |      | <b>33,596,276</b>              | <b>24,587,746</b>   |
| Add: net (loss) gain from discontinued operations  |      | (325,790)                      | 54,977              |
| Profit resulting from the sale of a subsidiary company                                     |      | 4,669,423                      | -                   |
| <b>Profit for the Year</b>   |      | <b>37,939,909</b>              | <b>24,642,723</b>   |
| <b>Attributable to:</b>  |      |                                |                     |
| Company's shareholders   |      | 33,560,835                     | 19,862,219          |
| Non-controlling interest   | 27   | 4,379,074                      | 4,780,504           |
| <b>Profit for the Year</b>   |      | <b>37,939,909</b>              | <b>24,642,723</b>   |
| Earnings per share attributable to the Company's shareholders from continued operations    |      | 0.278                          | 0.191               |
| Earnings per share attributable to the Company's shareholders from discontinued operations | 38   | 0.041                          | 0.001               |

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ARAB PALESTINIAN INVESTMENT COMPANY  
(HOLDING COMPANY)  
BRITISH VIRGIN ISLANDS  
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

|  | Paid-up Capital    | Share Premium     | Retained Earnings | Cumulative Change in Fair Value | Property and Equipment (Land) Revaluation Reserve | Foreign Currency Translation Effect | Difference in Purchase of Non-Controlling Interest | Total Shareholders' Equity | Non - Controlling Interest | Total Owners' Equity |
|--|--------------------|-------------------|-------------------|---------------------------------|---|-------------------------------------|--|----------------------------|----------------------------|----------------------|
| <b>For the Year Ended December 31, 2021</b>  | <b>USD</b>         | <b>USD</b>        | <b>USD</b>        | <b>USD</b>                      | <b>USD</b>  | <b>USD</b>                          | <b>USD</b>   | <b>USD</b>                 | <b>USD</b>                 | <b>USD</b>           |
| Balance as of January 1, 2021  | 95,000,000         | 10,075,000        | 36,935,837        | (277,563)                       | 15,636,052  | 347,165                             | (11,844,996)                                       | 145,971,495                | 28,886,066                 | 174,757,561          |
| Change in fair value - Financial assets at fair value through other comprehensive income | -                  | -                 | -                 | 2,783,391                       | -   | -                                   | -  | 2,783,391                  | -                          | 2,783,391            |
| Change in fair value - property and equipment revaluation reserve / land                 | -                  | -                 | -                 | -                               | 628,600   | -                                   | -  | 628,600                    | -                          | 628,600              |
| Foreign currency translation effect  | -                  | -                 | -                 | -                               | -   | (8,827,394)                         | -  | (8,827,394)                | (8,759,258)                | (17,586,652)         |
| Profit for the Year  | -                  | -                 | 33,560,835        | -                               | -   | -                                   | -  | 33,560,835                 | 4,379,074                  | 37,939,909           |
| <b>Total comprehensive income for the year</b>   | <b>-</b>           | <b>-</b>          | <b>33,560,835</b> | <b>2,783,391</b>                | <b>628,600</b>                                    | <b>(8,827,394)</b>                  | <b>-</b>   | <b>28,145,432</b>          | <b>(4,380,184)</b>         | <b>23,765,248</b>    |
| Increase in paid up capital ***  | 10,000,000         | -                 | (8,800,000)       | -                               | -   | -                                   | -  | 1,200,000                  | -                          | 1,200,000            |
| Share premium as a result of capital increase **   | -                  | 2,028,000         | -                 | -                               | -   | -                                   | -  | 2,028,000                  | -                          | 2,028,000            |
| Distributed dividends ***  | -                  | -                 | (7,215,000)       | -                               | -   | -                                   | -  | (7,215,000)                | -                          | (7,215,000)          |
| Net change in property and equipment revaluation reserve (note 26)                       | -                  | -                 | 7,025,597         | -                               | (7,025,597)                                       | -                                   | -  | -                          | (15,591)                   | (15,591)             |
| Net change in non controlling interest *   | -                  | -                 | (278,631)         | -                               | 240,148   | -                                   | (6,780,176)  | (6,818,659)                | 3,746,212                  | (3,072,447)          |
| <b>Balance as of December 31, 2021</b>   | <b>105,000,000</b> | <b>12,103,000</b> | <b>61,226,638</b> | <b>2,505,828</b>                | <b>9,479,203</b>                                  | <b>(8,480,229)</b>                  | <b>(18,625,172)</b>                                | <b>163,211,268</b>         | <b>28,236,503</b>          | <b>191,447,771</b>   |

|  |                   |                   |                   |                    |                   |                |                     |                    |                   |                    |
|--|-------------------|-------------------|-------------------|--------------------|-------------------|----------------|---------------------|--------------------|-------------------|--------------------|
| <b>For the Year Ended December 31, 2020</b>  |                   |                   |                   |                    |                   |                |                     |                    |                   |                    |
| Balance as of January 1, 2020  | 89,000,000        | 10,075,000        | 28,922,918        | 1,826,014          | 14,829,284        | 110,655        | (11,876,656)        | 132,887,215        | 24,955,801        | 157,843,016        |
| Change in fair value - Financial assets at fair value through comprehensive income | -                 | -                 | -                 | (2,103,577)        | -                 | -              | -                   | (2,103,577)        | 6,815             | (2,096,762)        |
| Change in fair value - property and equipment revaluation reserve / land           | -                 | -                 | -                 | -                  | 806,768           | -              | -                   | 806,768            | 169,713           | 976,481            |
| Foreign currency translation   | -                 | -                 | -                 | -                  | -                 | 272,343        | -                   | 272,343            | 2,161             | 274,504            |
| Profit for the Year  | -                 | -                 | 19,862,219        | -                  | -                 | -              | -                   | 19,862,219         | 4,780,504         | 24,642,723         |
| <b>Total comprehensive income for the year</b>                                     | <b>-</b>          | <b>-</b>          | <b>19,862,219</b> | <b>(2,103,577)</b> | <b>806,768</b>    | <b>272,343</b> | <b>-</b>            | <b>18,837,753</b>  | <b>4,959,193</b>  | <b>23,796,946</b>  |
| Increase in paid up capital ****   | 6,000,000         | -                 | (6,000,000)       | -                  | -                 | -              | -                   | -                  | -                 | -                  |
| Distributed dividends ****   | -                 | -                 | (6,000,000)       | -                  | -                 | -              | -                   | (6,000,000)        | -                 | (6,000,000)        |
| Net change in non controlling interest *   | -                 | -                 | 150,200           | -                  | -                 | (35,833)       | 31,660              | 146,527            | (1,028,928)       | (882,401)          |
| <b>Balance as of December 31, 2020</b>   | <b>95,000,000</b> | <b>10,075,000</b> | <b>36,935,837</b> | <b>(277,563)</b>   | <b>15,636,052</b> | <b>347,165</b> | <b>(11,844,996)</b> | <b>145,871,495</b> | <b>28,886,066</b> | <b>174,757,561</b> |

\* This item represents the net change in non-controlling resulting from the decrease in the share of non-controlling interest in the capital of some of the subsidiaries during the years 2021 and 2020.

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

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

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

- Out of retained earnings, USD 2,633,284 were booked against deferred tax assets as of December 31, 2021 (USD 2,275,286 as of December 31, 2020).

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 |                   |
|---|--------------------------------|-------------------|
|   | 2021                           | 2020              |
|   | USD                            | USD               |
| Profit for the year   | 37,939,909                     | 24,642,723        |
| <b>Other Comprehensive Income Items:</b>  |                                |                   |
| <b>Other comprehensive income items which are transferable to the consolidated statement of profit or loss:</b> |                                |                   |
| Change in fair value - property and equipment revaluation reserve / land  | 628,600                        | 976,481           |
| Change in fair value - financial assets at fair value through other comprehensive income                        | 2,783,391                      | (2,096,762)       |
| Foreign currency translation effect   | (17,586,652)                   | 274,504           |
| <b>Total Comprehensive Income for the Year</b>  | <b>23,765,248</b>              | <b>23,796,946</b> |
| <b>Total Comprehensive Income Attributable to:</b>  |                                |                   |
| Company's shareholders  | 28,145,432                     | 18,837,753        |
| Non-controlling interest  | (4,380,184)                    | 4,959,193         |
| <b>Total Comprehensive Income for the Year</b>  | <b>23,765,248</b>              | <b>23,796,946</b> |

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

|   | Note      | For the year ended December 31, |                     |
|---|-----------|---------------------------------|---------------------|
|   |           | 2021                            | 2020                |
|   |           | USD                             | USD                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |           |                                 |                     |
| Profit for the year before tax from continuing operations   |           | 42,804,952                      | 30,955,556          |
| Net profit from discontinued operations   |           | 4,343,633                       | 54,977              |
| <b>Adjustments for:</b>   |           |                                 |                     |
| (Gain) from the sale of property and equipment  |           | (303,680)                       | (37,767)            |
| Depreciation of property and equipment  | 17        | 10,802,633                      | 10,606,497          |
| Depreciation of right of use assets   | 12        | 3,110,049                       | 2,919,232           |
| Terminated Leases   | 12        | 482,060                         | 2,858               |
| Interest on Lease Liabilities   | 12        | 439,131                         | 403,219             |
| Unrealized loss (gain) from financial assets at fair value through profit and loss                  |           | 296,927                         | (85,734)            |
| Loss (gain) from investment in associates   | 16        | 455,677                         | (917,203)           |
| Provision for expected credit loss  | 6         | 1,684,457                       | 880,902             |
| Provision for slow moving inventory   | 7         | 1,206,423                       | 1,118,940           |
| Provision for end of service indemnity  | 24        | 3,129,477                       | 3,477,637           |
| The effect of the change in financial hedging instruments positions                                 |           | 592,200                         | (592,200)           |
| Provision for uncollected lease contracts   | 10        | 87,029                          | -                   |
| <b>Cash Flows from Operating Activities before Changes in Working Capital</b>                       |           | <b>69,130,968</b>               | <b>48,786,914</b>   |
| (Increase) in accounts receivable, cheques under collection and other debit balances                |           | (52,632,782)                    | (25,410,826)        |
| (Increase) in inventory   |           | (5,457,858)                     | (19,351,485)        |
| (Increase) decrease in due from related parties   |           | (1,542,523)                     | 23,304              |
| Increase (decrease) in due to related parties   |           | 3,297,649                       | (4,954,528)         |
| (Increase) in leasing contracts receivable  |           | (5,324,167)                     | (2,493,791)         |
| Increase in accounts payable and other credit balances  |           | 6,605,661                       | 22,559,754          |
| <b>Net Cash Flows from Operating Activities before End-of-Service Indemnity and Income Tax Paid</b> |           | <b>14,076,948</b>               | <b>19,159,342</b>   |
| Paid from end-of-service indemnity provision  | 24        | (663,735)                       | (508,237)           |
| Paid from Income tax provision  | 23        | (9,097,512)                     | (4,505,094)         |
| <b>Net Cash Flows from Operating Activities</b>   |           | <b>4,315,701</b>                | <b>14,146,011</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |           |                                 |                     |
| Decrease (Increase) in financial assets at fair value through profit or loss                        |           | 28,837                          | (768,073)           |
| (Increase) in financial assets at fair value through other comprehensive income                     |           | (16,817,111)                    | (732,480)           |
| (Increase) in investment in associates  |           | (2,862,679)                     | (2,370,372)         |
| Change in property and equipment - net  | 17        | 3,841,493                       | (9,654,622)         |
| Payments to acquire a subsidiary company  |           | (10,835,862)                    | -                   |
| Payments to acquire non-controlling interest  |           | (23,058,938)                    | -                   |
| Proceeds from the sale of a subsidiary  |           | 23,000,000                      | -                   |
| Lease liabilities settled   | 12        | (3,355,453)                     | (3,010,515)         |
| Change in intangible assets - net   |           | 9,274,363                       | (5,744,878)         |
| (Increase) in projects under construction   | 18        | (8,801,519)                     | (3,268,700)         |
| <b>Net Cash Flows (used in) Investing Activities</b>  |           | <b>(29,586,869)</b>             | <b>(25,549,640)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |           |                                 |                     |
| Distributed dividends   |           | (7,215,000)                     | (6,000,000)         |
| Increase (decrease) in due to banks   | 19        | 29,399,856                      | (26,288,768)        |
| Increase in loans, cheques and notes payable  |           | 38,906,010                      | 16,942,725          |
| Net change in bonds payable   |           | (1,184,400)                     | 40,102,400          |
| Net change in non - controlling interest, foreign currency translation effect and others            |           | (27,111,155)                    | (850,239)           |
| <b>Net Cash Flows from Financing Activities</b>   |           | <b>32,795,311</b>               | <b>23,906,118</b>   |
| Net Increase in Cash  |           | 7,524,143                       | 12,502,489          |
| Increase in cash due to the acquisition of a subsidiary   |           | 185,832                         | -                   |
| (Decrease) in cash due to the disposal of a subsidiary  |           | (764,178)                       | -                   |
| Cash on hand and at banks- beginning of the year  |           | 39,618,477                      | 27,115,988          |
| <b>Cash on Hand and at Banks- End of the Year</b>   | 5         | <b>46,564,274</b>               | <b>39,618,477</b>   |
| <b>Non Cash Items</b>   |           |                                 |                     |
| Property and equipment revaluation effect   | 17 and 26 | 628,600                         | 976,481             |
| Written off debts   |           | 61,250                          | 118,994             |
| Investment in associate companies   | 16        | (56,109)                        | (267,983)           |
| Increase in paid up capital   | 1         | 10,000,000                      | 6,000,000           |
| Increase in share premium   | 1         | 2,028,000                       | -                   |
| Transferred from projects under construction to property and equipment                              | 17 and 18 | 3,367,466                       | 5,340,825           |

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

**1. General**

a. Arab Palestinian Investment Company (Holding Company) was established on September 20, 1994 and registered in the British Virgin Islands under Number (128626), The company's authorized capital amounted to USD 125 million divided into 125 million shares at a par value of one united states dollar per share.

b. Several amendments were made to the Company's paid-up capital, the latest of which was on January 14, 2021, where the Company's General Assembly has decided in its non-ordinary meeting held on December 22, 2020 to increase the Company's paid up capital by USD 1,200,000 through a special issuance to the non-controlling shareholders in Unipal General Trading company at an issuance price of USD 2.69 per share, resulting in USD 2.03 Million of share premiums as a result of the arrangement.

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

The approval of the supervisory authorities in the British Virgin Islands and the competent authorities in Palestine, including the Palestinian Capital Market Authority and the Palestine Exchange, has been obtained regarding the above-mentioned amendments to the company's capital.

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, 11194 Amman – Jordan.

e. During the year 2013, the Company's General Assembly approved the conversion of the Company's legal status from a Foreign Private Shareholding Company to a Foreign Public Company and to list the Company's shares 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, 2021 |              | December 31, 2020 |              | Ownership Date | Main Activity                                       |
|---|-------------------|--------------|-------------------|--------------|----------------|---|
|   | Paid-up Capital   | Equity Share | Paid-up Capital   | Equity Share |                |   |
|   | USD               | %            | USD               | %            |                |   |
| Arab Palestinian Storage and Cooling Company            | 4,500,000         | 71/11        | 4,500,000         | 68/47        | 1997           | Management of refrigerated stores                   |
| Medical Supplies and Services Company (consolidated)    | 20,000,000        | 100          | 20,000,000        | 100          | 1998           | Trade of medicine and medical supplies              |
| Unipal General Trading Company (consolidated) *         | 7,042,253         | 100          | 7,042,253         | 93/41        | 1998           | General trading                                     |
| National Aluminum and Profiles Company **               | 15,514,810        | 77/02        | 10,315,938        | 72/99        | 1995           | Manufacturing of aluminum                           |
| Palestine Automobile Company                            | 20,000,000        | 100          | 20,000,000        | 100          | 1998           | Trading of cars                                     |
| Sky Advertising and Promotion Company (consolidated)    | 845,068           | 100          | 845,068           | 100          | 2000           | Advertising, public relations and events            |
| Siniora Food Industries Company (consolidated) ***      | 39,492,243        | 65/63        | 38,081,805        | 65/63        | 1996           | Food industries                                     |
| Arab Palestinian Shopping Centers Company (Note 39)     | -                 | -            | 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          | 6,000,000         | 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 first quarter of the year 2021, the non-controlling interests in Unipal General Trading Company were fully purchased as follows:

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

- b. During the period, the group acquired (through a subsidiary) the remainder of non – controlling parties shares at Unipal General trading Company of 2.5% through the payment of a monetary amount of USD 3.7 million.

An increase has resulted in the Company's paid up capital by USD 1.2 million , USD 2.03 million in share premium and the difference on the purchase of minority interest item by USD 6.7 million in exchange of the acquisition arrangements above.

\*\* During the period, the Group has participated in the secondary subscription to the shares of the National Aluminum and Profiles Company which amounted to 3 million shares, where the Group has acquired 2,621,848 shares, resulting in an increase in the ownership percentage of the Group in the National Aluminum and Profiles Company to reach 77.02% as on December 31, 2021.

\*\*\* On March 1, 2020, the Group completed all legal procedures to purchase 77% of the Tarakya Meat Industry Company shares in Republic of Turkey, with a total value of TL 165.4 million (equivalent to USD 23.06 million on that date). As a result, the Group has assumed control over Tarakya Meat Industry Company and consolidated it net assets with those of the Group till date.

The investee capital was also increased by TL 50 million, the Group's share of this increase amounted to approximately TL 38.5 million (equivalent to about USD 5.36 million as at that date).

The fair value of the assets and liabilities acquired, based on the purchase price allocation, which was determined using an external expert, was as follows:

|  | <u>Assets</u>      | <u>1 March 2021</u> |
|--|--------------------|---------------------|
|  |                    | <b>USD</b>          |
| <b>Current Assets:</b>                               |                    |                     |
| Cash on hand and at banks                            |                    | 185,832             |
| Accounts receivable - net                            |                    | 14,496,192          |
| Inventory -net                                       |                    | 5,816,987           |
| Other debit balances                                 |                    | 209,295             |
| <b>Total current assets</b>                          |                    | <b>20,708,306</b>   |
| <b>Non-current Assets</b>                            |                    |                     |
| Deferred tax assets                                  |                    | 222,811             |
| Intangible assets                                    |                    | 18,604,660          |
| Property and equipment – net                         |                    | 10,136,502          |
| Right-of-use assets – net                            |                    | 437,487             |
| <b>Total non-current assets</b>                      |                    | <b>29,401,460</b>   |
| <b>Total Assets</b>                                  |                    | <b>50,109,766</b>   |
|  | <u>Liabilities</u> |                     |
| <b>Current liabilities:</b>                          |                    |                     |
| Accounts payable                                     |                    | 8,509,254           |
| Deposits and accrued expenses                        |                    | 1,109,292           |
| Lease liabilities due within one year                |                    | 303,145             |
| Loan installments due within one year                |                    | 7,548,244           |
| <b>Total Current liabilities</b>                     |                    | <b>17,469,935</b>   |
| <b>Non-Current liabilities:</b>                      |                    |                     |
| Loan installments due within more than one year      |                    | 991,434             |
| Lease commitments maturing within more than one year |                    | 868,395             |
| Provision for end of service indemnity               |                    | 833,329             |
| <b>Total non-current liabilities</b>                 |                    | <b>2,693,158</b>    |
| <b>Total Current liabilities</b>                     |                    | <b>20,163,093</b>   |
| Net assets acquired                                  |                    | 29,946,673          |
| <u>Less:</u> Non-controlling Interest (23%)          |                    | 6,887,735           |
| <b>Consideration paid (transaction value)</b>        |                    | <b>23,058,938</b>   |



Other assets resulting from the acquisition are shown under intangible assets including goodwill as of December 31, 2021, taking into consideration that the above balances represent the equivalent value in US dollars as on the date of acquisition.

The above balances represent the fair value of the equivalent assets and liabilities in US dollars as on the date of acquisition, the fair value was determined as follows:

**- The Trademark "Polonez"**

The fair value was determined using the (Relief from Royalty) method. The income approach was adopted in evaluating the "Polonez" brand to arrive to the fair value. The projected cash flows were based on historical average revenue during 2019 and 2020 with a long-term growth rate of 10% based on inflation forecasts for Turkey. The valuation assumptions include an equity rate of 2.5% based on benchmarking analysis and a revolving discount rate of 20.9% which decreases annually to 15.4% by fiscal year 25.

**- Customers Relations**

The fair value of customer relationships was determined by the multi-period excess earnings method, the income approach method was adopted to reach the fair value assuming the expected cash flow growth rate at a rate of 10% in line with the long-term growth rate in Turkey. The valuation assumptions include the discount rate and the contributing asset fee of 20.9% and 12%, respectively, which decrease annually to 15.4% and 9.8%, respectively, by fiscal year 25.

**- Property and Equipment**

The fair value of property and equipment was determined by an external valuation company to arrive at the fair value at the acquisition date.

The non-controlling interest was measured at fair value based on a purchase price allocation determined using an external expert.

Acquisition-related costs of USD 420,335 are included in general and administrative expenses.

Revenue of Tarakya Meat Industry Company included in the consolidated statement of profit or loss since the date of acquisition until December 31, 2021 are about USD 39.27 million. Its net profit contribution is USD 1.62 million.

If Tarakya Meat Industry Company had been consolidated since January 1, 2021, the consolidated statement of profit or loss would have included revenues of USD 45.7 million and a net profit of USD 2.05 million.

The following are the most important financial information of the subsidiary companies for the year 2021 (prior to the elimination of intercompany transactions):

| Company's Name  | December 31, 2021 |                   | For the year 2021 |                |
|---|-------------------|-------------------|-------------------|----------------|
|   | Total Assets      | Total Liabilities | Total Revenue     | Total Expenses |
|   | USD               | USD               | USD               | USD            |
| Arab Palestinian Storage and Cooling Company            | 669,740           | 3,158,900         | 212,899           | 428,233        |
| Medical Supplies and Services Company – Consolidated    | 152,777,402       | 112,480,696       | 119,410,457       | 109,749,037    |
| Unipal General Trading Company – Consolidated           | 128,416,593       | 72,581,087        | 783,940,151       | 760,914,809    |
| National Aluminum and Profiles Company – Consolidated   | 49,982,276        | 27,208,449        | 30,162,858        | 28,946,667     |
| Palestine Automobile Company                            | 61,769,674        | 38,062,063        | 43,121,997        | 41,698,710     |
| Sky Advertising and Promotion Company – Consolidated    | 4,428,510         | 3,092,971         | 5,742,974         | 5,662,829      |
| Siniora Food Industries Company – Consolidated          | 152,339,629       | 88,221,240        | 154,057,102       | 142,729,374    |
| Jericho Natural and Mineral Water Factory Company       | -                 | 51,830            | -                 | 3,300          |
| Arab Leasing Company                                    | 23,757,020        | 15,773,447        | 2,090,193         | 1,383,280      |
| Arab Palestinian Investment Company / Jordan (Exempted) | 804,831           | 131,779           | 486,150           | 255,316        |
| APIC Gulf Investments                                   | 5,681,808         | 7,894,604         | -                 | 2,327,600      |

g. The Company's consolidated financial statements were approved by the Board of Directors on March 29, 2022.

## 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 consolidated financial statements is the US Dollar, which represents the functional currency of the Group.

The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2020 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:

### **Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in consolidated profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in consolidated profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

### **Basis of Financial Statements Consolidation**

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.

When the Group has less than the 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 holding 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 gains 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 income statement 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 company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders represent 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 balance is in deficit.

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

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

In compliance with the scope of paragraph 34b of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the transactions between the Group's subsidiaries and the disposed company are represented as transactions with unrelated parties. The effect of such transactions in the consolidated financial statements of the Group in that period are eliminated.

#### **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 fair value through profit or loss, 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 companies**

An associate is an institution in which the Group has significant influence. A significant influence 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 associates is recognized following the equity method.

Under the equity method, investments in associates are carried at cost, the carrying amount is adjusted for investments in the associated companies to recognize the Group's share of changes in the net assets of the associated companies as date of possession. Goodwill arising from associates 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 publicly listed companies, and usually the date of approval for the distribution of dividends by the shareholders of non-publicly 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, considering 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 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.

#### **The Group as a lessor**

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.

#### **Impairment of non-financial assets**

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.

#### **Inventory**

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

The Group's 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 The Group's 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 Group's 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 financier expects to collect, taking into consideration 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.

#### **Determine the term of the lease contract**

In determining the term of the lease, the management considers 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.

#### **Discounting 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. Adoption of new and revised Standards

##### a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

##### **Interest Rate Benchmark Reform**

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as ‘risk free rates’ or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

There was no material impact on the amounts reported for the current year for both the Phase 1 and Phase 2 amendments as the company does not have material financial instruments linked to IBOR.

##### **COVID-19-Related Rent Concessions beyond June 30, 2021 - Amendment to IFRS 16**

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

The adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements as the Group did not have any leases impacted by the amendment.

##### b. New and Revised Standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

| New and revised IFRSs  | Effective date   |
|--|--|
| <b>IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17)</b><br>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.<br><br>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.<br><br>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders’ options and guarantees.<br><br>In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. | <b>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</b> |

##### **Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

**The effective date is yet to be set. Earlier application is permitted.**



| New and revised IFRSs   | Effective date   |
|---|--|
| <p><b>Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</b></p> <p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> | <p><b>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.</b></p>   |
| <p><b>Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework</b></p> <p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p> <p>Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</p>  | <p><b>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references.</b></p> |

| New and revised IFRSs  | Effective date   |
|--|--|
| <p><b>Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use</b></p> <p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.</p> <p>The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.</p> <p>If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.</p> <p>The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.</p> <p>The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.</p> | <p><b>January 1, 2022, with early application permitted.</b></p> |
| <p><b>Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract</b></p> <p>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 consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and 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).</p> <p>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p>   | <p><b>January 1, 2022, with early application permitted.</b></p> |

| New and revised IFRSs   | Effective date  |
|---|---|
| <b>Annual Improvements to IFRS Standards 2018-2020</b><br><b>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards</b><br>The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a). | <b>January 1, 2022, with early application permitted.</b>   |
| <b>IFRS 9 Financial Instruments</b><br>The amendment clarifies that in applying the '10 per cent' test to assess 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.  | <b>The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.</b> |
| The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.   |   |
| <b>IFRS 16 Leases</b><br>The amendment removes the illustration of the reimbursement of leasehold improvements.   | <b>As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.</b>                         |
| <b>IAS 41 Agriculture</b><br>The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.   | <b>January 1, 2022, with early application permitted.</b>   |
| The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.  |   |

| New and revised IFRSs   | Effective date  |
|---|---|
| <b>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies</b><br>The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. | <b>January 1, 2023, with earlier application permitted and are applied prospectively.</b>                       |
| The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.  | <b>The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</b> |
| The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.  |   |
| <b>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</b><br>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".  | <b>January 1, 2023, with earlier application permitted</b>  |
| The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: <ul style="list-style-type: none"> <li>• A change in accounting estimate that results from new information or new developments is not the correction of an error</li> <li>• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors</li> </ul>   |   |
| The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.  |   |

### New and revised IFRSs

#### **Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

### Effective date

**January 1, 2023, with earlier application permitted**

### 5. Cash on Hand and at Banks

This item consists of the following:

|                  | December 31       |                   |
|------------------|-------------------|-------------------|
|                  | 2021              | 2020              |
|                  | USD               | USD               |
| Cash on hand     | 14,483,757        | 2,281,629         |
| Current accounts | 29,968,464        | 37,336,848        |
| Term deposits    | 2,112,053         | -                 |
| <b>Total</b>     | <b>46,564,274</b> | <b>39,618,477</b> |

### 6. Accounts Receivable and Cheques under Collection- Net

This item consists of the following:

|   | December 31        |                    |
|---|--------------------|--------------------|
|   | 2021               | 2020               |
|   | USD                | USD                |
| Trade receivables   | 153,102,862        | 106,208,089        |
| Cheques under collection - short term                             | 41,954,017         | 28,652,873         |
| Total trade receivables and cheques under collection - short term | <b>195,056,879</b> | <b>134,860,962</b> |
| Employees Receivable  | 680,993            | 583,947            |
|   | <b>195,737,872</b> | <b>135,444,909</b> |
| Less: Provision for expected credit loss                          | (8,247,916)        | (6,555,369)        |
| <b>Total</b>  | <b>187,489,956</b> | <b>128,889,540</b> |

The average credit period ranges from 30 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, 2021

|                            | Receivables are past due                    |                                |                                 |                                  |
|----------------------------|---|--------------------------------|---------------------------------|----------------------------------|
|                            | Current receivables (not past due) *<br>USD | From one day to 90 days<br>USD | From 91 days to 180 days<br>USD | From 181 days to 365 days<br>USD |
| Total trade receivables ** | 132,216,128                                 | 28,664,582                     | 13,113,655                      | 14,104,554                       |
| Expected credit loss       | 655,585                                     | 1,041,537                      | 624,222                         | 726,828                          |
| Expected credit loss rate  | 0.5%  | 3.6%                           | 4.8%                            | 5.2%                             |
|                            |   |                                |                                 | 74.7%                            |
|                            |   |                                |                                 | 4.23%                            |

#### As of December 31, 2020

|                            | Receivables are past due                    |                                |                                 |                                  |
|----------------------------|---|--------------------------------|---------------------------------|----------------------------------|
|                            | Current receivables (not past due) *<br>USD | From one day to 90 days<br>USD | From 91 days to 180 days<br>USD | From 181 days to 365 days<br>USD |
| Total trade receivables ** | 86,312,606                                  | 12,423,351                     | 8,380,757                       | 16,277,928                       |
| Expected credit loss       | 883,004                                     | 733,038                        | 504,529                         | 1,005,390                        |
| Expected credit loss rate  | 1%  | 5.90%                          | 6.00%                           | 6.20%                            |
|                            |   |                                |                                 | 29.90%                           |
|                            |   |                                |                                 | 4.90%                            |

\* Current receivables include short-term cheques due within 3 months.

\*\* Trade accounts receivable includes amounts due from the Palestinian Authorities as follows:

#### As of December 31, 2021 As of December 31, 2020

| Receivables are past due |                                 |                                  |                           |
|--------------------------|---------------------------------|----------------------------------|---------------------------|
| Less than 90 days<br>USD | From 90 days to 180 days<br>USD | From 181 days to 365 days<br>USD | More than 365 days<br>USD |
| 48,768,475               | 279,536                         | 212,776                          | 30,831                    |
| 3,252,318                | 6,044,946                       | 10,966,351                       | 8,911,760                 |
|                          |                                 |                                  | 29,175,375                |

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

| For the year ended December 31, 2021 |                  |                  |
|--------------------------------------|------------------|------------------|
| Stage 2                              | Stage 3          | Total            |
| USD                                  | USD              | USD              |
| 2,541,233                            | 4,014,136        | 6,555,369        |
| 673,642                              | 1,010,815        | 1,684,457        |
| 582,041                              | 33,450           | 615,491          |
| (231,736)                            | (100,000)        | (331,736)        |
| (74,628)                             | (139,787)        | (214,415)        |
| (61,250)                             | -                | (61,250)         |
| <b>3,429,302</b>                     | <b>4,818,614</b> | <b>8,247,916</b> |

Balance – beginning of the year  
Provision booked during the year  
Additions to the provision as a result of subsidiary acquisition  
Effect of disposal of provision as a result of the sale of a subsidiary  
Foreign currencies translation  
Written-off debts \*  
Balance – End of the Year

\* During the year 2021, trade receivables were written-off by amount USD 61,250 in accordance with the Board of Directors approval.

| For the year ended December 31, 2020 |                  |                  |
|--------------------------------------|------------------|------------------|
| Stage 2                              | Stage 3          | Total            |
| USD                                  | USD              | USD              |
| 2,050,727                            | 3,563,775        | 5,614,502        |
| 414,189                              | 466,713          | 880,902          |
| 76,955                               | 102,004          | 178,959          |
| (638)                                | (118,356)        | (118,994)        |
| <b>2,541,233</b>                     | <b>4,014,136</b> | <b>6,555,369</b> |

Balance – beginning of the year  
Provision booked during the year  
Foreign currencies translation  
Written-off debts \*  
Balance – End of the Year

## 7. Inventory - Net

This item consists of the following:

Produced goods available for sale  
Medicine  
Medical materials  
Consumable materials \*  
Laboratory tools and materials  
Cars and spare parts \*\*  
Medical equipment and machinery

### Total Finished Goods

Raw materials  
Scrap and other materials  
Other materials

### Total Inventory

Less: Provision for slow-moving inventory \*\*\*

### Net Inventory

Goods in transit

### Total

| December 31,      |                   |
|-------------------|-------------------|
| 2021              | 2020              |
| USD               | USD               |
| 7,180,660         | 9,491,983         |
| 8,547,481         | 9,947,870         |
| 799,877           | 1,060,649         |
| 36,838,742        | 29,661,569        |
| 2,916,212         | 4,826,243         |
| 12,855,710        | 12,881,913        |
| 10,005,322        | 8,855,877         |
| <b>79,144,004</b> | <b>76,726,104</b> |
| 14,433,619        | 11,796,344        |
| 70,468            | 904,801           |
| 3,753,258         | 2,858,401         |
| <b>97,401,349</b> | <b>92,285,650</b> |
| (2,407,871)       | (3,102,704)       |
| <b>94,993,478</b> | <b>89,182,946</b> |
| 3,501,481         | 1,314,679         |
| <b>98,494,959</b> | <b>90,497,625</b> |

\* This item mainly represent tobacco and cigarette products that the Group trades in, one of the Group companies that are sufficient for the Palestinian market for a period of 3 months, the company believes that the laws and by the relevant authorities and government agencies during the first quarter of the year 2021 may cause delay tobacco and cigarettes orders and shipments to the Palestinian Territories.

It is worth noting that these purchases and orders were financed through bank facilities granted by several banks (note 19).

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

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

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | USD              | USD              |
| Balance - beginning of the year                                     | 3,102,704        | 2,464,518        |
| Additions to the provision during the year                          | 1,206,423        | 1,118,940        |
| Effect of provision release as a result of the sale of a subsidiary | (219,273)        | -                |
| Written-off inventory during the year                               | (1,681,983)      | (480,754)        |
| <b>Balance - End of the Year</b>                                    | <b>2,407,871</b> | <b>3,102,704</b> |

#### 8. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

|  | December 31,   |                |
|--|----------------|----------------|
|  | 2021           | 2020           |
|  | USD            | USD            |
| Listed shares in Palestine Stock Exchange and Trading investment portfolio | 369,669        | 695,433        |
| <b>Total</b>   | <b>369,669</b> | <b>695,433</b> |

#### 9. Other Debit Balances

This item consists of the following:

|  | December 31,      |                   |
|--|-------------------|-------------------|
|  | 2021              | 2020              |
|  | USD               | USD               |
| Claims receivable                                | 7,344,065         | 7,553,766         |
| Value added tax                                  | 2,621,819         | 2,933,980         |
| Prepaid expenses                                 | 4,081,874         | 4,593,372         |
| Refundable deposits against LGs', LCs and others | 2,896,623         | 3,617,916         |
| Advance payments to suppliers                    | 10,997,518        | 7,106,945         |
| Loans and convertible notes                      | 1,004,348         | 681,615           |
| Other debit balances                             | 4,740,812         | 2,181,418         |
| <b>Total</b>                                     | <b>33,687,059</b> | <b>28,669,012</b> |

#### 10. Leasing Contracts Receivable

This item consists of the following:

|   | December 31,      |                   |
|---|-------------------|-------------------|
|   | 2021              | 2020              |
|   | USD               | USD               |
| Leasing contracts receivable – short term | 7,380,290         | 4,126,620         |
| Leasing contracts receivable – long term  | 8,888,028         | 6,817,531         |
| <b>Total</b>                              | <b>16,268,318</b> | <b>10,944,151</b> |

#### December 31, 2021

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

**Total**

#### December 31, 2020

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

**Total**

Total investment cost in the financial leasing

Less: Unearned revenue

**Current amount of the financial leasing contract**

Less: Provision for uncollected leases

Financial lease installments due within one year

**Financial leasing receivables (long term)**

#### 11. Cheques under Collection - Long Term

This item consists of the following:

Unipal General Trading Company

Medical Supplies and Services Company

Palestine Automobile Company

**Total**

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

| Minimum Lease Payments | Current amount of the Minimum Lease Payments |
|------------------------|--|
| USD                    | USD  |
| 9,083,027              | 7,380,290                                    |
| 10,403,392             | 8,888,028                                    |
| <b>19,486,419</b>      | <b>16,268,318</b>                            |

| Minimum Lease Payments | Current amount of the Minimum Lease Payments |
|------------------------|--|
| USD                    | USD  |
| 5,166,293              | 4,126,620                                    |
| 8,012,189              | 6,817,531                                    |
| <b>12,970,466</b>      | <b>10,944,151</b>                            |

| December 31,      |                   |
|-------------------|-------------------|
| 2021              | 2020              |
| USD               | USD               |
| 19,486,419        | 12,970,466        |
| (2,923,056)       | (1,818,299)       |
| <b>16,563,363</b> | <b>11,152,167</b> |
| (295,045)         | (208,016)         |
| (7,380,290)       | (4,126,620)       |
| <b>8,888,028</b>  | <b>6,817,531</b>  |

| December 31,     |                  |
|------------------|------------------|
| 2021             | 2020             |
| USD              | USD              |
| 19,208           | 74,294           |
| 1,491,633        | 63,200           |
| 1,977,941        | 2,328,722        |
| <b>3,488,782</b> | <b>2,466,216</b> |

## 12. Leases

### a. Right of Use Assets

The Group leases various assets including land, buildings and cars, the average lease term is 7 years, the following is the movement on right-of-use assets:

|  | For the Year Ended<br>December 31, |                  |
|--|------------------------------------|------------------|
|  | 2021                               | 2020             |
|  | USD                                | USD              |
| Balance at the beginning of the year                     | 9,138,081                          | 9,472,061        |
| <u>Add</u> : Additions during the year                   | 4,934,597                          | 2,558,646        |
| Additions resulting from the acquisition of a subsidiary | 437,487                            | -                |
| Currency translation differences                         | (262,315)                          | 29,464           |
| <u>Less</u> : Depreciation for the year                  | 3,110,049                          | 2,919,232        |
| Leases terminated during the year                        | 482,060                            | 2,858            |
| Leases excluded as a result of the sale of a subsidiary  | 1,990,976                          | -                |
| <b>Balance at the end of the year</b>                    | <b>8,664,765</b>                   | <b>9,138,081</b> |

### Amounts recorded in the consolidated statement of profit or loss

|                           | For the Year Ended<br>December 31, |                  |
|---------------------------|------------------------------------|------------------|
|                           | 2021                               | 2020             |
|                           | USD                                | USD              |
| Depreciation for the year | (3,110,049)                        | (2,919,232)      |
| Interest during the year  | (439,219)                          | (403,219)        |
| <b>Total</b>              | <b>(3,549,180)</b>                 | <b>3,322,451</b> |

## B. Lease Liabilities

|  | For the Year Ended<br>December 31, |                  |
|--|------------------------------------|------------------|
|  | 2021                               | 2020             |
|  | USD                                | USD              |
| Balance at the beginning of the year                     | 9,106,785                          | 9,339,583        |
| <u>Add</u> : Additions during the year                   | 4,903,958                          | 2,365,739        |
| Additions resulting from the acquisition of a subsidiary | 1,171,540                          | -                |
| Interest during the year                                 | 439,131                            | 403,219          |
| Currency translation differences                         | (678,059)                          | 8,759            |
| <u>Less</u> : Settlements during the year                | 3,355,453                          | 3,010,515        |
| Leases terminated during the year                        | 608,564                            | -                |
| Leases excluded as a result of the sale of a subsidiary  | 1,990,976                          | -                |
| <b>Balance at the end of the year</b>                    | <b>8,988,362</b>                   | <b>9,106,785</b> |

### Maturity Analysis of Lease Liabilities:

|                     | December 31,     |                  |
|---------------------|------------------|------------------|
|                     | 2021             | 2020             |
|                     | USD              | USD              |
| Less than one year  | 2,825,271        | 2,643,846        |
| From one to 5 years | 5,644,196        | 5,691,084        |
| More than 5 years   | 518,895          | 771,855          |
|                     | <b>8,988,362</b> | <b>9,106,785</b> |



16. Investment in Associates

This item consists of the following:

Balance as of December 31, 2021

|                                | Ownership and voting rate | Investment Amount | Country of incorporation | Market value | Date of financial information | Activity Type                    | Purchase Date |
|--------------------------------|---------------------------|-------------------|--------------------------|--------------|-------------------------------|----------------------------------|---------------|
| Arabian Tiles Company (ARTIC)  | 29%                       | 4,252,874         | Saudi Arabia             | Unlisted     | 2020                          | Building Materials Manufacturing | 2019          |
| Qudra Renewable Energy Company | 50%                       | 3,949,533         | Palestine                | Unlisted     | 2021                          | Renewable Energy Solutions       | 2021          |
| Capital Tobacco Company        | 38%                       | 2,587,106         | Palestine                | Unlisted     | 2020                          | Manufacture and trade of tobacco | 2019          |
| <b>Total</b>                   |                           | <b>10,789,513</b> |                          |              |                               |                                  |               |

Balance as of 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 (ARTIC) | 29%                       | 6,677,232         | Saudi Arabia             | Unlisted     | 2019                          | Building Materials Manufacturing | 2019          |
| Capital Tobacco Company       | 38%                       | 1,705,279         | Palestine                | Unlisted     | 2019                          | Manufacture and trade of tobacco | 2019          |
| <b>Total</b>                  |                           | <b>8,382,511</b>  |                          |              |                               |                                  |               |

The movement on investments in associates is illustrated as follows:

|  | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Balance - beginning of the year              | USD 8,382,511     | USD 7,197,325     |
| Increase in associate companies capital      | 4,005,642         | 267,983           |
| Dividends distributions during the period    | 1,142,963         | -                 |
| Group share of (losses) profits for the year | 455,677           | 917,203           |
| <b>Balance - end of the year</b>             | <b>10,789,513</b> | <b>8,382,511</b>  |

The Group's share of associates (losses) profits is as follow:

|                                | December 31, 2021 | December 31, 2020 |
|--------------------------------|-------------------|-------------------|
| Arabian Tiles Company (ARTIC)  | USD 2,343,334     | USD (252,110)     |
| Qudra Renewable Energy Company | (56,109)          | -                 |
| Capital Tobacco Company        | 1,943,766         | 1,169,313         |
| <b>Total</b>                   | <b>(455,677)</b>  | <b>917,203</b>    |

The Group's share of the assets, liabilities and revenue of associates is as follow:

|                      | December 31, 2021 | December 31, 2020 |
|----------------------|-------------------|-------------------|
| Total Assets         | USD 25,301,701    | USD 20,324,005    |
| Total Liabilities    | 15,139,013        | 12,568,817        |
| <b>Total Revenue</b> | <b>11,258,584</b> | <b>10,978,213</b> |

13. Financial assets at Fair Value through Other Comprehensive Income

This item consists of the following:

Listed Shares:

|  |           |                   |           |                   |
|--|-----------|-------------------|-----------|-------------------|
| Bank of Palestine limited *                          | 7,023,100 | 14,046,200        | 5,963,466 | 9,839,719         |
| Al-Faris National company for Investment and Exports | 301,500   | 509,577           | 301,500   | 840,803           |
|  |           | <b>14,555,777</b> |           | <b>10,680,522</b> |

Unlisted Shares:

|   |         |                   |         |                   |
|---|---------|-------------------|---------|-------------------|
| Palestine Private Power Company   | 372,728 | 6,895,468         | 372,728 | 5,897,216         |
| Palestine Power Generation Company / Palestine Electricity Generation Company | 880,000 | 671,035           | 830,000 | 654,000           |
| Islamic Finance House   | 615,000 | 911,787           | 615,000 | 911,787           |
| Madfoatkom for electronic payments solutions                                  | 248,957 | 2,358,990         | 248,957 | 2,358,990         |
| Byrdbite Creations Inc.   | 37,500  | 200,000           | 37,500  | 200,000           |
| Iris Guard Company  | 198,282 | 251,000           | -       | -                 |
| Seez Holding Ltd.   | 350,000 | 600,000           | 350,000 | 350,000           |
| Eon Dental Jordan Company   | 2,238   | 4,000,000         | -       | -                 |
| Mosa Meat   | 3,783   | 1,250,552         | 3,783   | 1,343,760         |
| Medical Equides Limited   | 5,700   | 226,832           | 5,700   | 243,709           |
|   |         | <b>17,365,664</b> |         | <b>11,959,462</b> |

Investment Fund:

|                                 |                   |                   |   |   |
|---------------------------------|-------------------|-------------------|---|---|
| Catalyst Private Equity Fund    | -                 | -                 | - | - |
| EuroMena Fund                   | 880,666           | 1,021,804         |   |   |
| Lumia Capital Fund              | 1,657,001         | 2,163,678         |   |   |
| Ibtikar Fund                    | 257,357           | 327,190           |   |   |
| American Discovery Fund         | 227,869           | 531,734           |   |   |
| Mashvisor Fund                  | 102,638           | 104,580           |   |   |
| Seminal Food and Nutrition Fund | 3,000,000         | -                 |   |   |
| Beco Booster Fund               | 2,392,075         | -                 |   |   |
| Agripower Australia Fund        | 300,000           | -                 |   |   |
| LIV Dublin Fund                 | 1,035,141         | 951,498           |   |   |
|                                 | <b>9,852,747</b>  | <b>5,100,484</b>  |   |   |
|                                 | <b>41,774,188</b> | <b>27,740,468</b> |   |   |

\* Some of the shares and bonds are mortgaged against bank credit facilities and Boards of Directors memberships.

14. Investment in Land

This item consists of the following:

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Arab Palestinian Investment Company |                |                |
| <b>Total</b>                        | <b>819,127</b> | <b>819,127</b> |

The cost of these Investment Property was USD 743,845 , noting that some of these land are pledged as collaterals against credit facilities obtained through banks.

15. Intangible Assets - Net

This item consists of the following:

|  | December 31st     |                   |
|--|-------------------|-------------------|
|  | 2021              | 2020              |
|  | USD               | USD               |
| Goodwill – net *                               | 20,821,815        | 14,803,578        |
| Trademarks **                                  | 10,342,968        | 2,272,422         |
| Exclusive Distribution Rights and Backlogs *** | 3,190,749         | 1,517,885         |
| Computer Software****                          | 173,296           | 103,182           |
| Other assets resulting from acquisitions       | -                 | 6,815,819         |
| <b>Total</b>                                   | <b>34,528,828</b> | <b>25,512,886</b> |

\* 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 2021, a provision for the impairment of one of the companies was recorded and about USD 314,000 were released that relate to sold shares.

\*\* This item represents the value of the trademarks purchased from the Distinguished Food Company of Siniora Food Industries Company (a subsidiary company) and Trakia Meat and Dairy Company, in addition to the fees transferring its ownership.

\*\*\* This item represents the value of exclusive distribution contracts in addition to customer lists, which resulted from the acquisition of companies' operations during the period (note 1/f) , the company present this figure net of amortization for the year and by 15% which amounted to USD 348,544 for the year 2021.

\*\*\*\* This item represents the book value of the computer software After deducting the accumulated amortization value, the company amortizes the computer software by 20% annually which amounted to USD 75,402 for the year 2021.

### 17. Property and Equipment - Net

This item consists of the following:

#### For the Year Ended December 31, 2021

|   | Land<br>At Fair Value | Buildings and<br>Constructions | Furniture and<br>Fixtures | Computers        | Vehicles          | Leasehold<br>Improvements | Machinery and<br>Equipment | Tools            | Total              |
|---|-----------------------|--------------------------------|---------------------------|------------------|-------------------|---------------------------|----------------------------|------------------|--------------------|
|   | USD                   | USD                            | USD                       | USD              | USD               | USD                       | USD                        | USD              | USD                |
| <b>Cost:</b>  |                       |                                |                           |                  |                   |                           |                            |                  |                    |
| Beginning balance                                       | 39,025,616            | 60,908,995                     | 10,077,767                | 4,596,974        | 10,621,482        | 10,447,493                | 79,211,366                 | 2,637,646        | 217,527,339        |
| Additions*  | 2,812,345             | 542,883                        | 730,308                   | 1,002,409        | 2,213,327         | 1,326,474                 | 3,192,604                  | 433,276          | 12,253,626         |
| Transferred from Projects under construction (note 18)  | -                     | 175,965                        | 1,516,643                 | -                | 122,841           | -                         | 1,455,805                  | 96,212           | 3,367,466          |
| Disposals   | -                     | (8,853)                        | (525,185)                 | (1,142,054)      | (647,420)         | (1,218,878)               | (3,557,278)                | (209,478)        | (7,309,146)        |
| Additions resulting from acquisitions during the period | 3,770,480             | 1,182,539                      | 424,922                   | -                | 516,375           | -                         | 7,135,236                  | 23,141           | 13,052,693         |
| Disposals resulting from the sale of a subsidiary       | (10,204,800)          | (9,844,648)                    | (1,114,732)               | (482,974)        | (103,453)         | (1,213,489)               | (4,869,857)                | -                | (27,833,953)       |
| The impact of land revaluation                          | 628,600               | -                              | -                         | -                | -                 | -                         | -                          | -                | 628,600            |
| Foreign currency translation differences                | (1,745,850)           | (580,694)                      | (367,612)                 | 3,704            | (358,952)         | 4,675                     | (3,313,584)                | (149,475)        | (6,507,788)        |
| <b>Ending Balance</b>                                   | <b>34,286,391</b>     | <b>52,376,187</b>              | <b>10,742,111</b>         | <b>3,978,059</b> | <b>12,364,200</b> | <b>9,346,275</b>          | <b>79,254,292</b>          | <b>2,831,322</b> | <b>205,178,837</b> |
| <b>Accumulated Depreciation:</b>                        |                       |                                |                           |                  |                   |                           |                            |                  |                    |
| Beginning balance                                       | -                     | 21,957,029                     | 7,600,991                 | 3,198,896        | 5,779,148         | 5,439,102                 | 47,416,779                 | 1,360,491        | 92,752,436         |
| Additions   | -                     | 1,733,283                      | 589,622                   | 744,328          | 1,224,601         | 1,173,249                 | 5,025,011                  | 312,539          | 10,802,633         |
| Transfers resulting from acquisitions during the period | -                     | 126,951                        | 381,934                   | -                | 199,825           | -                         | 2,211,801                  | 21,379           | 2,941,890          |
| Disposals   | -                     | (7,492)                        | (516,441)                 | (1,119,406)      | (505,509)         | (1,130,116)               | (3,470,903)                | (186,559)        | (6,936,426)        |
| Disposals resulting from the sale of a subsidiary       | -                     | (3,010,325)                    | (827,670)                 | (408,604)        | (103,789)         | (776,657)                 | (3,154,181)                | -                | (8,281,226)        |
| Foreign currency translation differences                | -                     | (89,145)                       | (94,458)                  | (3,128)          | (113,596)         | (3,984)                   | (1,019,228)                | (238,147)        | (1,561,686)        |
| <b>Ending Balance</b>                                   | <b>-</b>              | <b>20,710,301</b>              | <b>7,133,978</b>          | <b>2,412,086</b> | <b>6,480,680</b>  | <b>4,701,594</b>          | <b>47,009,279</b>          | <b>1,269,703</b> | <b>89,717,621</b>  |
| <b>Net Book Value at End of the Year</b>                | <b>34,286,391</b>     | <b>31,665,886</b>              | <b>3,608,133</b>          | <b>1,565,973</b> | <b>5,883,520</b>  | <b>4,644,681</b>          | <b>32,245,013</b>          | <b>1,561,619</b> | <b>115,461,216</b> |

#### For the Year Ended December 31, 2020

|   |                   |                   |                   |                  |                   |                   |                   |                  |                    |
|---|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| <b>Cost:</b>  |                   |                   |                   |                  |                   |                   |                   |                  |                    |
| Beginning balance                                       | 38,048,625        | 58,910,364        | 9,916,710         | 4,257,918        | 9,355,031         | 9,754,669         | 74,432,517        | 2,480,226        | 207,156,060        |
| Additions   | -                 | 345,200           | 853,471           | 453,580          | 1,644,335         | 855,046           | 3,498,580         | 311,023          | 7,961,634          |
| Transferred from Projects under construction (note 18)  | -                 | 1,787,971         | 249,849           | -                | -                 | 660,322           | 2,637,548         | 5,134            | 5,340,825          |
| Disposals   | -                 | (134,540)         | (962,661)         | (131,825)        | (377,883)         | (825,992)         | (1,357,279)       | (158,737)        | (3,948,917)        |
| Transfers resulting from acquisitions during the period | -                 | -                 | 19,317            | 16,434           | -                 | 3,448             | -                 | -                | 39,199             |
| The impact of land revaluation                          | 976,991           | -                 | -                 | -                | -                 | -                 | -                 | -                | 976,991            |
| Foreign currency translation differences                | -                 | -                 | 1,081             | 466              | -                 | -                 | -                 | -                | 1,547              |
| <b>Ending Balance</b>                                   | <b>39,025,616</b> | <b>60,908,995</b> | <b>10,077,767</b> | <b>4,596,974</b> | <b>10,621,483</b> | <b>10,447,493</b> | <b>79,211,366</b> | <b>2,637,646</b> | <b>217,527,339</b> |
| <b>Accumulated Depreciation:</b>                        |                   |                   |                   |                  |                   |                   |                   |                  |                    |
| Beginning balance                                       | -                 | 20,035,322        | 7,560,555         | 2,795,006        | 5,067,571         | 5,202,492         | 43,907,540        | 1,251,982        | 85,820,468         |
| Additions   | -                 | 2,048,713         | 976,978           | 529,609          | 1,019,197         | 923,027           | 4,842,073         | 266,900          | 10,606,497         |
| Transfers resulting from acquisitions during the period | -                 | -                 | 9,008             | 2,723            | -                 | -                 | -                 | -                | 11,731             |
| Disposals   | -                 | (127,005)         | (944,949)         | (128,237)        | (307,620)         | (686,417)         | (1,332,834)       | (158,392)        | (3,685,453)        |
| Foreign currency translation differences                | -                 | -                 | (602)             | (205)            | -                 | -                 | -                 | -                | (807)              |
| <b>Ending Balance</b>                                   | <b>-</b>          | <b>21,957,029</b> | <b>7,600,991</b>  | <b>3,198,896</b> | <b>5,779,148</b>  | <b>5,439,102</b>  | <b>47,416,779</b> | <b>1,360,491</b> | <b>92,752,436</b>  |
| <b>Net Book Value at End of the Year</b>                | <b>39,025,616</b> | <b>38,951,966</b> | <b>2,476,777</b>  | <b>1,398,077</b> | <b>4,842,335</b>  | <b>5,008,391</b>  | <b>31,794,587</b> | <b>1,277,155</b> | <b>124,774,903</b> |

\* Land additions includes an amount of USD 1.6 Million representing an advance payment on a land purchase.

- Some of the Company and its subsidiaries assets are mortgaged against credit facilities.

- Some of the subsidiary companies' buildings are located and constructed on land 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 which were not yet completed as of December 31, 2021.

The movement on the projects under construction is as follows:

Balance - beginning of the year

Additions

Transferred due to acquisition of companies' operations during the period

Transferred to property and equipment (note 17)

Foreign currency translation differences

**Balance - End of the Year**

| 2021             | 2020             |
|------------------|------------------|
| USD              | USD              |
| 1,824,492        | 3,896,617        |
| 8,801,519        | 3,268,700        |
| 25,700           | -                |
| (3,367,466)      | (5,340,825)      |
| (27,927)         | -                |
| <b>7,256,318</b> | <b>1,824,492</b> |

### 19. Due to Banks

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

National Aluminum and Profiles Company

Medical Supplies and Services Company

Unipal General Trading Company

Palestine Automobile Company

Arab Leasing Company

Siniora Food Industries Company

**Total**

| December 31,      |                   |
|-------------------|-------------------|
| 2021              | 2020              |
| USD               | USD               |
| 4,601,142         | 5,739,203         |
| 30,774,368        | 11,703,423        |
| 15,597,545        | 10,536,661        |
| 1,493,189         | 290,289           |
| 444,304           | -                 |
| 6,326,426         | 1,567,542         |
| <b>59,236,974</b> | <b>29,837,118</b> |

### 20. Notes Payable due within one year and Deferred Cheques

This item represents notes payable to the following companies:

National Aluminum and Profiles Company

Unipal General Trading Company

Medical Supplies and Services Company

Siniora Food Industries Company

Arab Palestinian Shopping Centers

**Total**

| December 31,     |                  |
|------------------|------------------|
| 2021             | 2020             |
| USD              | USD              |
| 922,843          | 984,506          |
| 69,481           | 13,936           |
| 3,843,373        | 3,482,991        |
| 2,255,350        | 1,253,118        |
| -                | 2,493,447        |
| <b>7,091,047</b> | <b>8,227,998</b> |

21. Loans

The details of this item are as follows:

|  | December 31, 2021 |                   | December 31, 2020 |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Short-term        | Long-term         | Short-term        | Long-term         |
|  | USD               | USD               | USD               | USD               |
| <b><u>Siniora Food Industries Company:</u></b>           |                   |                   |                   |                   |
| Cairo Amman Bank Loan                                    | 2,644,570         | 18,511,989        | -                 | -                 |
| Safa Bank Loan   | 881,523           | 6,170,663         | -                 | -                 |
| Capital Bank- Jordan Loan                                | 975,368           | -                 | -                 | -                 |
| Societe Generale de Banque - Jordan Loan                 | 666,519           | -                 | -                 | -                 |
| Bank of Jordan Loan                                      | 1,087,261         | 4,572,454         | -                 | -                 |
| Arab Bank Loans  | 4,269,863         | 4,535,655         | 7,026,749         | 8,794,382         |
| Loans granted to Tarakya Meat Industry Company**         | 5,761,652         | 295,670           | -                 | -                 |
|  | <b>16,286,756</b> | <b>34,086,431</b> | <b>7,026,749</b>  | <b>8,794,382</b>  |
| <b><u>National Aluminum and Profiles Company:</u></b>    |                   |                   |                   |                   |
| Jordan Ahli Bank Loans                                   | 2,382,955         | 1,429,568         | 3,568,207         | 2,002,306         |
| Al Quds Bank Loans                                       | 1,438,062         | 2,872,738         | 1,281,900         | 1,624,784         |
| Palestine Islamic Bank Loans                             | 978,219           | -                 | 659,348           | -                 |
| Cairo Amman Bank Loans                                   | 1,211,192         | 899,399           | 1,162,394         | 1,231,106         |
| The Housing Bank for Trade and Finance Loan              | 330,766           | 1,213,942         | 169,568           | 1,063,446         |
| Arab Bank Loan   | 1,662,068         | -                 | 1,541,180         | -                 |
| Safa Bank Loan   | 2,136,927         | -                 | 1,609,326         | -                 |
| Bank of Palestine Loan                                   | 376,932           | -                 | 646,019           | -                 |
|  | <b>10,517,121</b> | <b>6,415,647</b>  | <b>10,637,942</b> | <b>5,921,642</b>  |
| <b><u>Palestine Automobile Company:</u></b>              |                   |                   |                   |                   |
| National Bank Loans                                      | 4,076,282         | -                 | 1,533,935         | -                 |
| The Housing Bank for Trade and Finance Loan              | 1,113,547         | -                 | 554,017           | -                 |
| Arab Bank Loan   | 1,349,752         | -                 | 1,350,979         | -                 |
| Al Quds Bank Loans                                       | 3,955,564         | 275,897           | 3,239,389         | 488,446           |
| Jordan Ahli Bank Loans                                   | 2,739,168         | 894,583           | 2,530,263         | -                 |
| Cairo Amman Bank Loans                                   | 356,267           | 529,970           | 334,356           | 748,977           |
| Bank of Palestine limited Loan                           | 707,059           | -                 | -                 | 191,830           |
| Arab Islamic Bank Loan                                   | 292,530           | 79,558            | 268,765           | 385,568           |
| Bank of Jordan Loan                                      | 1,272,550         | -                 | 2,421,280         | -                 |
|  | <b>15,862,719</b> | <b>1,780,008</b>  | <b>12,232,984</b> | <b>1,814,821</b>  |
| <b><u>Arab Leasing Company:</u></b>                      |                   |                   |                   |                   |
| National Bank Loan                                       | 298,787           | 441,145           | 215,789           | 580,427           |
| Jordan Ahli Bank Loan                                    | 568,798           | 909,457           | 513,874           | 1,269,816         |
| Al Quds Bank Loan  | 841,822           | 1,981,885         | 494,258           | 1,091,209         |
| Italian Development Cooperation Agency *                 | -                 | 858,400           | -                 | 902,800           |
| Bank of Palestine Loan                                   | 314,587           | 479,874           | -                 | -                 |
|  | <b>2,023,994</b>  | <b>4,670,761</b>  | <b>1,223,921</b>  | <b>3,844,252</b>  |
| <b><u>Medical Supplies and Services Company:</u></b>     |                   |                   |                   |                   |
| Arab Islamic Bank loan                                   | 4,307,005         | -                 | 719,259           | -                 |
| Bank of Palestine Loan                                   | 650,631           | 2,884,000         | -                 | -                 |
| The Housing Bank for Trade and Financial loan            | 3,326,881         | -                 | 1,635,683         | -                 |
| Arab Bank Loan   | 5,342,897         | 3,125,120         | 1,683,533         | 4,375,040         |
| Safa Bank Loan   | 5,775,389         | -                 | 5,509,570         | -                 |
| Bank of Jordan Loan                                      | 19,229,145        | -                 | 21,516,743        | 411,905           |
|  | <b>38,631,948</b> | <b>6,009,120</b>  | <b>31,064,788</b> | <b>4,786,945</b>  |
| <b><u>Arab Palestinian Shopping Centers Company:</u></b> |                   |                   |                   |                   |
| Arab Islamic Bank loan                                   | -                 | -                 | 156,955           | 50,231            |
| Cairo Amman Bank Loan                                    | -                 | -                 | 582,417           | 2,475,270         |
|  | <b>-</b>          | <b>-</b>          | <b>739,372</b>    | <b>2,525,501</b>  |
|  | <b>83,322,538</b> | <b>52,961,967</b> | <b>62,925,756</b> | <b>27,687,543</b> |

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

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

\*\* Tarakya Meat Industry Company (subsidiary company) has obtained 16 loans from several banks in the Republic of Turkey, with a total value of 62.220 million Turkish liras. (equivalent to US\$ 7.1 million as on December 31, 2021) to finance the working capital of the company, interest rates range from 7.5% to 25.2%, and installments maturity ranges from the date of. February 5, 2020 to April 17, 2023.

22. Other Credit Balances

This item consists of the following:

|                                 | December 31,      |                   |
|---------------------------------|-------------------|-------------------|
|                                 | 2021              | 2020              |
|                                 | USD               | USD               |
| Accrued expenses                | 13,664,518        | 11,885,842        |
| Accrued interest                | 945,587           | 179,895           |
| Unearned revenue                | 793,297           | 626,379           |
| Accrued salaries and bonuses    | 7,255,590         | 6,379,499         |
| Accrued vacations               | 2,062,136         | 1,105,819         |
| Social security deposits        | 198,774           | 123,670           |
| Sales tax deposits              | 495,070           | 418,954           |
| Income tax deposits – employees | 1,529,485         | 1,398,705         |
| Advances from customers         | 4,722,361         | 685,669           |
| Sundry provisions               | 4,596,972         | 5,374,789         |
| Others                          | 2,340,249         | 1,631,630         |
| <b>Total</b>                    | <b>38,604,039</b> | <b>29,810,851</b> |

23. Income Tax

a. Income tax provision

The movement on income tax provision is illustrated as follows:

|   | December 31,     |                  |
|---|------------------|------------------|
|   | 2021             | 2020             |
|   | USD              | USD              |
| Balance - Beginning of the year                                     | 5,826,301        | 3,595,931        |
| Income tax paid   | (9,097,512)      | (4,505,094)      |
| Transferred as a result of subsidiary acquisition during the period | 92,250           | -                |
| Amounts previously booked against discontinued operations           | -                | 4,112            |
| Income tax expense for the year                                     | 9,583,831        | 6,731,352        |
| <b>Balance - End of the year</b>                                    | <b>6,404,870</b> | <b>5,826,301</b> |

b. Income tax expense

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

|                                  | For The Year Ended |                  |
|----------------------------------|--------------------|------------------|
|                                  | 2021               | 2020             |
|                                  | USD                | USD              |
| Income tax expense for the year  | 9,583,831          | 6,731,352        |
| Deferred tax assets for the year | (618,496)          | (407,061)        |
| Amortized deferred tax assets    | 243,341            | 43,519           |
|                                  | <b>9,208,676</b>   | <b>6,367,810</b> |



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 the Year |
|---|---------------------------------|
| Unipal General Trading Company                          | 2019                            |
| Sky Advertising and Promotion Company                   | 2019                            |
| Medical Supplies and Services Company                   | 2018                            |
| National Aluminum and Profiles Company                  | 2018                            |
| Palestine Automobile Company                            | 2017                            |
| Arab Palestinian Storage and Cooling Company            | 2017                            |
| Siniora Food Industries Company (Jordan and Palestine)  | 2018                            |
| Jericho Natural and Mineral Water Factory Company       | Under Liquidation               |
| Arab Leasing Company                                    | 2017                            |
| Arab Palestinian Investment Company / Jordan (Exempted) | 2018                            |

In the management and its tax consultant's opinion, the provisions recorded as of December 31, 2021 are sufficient to settle the tax liabilities for the outstanding years.

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:

|  | 2021              |                  | 2020               |                   |
|--|-------------------|------------------|--------------------|-------------------|
|  | Beginning Balance | Additions        | Released Amounts   | Ending Balance    |
|  | USD               | USD              | USD                | USD               |
| Expected Credit Loss (Accounting Receivable) | 6,555,369         | 2,299,948        | (607,401)          | 8,247,916         |
| Provision for slow-moving inventory          | 3,102,704         | 1,206,423        | (1,901,256)        | 2,407,871         |
| End-of-service indemnity provision           | 17,254,997        | 3,962,808        | (1,377,950)        | 19,839,855        |
|  | <b>26,913,070</b> | <b>7,469,179</b> | <b>(3,886,607)</b> | <b>30,495,642</b> |
|  |                   |                  |                    | <b>2,633,284</b>  |
|  |                   |                  |                    | <b>2,275,287</b>  |

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 and Jericho Natural and Mineral Water Factory Company

The movement on deferred tax assets is as follows:

|   |  |
|---|--|
| Balance - beginning of the year                                     |  |
| Additions   |  |
| Transferred as a result of subsidiary acquisition during the period |  |
| Amounts released as a result of the sale of subsidiary              |  |
| Amounts previously booked against discontinued operations           |  |
| Disposals   |  |
| <b>Balance - End of the Year</b>                                    |  |

| 2021             | 2020             |
|------------------|------------------|
| USD              | USD              |
| 2,275,287        | 1,880,219        |
| 618,496          | 407,061          |
| 172,624          | -                |
| (189,782)        | -                |
| -                | 31,526           |
| (243,341)        | (43,519)         |
| <b>2,633,284</b> | <b>2,275,287</b> |

#### 24. Provision for End-of-Service Indemnity

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

|   |  |
|---|--|
| Unipal General Trading Company                        |  |
| Siniora Food Industries Company                       |  |
| Medical Supplies and Services Company                 |  |
| National Aluminum and Profiles Company                |  |
| Palestine Automobile Company                          |  |
| Arab Palestinian Investment Company (Holding Company) |  |
| Sky Advertising and Promotion Company                 |  |
| Arab Palestinian Shopping Centers Company             |  |
| Arab Palestinian Storage and Cooling Company          |  |
| Arab Leasing Company                                  |  |
| <b>Total</b>  |  |

| December 31,      |                   |
|-------------------|-------------------|
| 2021              | 2020              |
| USD               | USD               |
| 5,780,680         | 4,848,666         |
| 5,150,404         | 4,213,159         |
| 4,342,700         | 3,518,669         |
| 1,594,842         | 1,436,607         |
| 1,085,625         | 881,890           |
| 929,363           | 777,968           |
| 767,874           | 693,601           |
| -                 | 714,215           |
| 97,797            | 91,261            |
| 90,570            | 78,961            |
| <b>19,839,855</b> | <b>17,254,997</b> |

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

|   |  |
|---|--|
| Balance - beginning of the year                                     |  |
| Additions   |  |
| Transferred as a result of subsidiary acquisition during the period |  |
| Amounts released as a result of the sale of subsidiary              |  |
| Paid from the provision   |  |
| <b>Balance - End of the Year</b>                                    |  |

| 2021              | 2020              |
|-------------------|-------------------|
| USD               | USD               |
| 17,254,997        | 14,285,597        |
| 3,129,477         | 3,477,637         |
| 833,331           | -                 |
| (714,215)         | -                 |
| (663,735)         | (508,237)         |
| <b>19,839,855</b> | <b>17,254,997</b> |

26. Property and Equipment Revaluation Reserve

This items consists of:

| Company Name                                 | December 31, 2021   |                         |                  |                      | December 31, 2020   |                         |                   |                      |
|--|---------------------|-------------------------|------------------|----------------------|---------------------|-------------------------|-------------------|----------------------|
|  | Revaluation Reserve | Percentage of Ownership | Company's Share  | controlling interest | Revaluation Reserve | Shareholding Percentage | Company's Share   | Controlling Interest |
|  | USD                 | %                       | USD              | USD                  | USD                 | %                       | USD               | USD                  |
| Arab Palestinian Shopping Centers Company    | -                   | 0%                      | -                | -                    | 7,041,188           | 100%                    | 7,025,597         | 15,591               |
| National Aluminum and Profiles Company       | 2,493,784           | 77%                     | 1,920,713        | 573,072              | 2,493,784           | 73%                     | 1,820,224         | 673,560              |
| Unipal General Trading Company               | 2,703,698           | 100%                    | 2,703,698        | -                    | 2,075,098           | 93%                     | 1,938,326         | 136,772              |
| Siniora Food Industries Company              | 4,101,675           | 66%                     | 2,691,929        | 1,409,746            | 4,100,821           | 66%                     | 2,691,511         | 1,409,310            |
| Palestine Automobile Company                 | 2,096,340           | 100%                    | 2,096,340        | -                    | 2,096,340           | 100%                    | 2,096,340         | -                    |
| Arab Palestinian Storage and Cooling Company | 93,550              | 71%                     | 66,523           | 27,026               | 93,550              | 68%                     | 64,054            | 29,496               |
|  | <u>11,489,047</u>   |                         | <u>9,479,203</u> | <u>2,009,844</u>     | <u>17,900,781</u>   |                         | <u>15,636,052</u> | <u>2,264,729</u>     |

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

| Company Name                                 | Cost               |                   | Fair Value         |                   | Property and Equipment (Land) Revaluation Reserve |                   |
|--|--------------------|-------------------|--------------------|-------------------|---|-------------------|
|  | As of December 31, |                   | As of December 31, |                   | As of December 31,                                |                   |
|  | 2021               | 2020              | 2021               | 2020              | 2021  | 2020              |
|  | USD                | USD               | USD                | USD               | USD   | USD               |
| Arab Palestinian Shopping Centers Company*   | -                  | 3,148,352         | -                  | 10,189,540        | -   | 7,041,188         |
| National Aluminum and Profiles Company       | 896,256            | 896,256           | 3,390,040          | 3,390,040         | 2,493,784   | 2,493,784         |
| Unipal General Trading Company               | 1,067,902          | 1,067,902         | 3,771,600          | 3,143,000         | 2,703,698   | 2,075,098         |
| Siniora Food Industries Company              | 6,780,406          | 6,780,406         | 10,882,081         | 10,881,227        | 4,101,675   | 4,100,821         |
| Palestine Automobile Company                 | 4,136,833          | 4,136,833         | 6,233,173          | 6,233,173         | 2,096,340   | 2,096,340         |
| Arab Palestinian Storage and Cooling Company | 365,405            | 365,405           | 458,955            | 458,955           | 93,550  | 93,550            |
|  | <u>13,246,802</u>  | <u>16,395,154</u> | <u>24,735,849</u>  | <u>34,295,935</u> | <u>11,489,047</u>                                 | <u>17,900,781</u> |

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

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | USD               | USD               |
| Balance - Beginning of the year                 | 17,900,781        | 16,924,300        |
| Current year impact on shareholders equity      | (6,156,849)       | 806,768           |
| Current year impact on non controlling interest | (254,885)         | 169,713           |
| <b>Balance - End of the Year</b>                | <b>11,489,047</b> | <b>17,900,781</b> |

\* During the year 2021, the Group's share in the Arab Palestinian Company for Shopping Centers was sold. This transaction resulted in the transfer of the value of profits previously recorded in the property and equipment/ank reserve to retained earnings.

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,      |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2021              | 2020              |
|                                  | USD               | USD               |
| Balance - beginning of the year  | 75,102,400        | 35,000,000        |
| Bonds issued during the period   | -                 | 75,102,400        |
| Bonds settled during the period  | -                 | (35,000,000)      |
| Currency translation impact      | (1,184,400)       | -                 |
| <b>Balance - End of the Year</b> | <b>73,918,000</b> | <b>75,102,400</b> |

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

|  | December 31,      |                   |
|--|-------------------|-------------------|
|  | 2021              | 2020              |
|  | USD               | USD               |
| Dollar bonds issuance of the year 2020 *** | 58,000,000        | 58,000,000        |
| Euro bonds issuance of the year 2020 ***   | 15,918,000        | 17,102,400        |
| <b>Total</b>                               | <b>73,918,000</b> | <b>75,102,400</b> |

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

During the month of June 2020, the Arab Palestinian Investment Company issued loan bonds with a total nominal value of 14 million Euros, equivalent to 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% per annum, fixed for the first 30 months and the interest rate for 6 months EURO LIBOR + 2.5% for the remaining 30 months of the bond's life, provided that the interest rate is not less than 3.75% and not more than 4.75%, and interest payments are calculated over 360 days, It is paid every six months from the date of issuance, noting that the issuing company has the right to amortize the value of one million euros and its multiples of bonds issued before their maturity date, and at an amortization rate of 101% of the nominal value of the bonds to be amortized.

The movement on this account is as follows:

|   | December 31,      |                   |
|---|-------------------|-------------------|
|   | 2021              | 2020              |
|   | USD               | USD               |
| Bonds maturing within one to five years | 73,918,000        | 75,102,400        |
|   | <b>73,918,000</b> | <b>75,102,400</b> |

The guarantees and covenants on the bonds issued by the company as on December 31, 2021 and 2020 were as follows:

Dollar bonds - issuance of the year 2020:

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

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

Euro bonds - issuance of the year 2020:

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

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

During the year ended December 31, 2021, the Group held a meeting with Bond holders in the presence of the Companies controller where bond holders were informed of the Group's need to exceed the net Group debt to debt and shareholder's equity ratio of 60% and for a temporary time during the year 2021 as a result of external and emerging factors with no objections were noted in that regard.

27. Non - Controlling Interests

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

| Company's Name                               | December 31,                         |                   |   |                 |                   |                   |                                 |  |                                      |   |
|--|--------------------------------------|-------------------|---|-----------------|-------------------|-------------------|---------------------------------|--|--------------------------------------|---|
|  | Non-Controlling Interest Share as of |                   |   |                 |                   |                   |                                 |  |                                      |   |
|  | 2021                                 | 2020              | % | Paid-up Capital | Statutory Reserve | Voluntary Reserve | Cumulative change in fair value | Property and Equipment Revaluation Reserve | Foreign Currency Translation Effects | Difference on the Purchase of Minority Interest |
|  | USD                                  | USD               |   | USD             | USD               | USD               | USD                             | USD  | USD                                  | USD   |
| Arab Palestinian Storage and Cooling Company | 29%                                  | 32%               |   | 4,500,000       | -                 | -                 | 93,550                          | -  | (6,887,376)                          | (2,489,160)                                     |
| Unipal General Trading Company *             | 0%                                   | 7%                |   | 7,042,253       | 7,042,253         | -                 | 1,798,580                       | 2,703,698                                  | 70,079                               | 55,205,873                                      |
| National Aluminum and Profiles Company *     | 23%                                  | 27%               |   | 15,514,810      | 2,618,670         | 22,441            | -                               | 2,493,784                                  | 907,933                              | 22,773,828                                      |
| Sinoma Food Industries Company               | 34%                                  | 34%               |   | 39,492,243      | 8,451,654         | (8,109)           | -                               | 4,101,330                                  | 7,295,818                            | 53,553,496                                      |
| Arab Palestinian Shopping Centers Company    | 0%                                   | 0.2%              |   | -               | -                 | -                 | -                               | -  | (325,790)                            | (325,790)                                       |
| Jericho Mineral Water Company                | 15%                                  | 15%               |   | 4,803,734       | -                 | -                 | -                               | -  | 3,300                                | (51,830)  |
| Sky Advertising and Promotion Company *      | 0%                                   | 0%                |   | 845,068         | 378,255           | -                 | -                               | -  | 43,248                               | 1,335,539                                       |
|  | <b>721,981,108</b>                   | <b>18,499,832</b> |   | <b>14,332</b>   | <b>1,798,580</b>  | <b>9,392,362</b>  | <b>(3,451,960)</b>              | <b>9,957,046</b>                           | <b>35,111,881</b>                    | <b>28,236,503</b>                               |
|  |                                      |                   |   |                 |                   |                   |                                 |  |                                      | <b>4,780,504</b>                                |

\* The item includes the following amounts resulting from the rights of non-controlling interest in companies invested in by subsidiaries:

| Company's Name                                       | December 31,                      |                |   |                 |                   |                   |                                 |  |                                      |   |
|--|-----------------------------------|----------------|---|-----------------|-------------------|-------------------|---------------------------------|--|--------------------------------------|---|
|  | Non-Controlling Interest Share of |                |   |                 |                   |                   |                                 |  |                                      |   |
|  | 2021                              | 2020           | % | Paid-up Capital | Statutory Reserve | Voluntary Reserve | Cumulative change in fair value | Property and Equipment Revaluation Reserve | Foreign Currency Translation Effects | Difference on the Purchase of Minority Interest |
|  | USD                               | USD            |   | USD             | USD               | USD               | USD                             | USD  | USD                                  | USD   |
| Oyoun Media for Advertising and Publications Company | 23,056                            | (13,640)       |   | 43,248          | (48,758)          |                   |                                 |  |                                      |   |
| Al-Jihan General Trading Company                     | 629,533                           | 85,613         |   | 545,921         | 106,685           |                   |                                 |  |                                      |   |
| Takla Meat Industry Company                          | 1,606,842                         | 369,745        |   | -               | -                 |                   |                                 |  |                                      |   |
|  | <b>2,239,431</b>                  | <b>441,718</b> |   | <b>587,169</b>  | <b>57,927</b>     |                   |                                 |  |                                      |   |

28. Gross Profit from Sales

This item consists of the following:

| Company's Name                         | December 31,                      |                   |   |                    |                   |                   |                                 |  |                                      |   |
|--|-----------------------------------|-------------------|---|--------------------|-------------------|-------------------|---------------------------------|--|--------------------------------------|---|
|  | Non-Controlling Interest Share of |                   |   |                    |                   |                   |                                 |  |                                      |   |
|  | 2021                              | 2020              | % | Paid-up Capital    | Statutory Reserve | Voluntary Reserve | Cumulative change in fair value | Property and Equipment Revaluation Reserve | Foreign Currency Translation Effects | Difference on the Purchase of Minority Interest |
|  | USD                               | USD               |   | USD                | USD               | USD               | USD                             | USD  | USD                                  | USD   |
| Medical Supplies and Services Company  | 117,015,887                       | 26,088,706        |   | 86,624,640         | 26,432,386        |                   |                                 |  |                                      |   |
| Unipal General Trading Company         | 781,996,282                       | 28,239,046        |   | 726,838,391        | 32,675,248        |                   |                                 |  |                                      |   |
| National Aluminum and Profiles Company | 30,064,130                        | 8,167,704         |   | 21,726,515         | 5,395,099         |                   |                                 |  |                                      |   |
| Palestine Automobile Company           | 30,174,627                        | 8,810,905         |   | 22,085,151         | 8,669,165         |                   |                                 |  |                                      |   |
| Sinoma Food Industries Company         | 145,262,339                       | 5,493,653         |   | 105,587,268        | 6,271,454         |                   |                                 |  |                                      |   |
|  | <b>1,104,518,165</b>              | <b>76,690,014</b> |   | <b>963,857,975</b> | <b>79,383,362</b> |                   |                                 |  |                                      |   |

29. General and Administrative Expenses

This item consists of the following:

|  | 2021              | 2020              |
|--|-------------------|-------------------|
| USD  | USD               | USD               |
| Salaries and wages                                 | 19,996,879        | 13,467,507        |
| Bonuses and employees benefits                     | 6,128,034         | 5,741,759         |
| Provision for End-of-service indemnity             | 2,455,576         | 1,716,092         |
| Rent   | 372,681           | 473,615           |
| Stationery and printing                            | 283,083           | 174,725           |
| Maintenance and cleaning                           | 1,361,886         | 1,025,336         |
| Telecommunication                                  | 850,970           | 670,921           |
| Hospitality  | 359,087           | 289,454           |
| Donations  | 2,550,209         | 3,486,303         |
| Transportation, travel and business trips expenses | 893,957           | 886,518           |
| Consultation, legal and professional expenses      | 3,325,629         | 2,406,856         |
| Subscriptions, governmental expenses and fees      | 954,569           | 740,284           |
| Board of Directors' expenses                       | 1,239,214         | 501,267           |
| Insurance  | 1,554,240         | 1,215,431         |
| Vehicles expenses                                  | 1,364,967         | 286,179           |
| Water and Electricity                              | 812,862           | 687,732           |
| Advertising  | 141,293           | 90,231            |
| Depreciation of Property and equipment             | 5,081,642         | 4,143,213         |
| Provision for expected credit loss                 | 1,129,844         | 850,902           |
| Goods storage and security expenses                | 491,693           | 619,867           |
| Provision for slow-moving inventory items          | 1,197,036         | 1,118,940         |
| Training   | 245,912           | 124,582           |
| Others   | 1,429,351         | 1,895,115         |
| <b>Total</b>                                       | <b>54,220,614</b> | <b>42,612,829</b> |

30. Selling and Distribution Expenses

This item consists of the following:

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| USD   | USD               | USD               |
| Salaries and wages  | 8,737,332         | 6,440,359         |
| Company's share in social security and provision for end of service | 981,241           | 758,036           |
| Advertising   | 3,690,198         | 5,413,390         |
| Sales bonuses and commissions                                       | 8,507,624         | 6,417,707         |
| Vehicles and fuel expenses  | 4,866,890         | 3,765,840         |
| Telecommunication   | 180,143           | 156,069           |
| Insurance   | 668,164           | 529,639           |
| Depreciation of Property and equipment                              | 916,980           | 912,255           |
| Transportation and travel   | 881,218           | 634,968           |
| Export expenses   | 907,407           | 388,203           |
| Showrooms' expenses   | 79,602            | 6,923             |
| Rent  | 234,545           | 188,801           |
| Others  | 995,569           | 1,112,695         |
| <b>Total</b>  | <b>31,646,913</b> | <b>26,724,885</b> |



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

This item consists of the following:

|                  | 2021           | 2020             |
|------------------|----------------|------------------|
|                  | USD            | USD              |
| Dividends Income | 559,453        | 1,680,031        |
|                  | <b>559,453</b> | <b>1,680,031</b> |

32. Contingent Liabilities

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

|                      | 2021       | 2020       |
|----------------------|------------|------------|
|                      | USD        | USD        |
| Letters of credit    | 11,568,383 | 11,022,322 |
| Bank guarantees      | 24,038,531 | 18,412,109 |
| Letters of guarantee | 16,057,690 | 3,295,840  |

33. Segmental Analysis

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

|   | For the Year ended December 31, |                    |                   |                    |                    |
|---|---------------------------------|--------------------|-------------------|--------------------|--------------------|
|   | 2021                            |                    | 2020              |                    | Other *            |
|   | Industrial                      | Service            | Trade             | USD                | USD                |
| Total revenue   | 175,330,368                     | 5,153,026          | 929,187,797       | 1,109,671,191      | 929,278,473        |
| Less: Cost of sales and service                       | (130,214,303)                   | (5,521,903)        | (830,946,050)     | (966,682,256)      | (816,483,135)      |
| <b>Gross Profit</b>                                   | <b>45,116,065</b>               | <b>(368,877)</b>   | <b>98,241,747</b> | <b>142,988,935</b> | <b>112,795,338</b> |
| Less: Expenses allocated to sectors                   | (37,725,143)                    | (1,722,002)        | (45,747,345)      | (100,183,983)      | (81,867,197)       |
| <b>Profit before taxes</b>                            | <b>7,390,922</b>                | <b>(2,090,879)</b> | <b>52,494,402</b> | <b>42,804,952</b>  | <b>30,928,141</b>  |
| Less: income tax                                      | (1,915,937)                     | (177,295)          | (7,085,444)       | (9,208,676)        | (6,340,395)        |
| <b>Profit for the year from continuing operations</b> | <b>5,474,986</b>                | <b>(2,268,174)</b> | <b>45,408,958</b> | <b>33,596,276</b>  | <b>24,587,746</b>  |
| Add: net (loss) profit from discontinued operations   | -                               | -                  | (325,790)         | (325,790)          | 54,977             |
| Profit resulting from the sale of a subsidiary        | -                               | -                  | -                 | 4,669,423          | -                  |
| <b>Profit for the Year</b>                            | <b>5,474,986</b>                | <b>(2,268,174)</b> | <b>45,083,168</b> | <b>37,936,909</b>  | <b>24,642,723</b>  |

\* The Holding Company.

|                   | 2021        | 2020        |
|-------------------|-------------|-------------|
|                   | USD         | USD         |
| Total Assets      | 511,148,111 | 336,390,550 |
| Total Liabilities | 264,722,492 | 336,390,550 |

- 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  | For the Year Ended December 31, 2021   |  |             |             |             |             |
|---|--|--|-------------|-------------|-------------|-------------|
|   | Geographical Location                  |  | Revenue     |             | Expenses    |             |
|   |  |  | USD         | USD         | Assets      | Liabilities |
| Siniora Food Industries Company                         | Jordan / United Arab Emirates / Turkey |  | 128,558,983 | 114,848,845 | 161,900,155 | 78,860,560  |
| Arab Palestinian Investment Company / Jordan (Exempted) | Jordan                                 |  | 486,150     | 255,316     | 804,831     | 131,779     |
| APIC Gulf Investment                                    | United Arab Emirates                   |  | -           | 2,327,600   | 5,681,808   | 7,894,604   |
| Taleed for Medical Supplies                             | Jordan / Iraq                          |  | 8,396,435   | 6,914,895   | 7,785,122   | 4,723,140   |
| Al Jihan for General Trading Company                    | Jordan                                 |  | 19,066,624  | 3,650,416   | 15,779,187  | 12,631,522  |
| National Aluminum and Profiles Company                  | Jordan                                 |  | 146,849     | 75,283      | 77,703      | 30,762      |

| For the Year Ended December 31, 2020                    |                      |            |            | December 31, 2020 |             |
|---|----------------------|------------|------------|-------------------|-------------|
| Geographical Location                                   |                      | Revenue    | Expenses   | Assets            | Liabilities |
|   |                      | USD        | USD        | USD               | USD         |
| Siniora Food Industries Company                         | Jordan               | 45,490,086 | 41,778,763 | 70,403,147        | 19,449,834  |
| Arab Palestinian Investment Company / Jordan (Exempted) | Jordan               | 563,929    | 316,909    | 533,710           | 91,492      |
| APIC Gulf Investment                                    | United Arab Emirates | 181,962    | 27,405     | 6,659,091         | 6,492,422   |
| Taleed for Medical Supplies                             | Jordan/Iraq          | 6,907,689  | 5,613,840  | 8,409,938         | 6,829,204   |
| Al Jihan for General Trading Company                    | Jordan               | 7,351,688  | 6,817,020  | 11,804,370        | 9,083,523   |
| National Aluminum and Profiles Company                  | Jordan Branch        | 97,721     | 95,144     | 112,810           | 52,854      |

### **34. Lawsuits**

The following shows the cases filed against the group (and its subsidiaries) as of December 31, 2021:

#### **a. Siniora Food Industries Company**

There are lawsuits filed against the Siniora Food Industries Company - Palestine, valued at USD 391,810, in addition to a group of unspecified cases. In the opinion of the legal advisor and the company's management, no obligations shall arise against the Company as a result of these lawsuits.

#### **b. Arab Palestinian Storage and Cooling Company**

There are lawsuits held against the Arab Palestinian Storage and Cooling Company with an amount of USD 262,523 in addition to other lawsuits with undefined values. In the opinion of the Company's lawyer and its management an amicable settlement was reached between the company and the plaintiff, and compensation was paid to the aggrieved party, and therefore there are no financial obligations on the company.

#### **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 on November 17, 2016.

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

#### **d. Unipal General Trading Company**

There are lawsuits held against Unipal General Trading Company with an amount of USD 14,196,155 in addition to another lawsuit with undefined value. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company as a result of these lawsuits.

#### **e. National Aluminum and Profiles Company**

There are lawsuits held against National Aluminum and Profiles Company with an amount of USD 179,321. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company as a result of these lawsuits.

#### **f. Palestine Automobile Company**

There are lawsuits held against Palestine Automobile Company with an amount of USD 475,492. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company as a result of these lawsuits.

#### **g. Sky Advertising and Promotion Company**

There are lawsuits held against Sky Advertising and Promotion Company with an amount of USD 16,829. In the opinion of the Company's lawyer and its management, no obligations shall arise against the Company as a result of these lawsuits.

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 Levels

#### A- Financial Assets and Liabilities Measured at Fair Value

Some of the Group's financial assets and liabilities are valued at fair value at the end of each period

| Financial Assets   | December 31, 2021 |     | December 31, 2020 |     | Fair Value levels      | Evaluation method and the inputs used | Importants inputs for intangibles | The relationship between important inputs intangibles and fair |
|--|-------------------|-----|-------------------|-----|------------------------|---------------------------------------|-----------------------------------|--|
|  | Fair Value        |     | Fair Value        |     |                        |                                       |                                   |  |
|  | USD               | USD | USD               | USD |                        |                                       |                                   |  |
| Financial assets at fair value through profit or loss                          | 369,669           |     | 695,433           |     | First Level            | Market Value                          | Not Applicable                    | Not Applicable   |
| Financial assets at fair value through other comprehensive income:             |                   |     |                   |     |                        |                                       |                                   |  |
| Shares of traded companies   | 14,555,777        |     | 10,680,522        |     | First Level            | Market Value                          | Not Applicable                    | Not Applicable   |
| Shares of non-traded companies   | 17,365,664        |     | 11,959,462        |     | Second and Third Level | Comparable Approach                   | Not Applicable                    | Not Applicable   |
| Investment funds   | 9,852,747         |     | 5,100,484         |     | Second and Third Level | Comparable Approach                   | Not Applicable                    | Not Applicable   |
| <b>Total financial assets at fair value through other comprehensive income</b> | <b>41,774,188</b> |     | <b>27,740,468</b> |     |                        |                                       |                                   |  |
| Financial hedging instruments assets   | 7,959,000         |     | 8,551,200         |     | First Level            | Market Value                          | Not Applicable                    | Not Applicable   |
| Investment in lands  | 819,127           |     | 819,127           |     | Second Level           | Real Estate Appraiser                 | Not Applicable                    | Not Applicable   |
| Land, property and equipment at fair value                                     | 32,263,821        |     | 39,025,616        |     | Second Level           | Real Estate Appraiser                 | Not Applicable                    | Not Applicable   |
| <b>Total financial assets at fair value</b>                                    | <b>83,185,805</b> |     | <b>76,831,844</b> |     |                        |                                       |                                   |  |
| <b>Financial liabilities at fair value</b>                                     |                   |     |                   |     |                        |                                       |                                   |  |
| Financial hedging instruments liabilities                                      | 7,959,000         |     | 7,959,000         |     | First Level            | Market Value                          | Not Applicable                    | Not Applicable   |
| <b>Total financial liabilities at fair value</b>                               | <b>7,959,000</b>  |     | <b>7,959,000</b>  |     |                        |                                       |                                   |  |

There were no transfers between first level and second level during 2021

#### B - The fair value of the company's financial liabilities that are not frequently measured at fair value:

Apart from what is mentioned in the table below, we believe that the book value of the financial liabilities appearing in the company's consolidated financial statements approximates their fair value:

| Financial liabilities that are not determined at fair value              | December 31, 2021  |                    | December 31, 2020  |                    | Fair Value Level |
|--|--------------------|--------------------|--------------------|--------------------|------------------|
|  | Book Value         | Fair Value         | Book Value         | Fair Value         |                  |
|  | USD                | USD                | USD                | USD                |                  |
| Long term bonds  | 73,918,000         | 73,918,000         | 75,102,400         | 75,165,621         | Second Level     |
| Loans and banks Payable  | 195,521,479        | 196,467,066        | 120,450,417        | 120,567,090        | Second Level     |
| <b>Total financial liabilities that are not determined at fair value</b> | <b>269,439,479</b> | <b>270,385,066</b> | <b>195,552,817</b> | <b>195,732,711</b> |                  |

For the items listed above, the fair value of the second level financial liabilities has been determined according to agreed pricing models that reflect the credit risks of the parties with which they are dealt.

The fair value mentioned above is as of December 31, 2021 and 2020.

### 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,     |                |
|--|----------------------------|------------------|----------------|
|  |                            | 2021<br>USD      | 2020<br>USD    |
| Aqqad Investment Company                                 | Major Shareholder          | 1,818,497        | 97,393         |
| United Motors Company                                    | Owned by Major Shareholder | -                | 178            |
| Gulf Taleed Company                                      | Owned by Major Shareholder | 2,510            | -              |
| Central and West African Company for Commercial Agencies | Under Liquidation Company  | -                | 251,131        |
|  |                            | <u>1,821,007</u> | <u>348,702</u> |
| <b>Due to related parties</b>                            |                            |                  |                |
| Gulf Taleed Company                                      | Owned by Major Shareholder | -                | 82,324         |
| The shareholders of the Arab                             |                            |                  |                |
| Palestinian Investment Company**                         |                            | 440,478          | 441,441        |
|  |                            | <u>440,478</u>   | <u>523,765</u> |

- \*\* 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 2021                                    | Nature of Transaction                                       | Amount<br>USD |
|--|---|---------------|
| Aggad Investment Company – Major Shareholder | Travel and insurance expenses paid on behalf of the Company | 153,628       |
| Year 2020                                    | Nature of Transaction                                       | Amount<br>USD |
| Aggad Investment Company – Major Shareholder | Travel and insurance expenses paid on behalf of the Company | 94,256        |

- b. Salaries, bonuses and other benefits of the executive management of the holding company and its subsidiaries amounted to USD 8,525,054 for the year 2021 (USD 5,970,153 for the year 2020).



### 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, 2021 and 2020:

|  | December 31,       |                    |
|--|--------------------|--------------------|
|  | 2021               | 2020               |
|  | USD                | USD                |
| Accounts Payable                                 | 66,834,318         | 29,837,118         |
| Due to banks                                     | 59,236,974         | 62,128,036         |
| Notes payable and postdated cheques - short term | 7,091,047          | 8,227,998          |
| Due to related parties                           | 440,478            | 523,765            |
| Lease liabilities – short term                   | 2,825,271          | 2,643,846          |
| Loan installments - short term                   | 83,322,538         | 62,925,756         |
| Other credit balances                            | 38,604,039         | 29,810,851         |
| Income tax provision                             | 6,404,870          | 5,826,301          |
| <b>Total Current Liabilities</b>                 | <b>264,759,535</b> | <b>201,923,671</b> |
| End of service indemnity provision               | 19,839,855         | 17,254,997         |
| Lease liabilities - long term                    | 6,163,091          | 6,462,939          |
| Notes payable and postdated cheques - long term  | 1,021,044          | -                  |
| Bonds payable - long term                        | 73,918,000         | 75,102,400         |
| Financial hedging instruments liabilities        | 7,959,000          | 7,959,000          |
| Loan installments - long term                    | 52,961,967         | 27,687,543         |
| <b>Total Non-Current Liabilities</b>             | <b>161,862,408</b> | <b>134,466,879</b> |
| <b>Total Liabilities</b>                         | <b>426,622,492</b> | <b>336,390,550</b> |
| <b>Total Owners' Equity</b>                      | <b>191,447,771</b> | <b>174,757,561</b> |
| Debt to Owners' Equity Ratio                     | <b>%223</b>        | <b>%193</b>        |

#### 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 cheques 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,       |                   |
|---------------------------|--------------------|-------------------|
|                           | 2021               | 2020              |
|                           | USD                | USD               |
| Current Assets            | 375,807,214        | 292,845,409       |
| Less: Current liabilities | (264,759,535)      | (201,923,671)     |
|                           | <b>111,047,679</b> | <b>90,921,738</b> |

#### 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, cheques 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

49 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, |             |
|                 | 2021         | 2020       | 2021         | 2020        |
|                 | USD          | USD        | USD          | USD         |
| Jordanian Dinar | 94,891,955   | 64,938,062 | 46,650,949   | 18,213,476  |
| Shekel          | 140,842,375  | 91,326,396 | 113,331,078  | 116,368,705 |
| Euro            | 2,011,074    | 1,821,055  | 6,115,909    | 8,031,654   |
| Turkish lira    | 34,028,331   | -          | 11,348,661   | -           |

The sensitivity analysis of the accounts exposed to foreign currency exchange risk according to currency type for the years 2021 and 2020 and that impacts the consolidated statement of profit or loss and owners' equity is as follows:

|                    | +1%         |             | -1%         |             |
|--------------------|-------------|-------------|-------------|-------------|
|                    | 2021<br>USD | 2020<br>USD | 2021<br>USD | 2020<br>USD |
| <b>Asset</b>       |             |             |             |             |
| Shekel             | 1,408,424   | 913,264     | (1,408,424) | (913,264)   |
| Euro               | 20,111      | 18,211      | (20,111)    | (18,211)    |
| Turkish lira       | 340,283     | -           | (340,283)   | -           |
| <b>Liabilities</b> |             |             |             |             |
| Shekel             | 1,133,311   | 1,163,687   | (1,133,311) | (1,163,687) |
| Euro               | 61,159      | 80,317      | (61,159)    | (80,317)    |
| Turkish lira       | 113,487     | -           | (113,487)   | -           |

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%         |             |
|--|-------------|-------------|-------------|-------------|
|  | 2021<br>USD | 2020<br>USD | 2021<br>USD | 2020<br>USD |
| Consolidated statement of profit or loss | 2,855,106   | 2,117,398   | (2,855,106) | (2,117,398) |

#### 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, 2021   |                                       |                          |
|--------------------------------------|---------------------|---------------------------------------|--------------------------|
|                                      | Change in Indicator | Effect on Statement of profit or loss | Effect on Owner's Equity |
|                                      | USD                 | USD                                   | USD                      |
| Indicator                            |                     |                                       |                          |
| Palestine and Jordan Stock Exchanges | %5+ -               | - +18,483                             | - +727,789               |
|                                      | December 31, 2020   |                                       |                          |
|                                      | Change in Indicator | Effect on Statement of profit or loss | Effect on Owner's Equity |
|                                      | USD                 | USD                                   | USD                      |
| Indicator                            |                     |                                       |                          |
| Palestine and Jordan Stock Exchanges | %5+ -               | - + 34.772                            | - + 534.026              |

#### 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 from Continuing and Discontinued Operations.

|   | For the Year Ended<br>December 31, |             |
|---|------------------------------------|-------------|
|   | 2021<br>USD                        | 2020<br>USD |
| Profit for the year from continuing operations  | 29,217,202                         | 19,807,242  |
|   |                                    |             |
|   | Share                              | Share       |
|   | 104,953,973                        | 103,800,000 |
|   |                                    |             |
|   | USD/Share                          | USD/Share   |
|   | 0.278                              | 0.191       |
| Earnings per share for the year relating to the Group's shareholders / basic and diluted from continuing operations*    |                                    |             |
|   |                                    |             |
|   | For the Year Ended<br>December 31, |             |
|   | 2021<br>USD                        | 2020<br>USD |
| Profit for the year from discontinued operations  | 4,343,633                          | 54,977      |
|   |                                    |             |
|   | Share                              | Share       |
|   | 104,953,973                        | 103,800,000 |
|   |                                    |             |
|   | USD/Share                          | USD/Share   |
|   | 0.041                              | 0.001       |
| Earnings per share for the year relating to the Group's shareholders / basic and diluted from discontinued operations * |                                    |             |

The weighted average number of shares per share of profit attributable to the shareholders of the company was calculated based on the number of shares authorized for the year ended December 31, 2021 according to the weighted capital after the increase resulting from the private issuance of shares that amounted to USD 1.2 million (note 1 and 2) and the distribution of shares dividends that amounted to USD 8.8 million to the company's shareholders (note 1) in accordance with the requirements of International Accounting Standard No. (33).

### 39. Discontinued Operations

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

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

|  | Assets      | June 30, 2021*    |
|--|-------------|-------------------|
| <b>Current Assets:</b>   |             | <b>USD</b>        |
| Cash on hand and at banks  |             | 764,178           |
| Account receivables- net   |             | 512,579           |
| Inventory- net   |             | 2,071,088         |
| Due from related parties   |             | 70,218            |
| Other debit balances   |             | 500,204           |
| <b>Total Current Assets</b>  |             | <b>3,918,267</b>  |
| <b>Non-Current Assets:</b>   |             |                   |
| Deferred tax assets  |             | 190,253           |
| Property and equipment- net  |             | 19,225,035        |
| Right of use assets  |             | 1,793,384         |
| <b>Total Non- Current Assets</b>   |             | <b>21,208,672</b> |
| <b>Total Assets</b>  |             | <b>25,126,939</b> |
|  |             |                   |
|  | Liabilities |                   |
| <b>Current Liabilities:</b>  |             |                   |
| Accounts payable   |             | 2,176,307         |
| Postdated cheques  |             | 1,890,389         |
| Due to related parties   |             | 180,571           |
| Lease liabilities maturing within one year   |             | 1,793,384         |
| Other credit balances  |             | 1,522,707         |
| <b>Total Current Liabilities</b>   |             | <b>7,563,358</b>  |
| <b>Non- Current Liabilities</b>  |             |                   |
| Due to Related Party   |             | 3,200,365         |
| Provision for end of service indemnity   |             | 692,381           |
| <b>Total Non- current liabilities</b>  |             | <b>3,892,746</b>  |
| <b>Total liabilities</b>   |             | <b>11,456,104</b> |
|  |             |                   |
| Net Disposal Assets  |             | 13,670,835        |
| Less: Adjustments  |             | (34,849)          |
| Less: Property and equipment revaluation reserve   |             | (7,041,188)       |
| <b>Net assets disposed off after adjusting items of comprehensive income</b>                                 |             | <b>6,594,798</b>  |
|  |             |                   |
| <b>Net assets disposed off after adjusting items of comprehensive income</b>                                 |             | <b>6,594,798</b>  |
| Add: Obligations handled by the Group as part of the sale agreement **                                       |             | 3,575,365         |
| Goodwill previously recognized against investment in subsidiary  |             | 314,355           |
| <b>Net assets disposed off after recording adjustments for items of comprehensive income and other items</b> |             | <b>10,484,518</b> |
|  |             |                   |
| Agreement Value  |             | 23,000,000        |
| Profit Resulting from the Sale   |             | 12,515,482        |



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

|                      |                          |
|----------------------|--------------------------|
| Profit from the sale | <u><b>12,515,482</b></u> |
|----------------------|--------------------------|

**Less: Items previously recognized in the statement of other comprehensive income and transferred in the current period to the interim condensed consolidated statement of changes in shareholders' equity:**

|  |             |
|--|-------------|
| Property and equipment revaluation reserve | (7,028,697) |
|--|-------------|

|   |                  |
|---|------------------|
| The additional value in the investment included in owners' equity | <u>(817,362)</u> |
|---|------------------|

|  |                         |
|--|-------------------------|
| <b>The gain recognized in the consolidated statement of profit or loss</b> | <u><b>4,669,423</b></u> |
|--|-------------------------|

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

\*\* According to the agreement between the Group and the buyer, the transaction value (sales price) includes the Group's repayment of the debts of the Arab Palestinian Shopping Centers Company to the bank and carrying out a tax clearance with the Income Tax Department until the end of the year 2021. which resulted in the clearance for the years 2019 and 2020 and recording provisions of about 370 thousand US dollars as on December 31, 2021.

- The historical cost of the group's investment in the Arab Palestinian Shopping Center Company is about USD 17 million.

The results of discontinued operations for the period from January 1, 2021 until the date of the transaction on June 24, 2021 and the results for the year ended December 31, 2020 which were included in the profit for the years 2021 and 2020 were as follows:

| Consolidated Statements of Profit or Loss  | For the period from January 1, 2021 and till the date of the agreement on June 24, 2021 |                  | For the year ended December 31, 2020 |
|--|---|------------------|--------------------------------------|
|  | USD   | USD              |                                      |
| Sales revenue                              | 13,527,935  | 32,806,667       |                                      |
| Service revenue                            | 415,468   | 907,114          |                                      |
| Cost of sales                              | (11,565,371)  | (27,848,494)     |                                      |
| <b>Gross profit from sales and service</b> | <b>2,378,032</b>  | <b>5,865,287</b> |                                      |
| Selling and distribution expenses          | (11,325)  | -                |                                      |
| General and administrative expenses        | (2,323,965)   | (4,755,587)      |                                      |
| Other expenses - net                       | (227,588)   | (555,901)        |                                      |
| Financing costs                            | (140,944)   | (498,822)        |                                      |
| <b>(Loss) gain for the period / year</b>   | <b>(325,790)</b>  | <b>54,977</b>    |                                      |

The above sale resulted in a re-statement of the amounts included in the consolidated statement of profit or loss, as the amounts mentioned in the above table for the years 2021 and 2020 have been reclassified and shown in the net (loss) gain from discontinued operations, are as follows:

|   | December 31, 2020      |                         |                         |
|---|------------------------|-------------------------|-------------------------|
|   | After Reclassification | Reclassification Effect | Before Reclassification |
|   | USD                    | USD                     | USD                     |
| Gross sales revenue   | 926,495,867            | (28,025,027)            | 954,520,894             |
| Cost of sales   | (813,088,073)          | 23,066,854              | (836,154,927)           |
| <b>Gross profit from sales</b>  | <b>113,407,794</b>     | <b>(4,958,173)</b>      | <b>118,365,967</b>      |
| Gross services revenue  | 2,782,606              | (907,114)               | 3,689,720               |
| Cost of services  | (3,395,062)            | -                       | (3,395,062)             |
| <b>Net (loss) gain from services</b>  | <b>(612,456)</b>       | <b>(907,114)</b>        | <b>294,658</b>          |
| <b>Gross profit from sales and services</b>                                 | <b>112,795,338</b>     | <b>(5,865,287)</b>      | <b>118,660,625</b>      |
| General and administrative expenses   | (42,612,829)           | 4,755,588               | (47,368,417)            |
| Selling and distribution expenses   | (26,724,885)           | -                       | (26,724,885)            |
| <b>Operational profit</b>   | <b>43,457,624</b>      | <b>(1,109,699)</b>      | <b>44,567,323</b>       |
| (Loss) gain from financial assets at fair value through profit or loss      | 85,734                 | -                       | 85,734                  |
| Depreciation of right of use – assets                                       | (2,523,365)            | 395,867                 | (2,919,232)             |
| Interest on lease liabilities   | (335,742)              | 67,477                  | (403,219)               |
| Gain from financial assets at fair value through other comprehensive income | 1,680,031              | -                       | 1,680,031               |
| Financing costs   | (11,791,731)           | 340,162                 | (12,131,893)            |
| Company's share of associate companies (losses) gains                       | 917,203                | -                       | 917,203                 |
| Other revenue (expenses) – net  | (534,198)              | 278,630                 | (812,828)               |
| <b>Profit for the year before tax</b>                                       | <b>30,955,556</b>      | <b>(27,563)</b>         | <b>30,983,119</b>       |
| Income tax expenses – the company and its subsidiaries                      | (6,367,810)            | (27,414)                | (6,340,396)             |
| <b>Profit for the year from continuing operations</b>                       | <b>24,587,746</b>      | <b>(54,977)</b>         | <b>24,642,723</b>       |
| Add: net profit from discontinued operations*                               | 54,977                 | 54,977                  | -                       |
| <b>Profit for the year</b>  | <b>24,642,723</b>      | <b>-</b>                | <b>24,642,723</b>       |

\* In compliance with what is stated in the scope of paragraph 34b of IFRS 5 "Non-current assets held for sale and discontinued operations", the Group decided to re-display the transactions between the group's subsidiaries and the Arab Palestinian Shopping Centers Company for the previous and subsequent periods as transactions with parties that are not related to the company, and accordingly, the effect of these transactions has not been excluded in the consolidated financial statements of the group for the two periods from January 1, 2021 until the date of the transaction on June 24, 2021 and December 31, 2020.

#### **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:

|                                      | <b>December 31,<br/>2021</b> |
|--------------------------------------|------------------------------|
|                                      | <b>USD</b>                   |
| Cross Currency Swap Agreement – Euro | 7,959,000                    |
| <b>Total hedge assets</b>            | <b>7,959,000</b>             |

##### **Financial hedging instruments liabilities:**

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

|                                     | <b>December 31,<br/>2021</b> |
|-------------------------------------|------------------------------|
|                                     | <b>USD</b>                   |
| Cross Currency Swap Agreement – USD | 7,959,000                    |
| <b>Total hedge liabilities</b>      | <b>7,959,000</b>             |

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

The outbreak of the Coronavirus (Covid-19) in early 2020 in most countries caused widespread disruptions to businesses with a negative impact on economic activity. Based on the analysis prepared by the Group's management up to the date of the consolidated financial statements, there was no material impact on the group's operational operations or liquidity. The Group's estimates are included in Note (4).

Management will continue to monitor the situation closely and take additional measures as an alternative plan in the event of a prolongation of the period of disruption. These and other related matters will be considered and their impact on the Group's estimates, including the expected credit loss model for financial assets, valuation of financial assets and the rationality of the inputs used for such purposes during the upcoming periods.





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