



باديكو القابضة  
PADICO HOLDING

PADICO HOLDING



باديكو القابضة  
PADICO HOLDING

الأداء المالي للربع الأول من العام 2021

Financial Performance for Q1 - 2021

2021/05/31

## Performance Summary

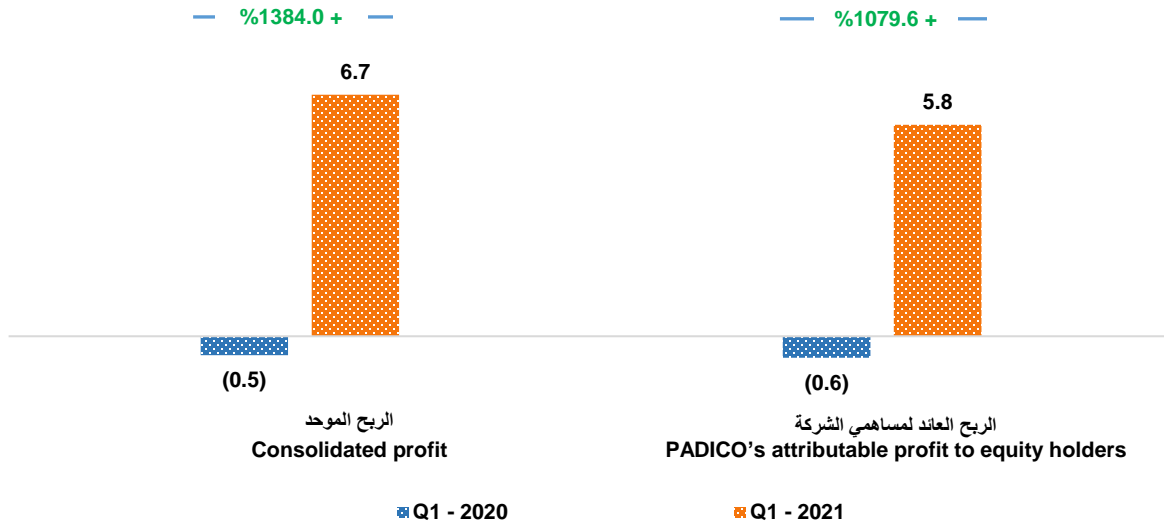
## ملخص الأداء

PADICO Holding recorded a **consolidated profit** of USD 6.7 million in the first quarter of 2021 compared to consolidated loss of USD 0.5 million in the first quarter of 2020.

حققت باديكو القابضة ربحاً موحداً بقيمة 6.7 مليون دولار في الربع الأول من العام 2021 مقارنة مع خسارة موحدة بقيمة 0.5 مليون دولار للربع الأول من العام 2020.

**PADICO's attributable profit to equity holders** increased to USD 5.8 million in the first quarter of 2021 compared to loss by USD 0.6 million in the same period last year.

كما ارتفع الربح العائد لمساهمي الشركة ليصل إلى 5.8 مليون دولار في الربع الأول من العام 2021 مقارنة مع خسارة بقيمة 0.6 مليون دولار لنفس الفترة من العام الماضي.

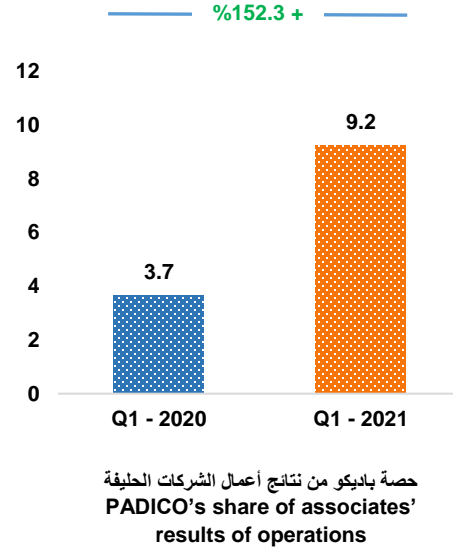
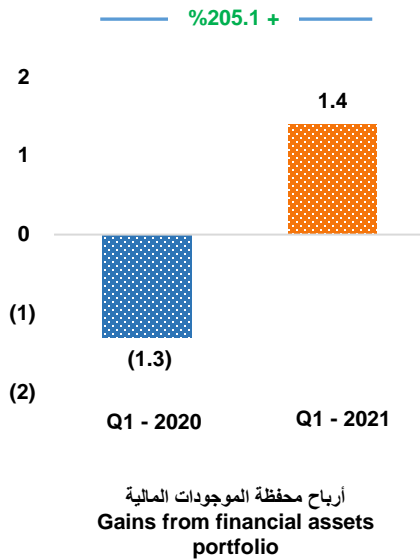


## Consolidated Revenues

## الإيرادات الموحدة

**Consolidated revenues** increased by 22.9% from USD 25.9 million in the first quarter of 2020 to USD 31.8 million in the first quarter of this year, this increase is due to the increase in **PADICO's share of associates' results of operations** from USD 3.7 million in the first quarter of 2020 to USD 9.2 million in the first quarter of 2021, this increase of 152.3% is mainly a result of the increase in Paltel profits by 147.5% from USD 9.9 million in the first quarter of 2020 to USD 24.5 million in the first quarter of 2021.

ارتفعت الإيرادات الموحدة بنسبة 22.9% من 25.9 مليون دولار في الربع الأول من العام 2020 إلى 31.8 مليون دولار في الربع الأول من العام الحالي، وجاء هذا الارتفاع نتيجة لارتفاع حصة باديكو من نتائج أعمال الشركات الحليفة من 3.7 مليون دولار في الربع الأول من العام 2020 إلى 9.2 مليون دولار أي بنسبة ارتفاع 152.3%، وذلك نتيجة ارتفاع أرباح شركة الاتصالات الفلسطينية (بالتل) بشكل رئيسي بنسبة 147.5% من 9.9 مليون دولار في الربع الأول من العام 2020 إلى 24.5 مليون دولار في العام الحالي.



The **operating revenues of subsidiaries** decreased by 14.6% from USD 23.5 million in the first quarter of 2020 to USD 20.1 million in the first quarter of 2021, this decrease is mainly due to the complete shut down of the tourism sector operations.

فيما إنخفضت الإيرادات التشغيلية للشركات التابعة بنسبة 14.6% من 23.5 مليون دولار في الربع الأول من العام 2020 إلى 20.1 مليون دولار في الربع الأول من العام الحالي وجاء ذلك بشكل رئيسي نتيجة لتوقف القطاع السياحي عن العمل بشكل تام.

**Gains from financial assets portfolio** increased by 205.1% from loss that amounted to USD 1.3 million in the first quarter of 2020 to profit by USD 1.4 million in the first quarter of 2021.

كما إرتفعت الأرباح من محفظة الأوراق المالية بنسبة 205.1% من خسارة بلغت 1.3 مليون دولار في الربع الأول من العام 2020 إلى ربح بقيمة 1.4 مليون دولار في الربع الأول من العام 2021.

### Operating, G&A and Finance Expenses

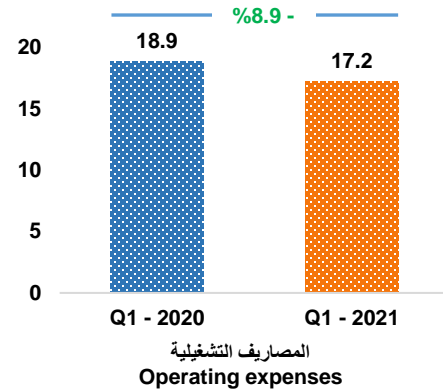
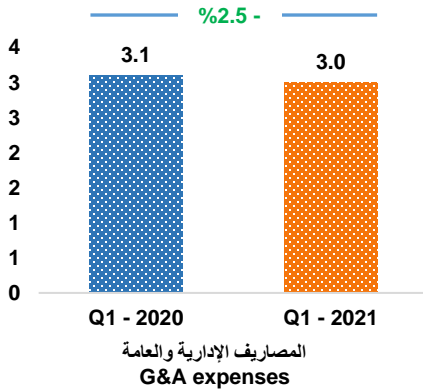
### المصاريف التشغيلية والإدارية والتمويلية

**Operating expenses** decreased by 8.9% from USD 18.9 million to USD 17.2 million in the first quarter of 2021, additionally, **G&A expenses** decreased by 2.5% from USD 3.1 million in the first quarter of 2020 to USD 3.0 million in the first quarter of 2021.

انخفضت المصاريف التشغيلية بنسبة 8.9% من 18.9 مليون دولار في الربع الأول من العام 2020 إلى 17.2 مليون دولار لنفس الفترة من العام الحالي، كما إنخفضت المصاريف الإدارية والعمومية بنسبة 2.5% حيث إنخفضت من 3.1 مليون دولار في الربع الأول من العام 2020 إلى 3.0 مليون دولار في الربع الأول من العام الحالي.

**Finance costs** decreased by 10.2% from USD 3.6 million in the first quarter of 2020 to USD 3.2 million, and **depreciation & amortization expenses** amounted to USD 0.2 million.

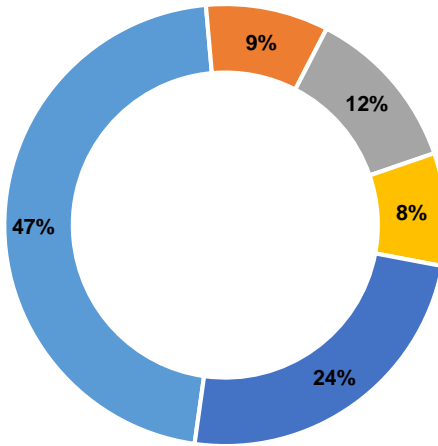
وإنخفضت مصاريف التمويل بنسبة 10.2% من 3.6 مليون دولار في الربع الأول من العام 2020 إلى 3.2 مليون دولار، كما وبلغت مصاريف الاستهلاكات والاطفاءات 0.2 مليون دولار.





## Assets & Investments

**Total assets** amounted to USD 783.4 million at the end of the first quarter of 2021, 14.7% of which were current assets, and 85.3% were non-current assets. The following chart shows the distribution of the company's assets and investments at the end of the first quarter of 2021.



توزيع الموجودات والاستثمارات  
Assets and investments allocation  
31/03/2021

## الموجودات والاستثمارات

بلغت **الموجودات** 783.4 مليون دولار نهاية الربع الأول من العام 2021 منها 14.7% موجودات متداولة و85.3% موجودات غير متداولة، ويبين الرسم البياني أدناه توزيع موجودات الشركة واستثماراتها نهاية الربع الأول من العام 2021.

- استثمارات في شركات حليفة  
Investment in associates
- استثمارات عقارية وبضاعة  
Investment properties and inventories
- نقد وموجودات مالية  
Cash and financial portfolios
- ذمم وأرصدة مدينة  
Accounts receivable and other current assets
- ممتلكات ومعدات وأصول أخرى  
PPE and other assets

## Liabilities

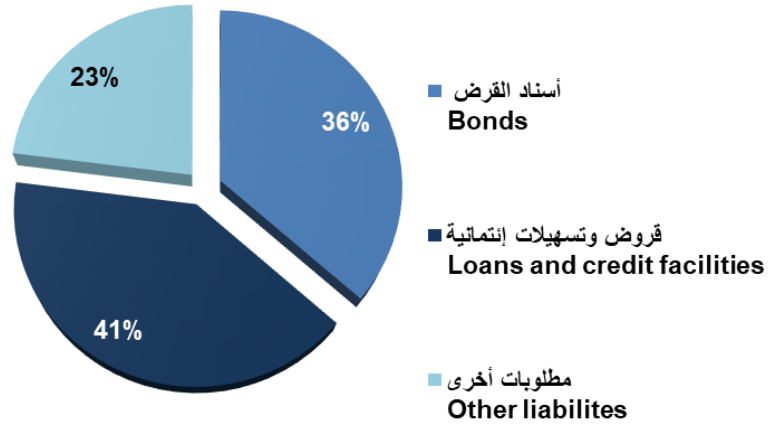
**Total liabilities** amounted to USD 332.1 million at the end of the first quarter of 2021 compared to USD 331.1 million at the end of 2020, with an increase of 0.3%.

**Total borrowing** which constitute about 76.7% of total liabilities increased by 0.4%, from USD 253.7 million at the end of 2020 to USD 254.8 million at the end of the first quarter of 2021.

## المطلوبات

بلغ مجموع **المطلوبات** 332.1 مليون دولار نهاية الربع الأول من العام 2021 مقارنة مع 331.1 مليون دولار نهاية العام 2020 أي بنسبة ارتفاع 0.3%.

يشكل **الاقتراض** حوالي 76.7% من مجموع المطلوبات، وقد ارتفع بنسبة 0.4% من 253.7 مليون دولار نهاية العام 2020 إلى 254.8 مليون دولار نهاية الربع الأول من العام 2021.



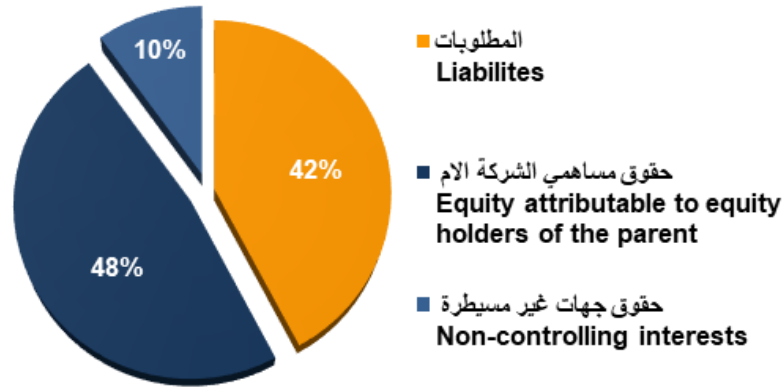
توزيع المطلوبات  
Liabilities allocation  
31/03/2021

## Equity

## حقوق الملكية

**Total equity** amounted to USD 451.3 million at the end of the first quarter of 2021 compared to USD 448.9 million at the end of 2020. Consolidated equity includes: **(a) Equity attributable to equity holders of PADICO**, which increased from USD 371.4 million at the end of 2020 to USD 374.5 million at the end of the first quarter of 2021, **(b) Equity of non-controlling interests** which amounted to USD 76.9 million at the end of the first quarter of 2021 compared to USD 77.5 million at the end of 2020.

بلغت **حقوق الملكية** 451.3 مليون دولار نهاية الربع الأول من العام 2021 مقارنة مع 448.9 مليون دولار في نهاية العام 2020. وتتكون من: (أ) **حقوق الملكية العائدة لمساهمي باديكو القابضة** التي ارتفعت من 371.4 مليون دولار نهاية العام 2020 إلى 374.5 مليون دولار نهاية الربع الأول من العام 2021 (ب) **حقوق الجهات غير المسيطرة** التي بلغت 76.9 مليون دولار نهاية الربع الأول من العام 2021 مقارنة مع 77.5 مليون دولار نهاية العام 2020.



توزيع المطلوبات وحقوق الملكية الموحدة  
Allocation of consolidated liabilities & equity  
31/03/2021

## Market & Stock Indicators

## مؤشرات السوق والسهم

Item	Q1 - 2020	Q1 - 2021	البند
Outstanding shares ( Million share )	250.0	250.0	عدد الاسهم المدرجة (مليون سهم)
Book value (US Dollar)	1.49	1.50	القيمة الدفترية للسهم نهاية الفترة (دولار)
P/B	0.63	0.53	مضاعف القيمة الدفترية للسهم (مرة)
Closing price (US Dollar)	0.94	0.80	سعر اغلاق السهم نهاية الفترة (دولار)
P/E	N/A	34.15	مضاعف سعر السهم (مرة)
Trading volume (Million share)	2.62	2.11	حجم التداول (مليون سهم)
Trading value (US Dollar)	2.84	1.69	قيمة التداول (مليون دولار)
Turnover ratio (%)	%1.0	%0.8	معدل دوران السهم (%)
52-Week high (US Dollar)	1.13	0.85	أعلى سعر تداول (دولار)
52-Week low (US Dollar)	0.94	0.76	أدنى سعر تداول (دولار)

## Other disclosures report

Based on the applicable disclosure system, below is a report about the most significant information related to the company's management, projects and main activities in the first three months of 2021.

## Board of Directors

There has been no change to the Board of Directors of the Company; members of the Board of Directors are mentioned below:

- Mr. Sabih T. Masri
- Mr. Bashar F. Masri – Chairman
- Mr. Nabil G. Sarraf
- Mr. Mahdi H. Saifi
- Mr. Nidal M. Sukhtian
- Mr. Ammar A. Aker
- Mr. Hisham Z. Al-Masri
- Mr. Yazeed A. Mufti
- Mr. Jamal S. Hourani
- Ms. Dina M. Masri
- Mr. Khaled W. Anabtawi
- Dr. Yahya Y. Al-Salqan

## تقرير الإفصاحات الأخرى

بالاستناد إلى نظام الإفصاح المعمول به، فيما يلي تقرير حول أهم المعلومات التي تتعلق بإدارة الشركة ومشاريعها وأنشطتها الرئيسية في الثلاثة أشهر الأولى من العام 2021.

## مجلس الإدارة

لم يجر أي تغيير على مجلس إدارة الشركة، وفيما يلي أعضاء مجلس الإدارة:

- السيد صبيح طاهر المصري
- السيد بشار فائق المصري – رئيس مجلس الإدارة
- السيد نبيل غطاس الصراف
- السيد مهدي حسني الصيفي
- السيد نضال منير سحنتيان
- السيد عمار عبد المنعم العكر
- السيد هشام ظافر المصري
- السيد يزيد عدنان المفتي
- السيد جمال صدقي حوراني
- السيدة دينا منيب المصري
- السيد خالد وليد عنبتاوي
- السيد د. يحيى يوسف السلطان

## Secretary General

## الأمين العام

- Mr. Ziad M. Turk

- السيد زياد محمد الترك

## Executive Management

## الإدارة التنفيذية

Members of the Executive Management as of 03/31/2021:

أعضاء الإدارة التنفيذية كما في تاريخ 2021/03/31:

- Mr. Fuad S. Najjab – CEO – Appointed on March 22, 2021
- Mr. Nihad T. Kamal - Deputy General Manager
- Mr. Amjad Y. Hassoun - Chief Financial Officer
- Mr. Nimer S. Abdul Wahed - Real Estate Sector Manager
- Mr. Mohammad F. Najjar - Infrastructure and Energy Sector Manager
- Mr. Jihad A. Zammari - Internal Audit Department Manager
- Mr. Ziad Y. Tafesh - Deputy Admin and HR Manager
- Mr. Samer M. Safadi – Shareholders Management Unit Manager

- السيد فؤاد سليمان نجاب – الرئيس التنفيذي – تم تعيينه بتاريخ 2021/03/22
- السيد نهاد طلال كمال – نائب المدير العام
- السيد امجد يوسف حسون- مدير الادارة المالية
- السيد نمر سمير عبد الواحد – مدير القطاع العقاري
- السيد محمد فوزي النجار – مدير قطاع البنية التحتية والطاقة
- السيد جهاد اسعد زماري – مدير دائرة التدقيق الداخلي
- السيد زياد يحيى طافش – ق. أ المدير الإداري
- السيد سامر مروان الصفدي – مدير وحدة شؤون المساهمين

## Equity

## رأس المال والأسهم الصادرة

There is no adjustment to the company's capital, as the total shares issued by the company remain 250 million shares, with a par value of \$1 per share.

لا يوجد أي تعديل على رأسمال الشركة، حيث بقي مجموع الأسهم الصادرة عن الشركة 250 مليون سهم بقيمة اسمية دولار أمريكي واحد للسهم الواحد.

## Independent Auditors

## المدققين المستقلين

Ernst & Young

إرنست ويونغ

## Control and Legal Procedures

## السيطرة والإجراءات القانونية

There is no change regarding control, and there are no arrangements in this regard, and the company was not a party in any major legal procedures that could affect its financial position, whether judicial or arbitration.

لا يوجد أي تغيير فيما يتعلق بموضوع السيطرة، ولا يوجد أي ترتيبات بهذا الخصوص، ولم تكن الشركة طرفاً في أي إجراءات قانونية رئيسية يمكن أن تؤثر على المركز المالي للشركة سواء جهة قضائية أو تحكيم.

## External borrowing

## الإقتراض الخارجي

The consolidated borrowing and bank facilities increased by 0.4% from USD 253.7 million at the end of 2020 to USD 254.8 million at the end of the first quarter of 2021.

ارتفع مستوى الإقتراض والتسهيلات البنكية الموحدة بنسبة 0.4% من 253.7 مليون دولار في نهاية العام 2020 إلى 254.8 مليون دولار نهاية الربع الأول من العام 2021.

## General Assembly

## الهيئة العامة

The annual meeting of PADICO Holding general assembly will be held on May 31, 2021.

من المقرر أن تعقد الهيئة العامة لباديكو القابضة إجتماعها السنوي بتاريخ 2021/05/31.

## Main activities:

## نشاطات رئيسية:

The following are the main activities carried out by PADICO companies in the first quarter of this year: فيما يلي أهم الأنشطة التي قامت بها مجموعة شركات باديكو خلال الربع الأول من العام الحالي:

- PADICO completed its first rooftop solar installation in Gaza Industrial Estate (GIE) with the capacity to produce as much as 7.3 MW of electricity. The project is the largest solar installation in Palestine and the second largest solar installation in the Middle East with a total investment of 12 million USD. The plant started producing electric power in Q1 2021. The solar installation will provide cheaper power to the entire industrial estate. Its long-term profit potential has attracted many investors and created significant new job opportunities in Gaza. ➤ أنجزت باديكو مشروعها الأول للطاقة الشمسية على أسطح المصانع في المنطقة الصناعية في غزة بطاقة انتاجية تصل إلى 7.3 ميغا واط، يعد المشروع أكبر مشروع للطاقة الشمسية في فلسطين وثاني أكبر مشروع للطاقة الشمسية في الشرق الأوسط، بتكلفة إجمالية بلغت حوالي 12 مليون دولار، وقد بدأ التشغيل التجاري للمشروع في الربع الأول من العام 2021، وسيؤمن المشروع الكهرباء بتكلفة أقل للمنطقة الصناعية، مما أدى لجذب العديد من المستثمرين وخلق فرص عمل جديدة في قطاع غزة.
- PADICO and Northern Electricity Distribution Company (NEDCO) signed an agreement to develop projects for generating electricity from solar energy, with a production capacity of 20 MW. ➤ وقعت باديكو وشركة توزيع كهرباء الشمال (نيدكو) اتفاقية أولية لتطوير مشاريع توليد الطاقة الكهربائية من الطاقة الشمسية ضمن مناطق امتيازها بقدرة انتاجية تصل الى 20 ميغا واط.
- Palestine Poultry Company (AZIZA) and the National Carton Industry Company have completed the development of renewable energy projects with a capacity of around 2 MW. NAKHEEL Palestine started installing solar panels to generate electric power with a capacity of 575 KW. ➤ استكملت شركتي دواجن فلسطين والشركة الوطنية لصناعة الكرتون أعمال تطوير مشاريع الطاقة المتجددة بحجم اولي يصل الى 2.0 ميغا واط. كما عملت شركة نخيل فلسطين على تركيب الأنظمة اللازمة لتوليد الطاقة الكهربائية بقدرة 575 كيلو واط من الخلايا الشمسية.

- بدأت شركة نخيل فلسطين في بيع وتوزيع التمور من خلال مركز مبيعات وخدمات لوجستية متخصص في هولندا، وسيقدم المركز خدمات متكاملة لجميع الأسواق الأوروبية.
- Nakheel Palestine commenced sales and distribution of Medjoul dates through a specialized sales and logistics center in Netherlands, the center will provide fulfilment services to all European markets.



Palestine Development and Investment (PADICO)

Limited Liability Holding Company

Unaudited Interim Condensed Consolidated Financial  
Statements

March 31, 2021

Report on review of interim condensed consolidated financial statements  
To the chairman and board of directors of Palestine Development and Investment limited  
(PADICO)

## Introduction

We have reviewed the interim condensed consolidated financial statements of Palestine Development and Investment Limited and its subsidiaries (PADICO), which comprise the interim condensed consolidated statement of financial position as at March 31, 2021 and the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of review

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

## Basis for qualified conclusion

Some of PADICO's subsidiaries have not issued interim financial statements reviewed by independent auditors as at March 31, 2021 and 2020. Therefore, PADICO prepared its interim condensed consolidated financial statements based on interim financial statements that are not reviewed. Total assets of those subsidiaries, whose financial statements were not reviewed, as at March 31, 2021 and 2020 represent 18% and 36% of PADICO's total assets, respectively, and their revenues for the three-month period ended March 31, 2021 and 2020 represent 14% and 52% of PADICO's revenues, respectively. If we were able to obtain interim financial information reviewed by the external auditor of those subsidiaries, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial statements.

## Qualified conclusion

Based on our review, except for the effect of the matter described in the basis for qualified conclusion, if any, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS (34).

**Emphasis of matter – Risk of Coronavirus impact**

We draw attention to Note (18) to the accompanying financial statements, as PADICO's investments and the operations of its subsidiaries were affected by the global and local developments related to Coronavirus, which negatively impacted PADICO's results of operations. Noting that these developments could impact PADICO's future financial results, cash flows and financial condition. Our conclusion on these interim condensed consolidated financial statements is not modified in respect of this matter.

**Emphasis of matter – Concentration of Risk in Geographic Area**

We draw attention to notes (19) and (20) to the accompanying interim condensed consolidated financial statements, PADICO's assets as at March 31, 2021, include property, machinery and equipment, intangible assets, right of use assets and other assets located in Gaza. The possibility of recovering the value of these assets through PADICO's operations depends on the stabilization of the political and economic situation in Gaza. Our conclusion on these interim condensed consolidated financial statements is not modified in respect of this matter.



*EY*

May 31, 2021  
Amman - Jordan

Palestine Development and Investment Limited (PADICO)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at March 31, 2021

		March 31, 2021	December 31, 2020
	Notes	(Unaudited) U.S. \$ (000's)	(Audited) U.S. \$ (000's)
<u>Assets</u>			
Non-current assets			
Property, plant and equipment		133,616	135,199
Intangible assets		27,523	27,639
Investment properties		45,436	45,627
Projects in progress		12,260	11,472
Right-of-use assets		9,753	10,037
Investment in associates	4	366,923	376,142
Financial assets at fair value through other comprehensive income		65,492	66,522
Long-term accounts receivable		6,558	6,867
Biological assets		883	868
		<u>668,444</u>	<u>680,373</u>
Current assets			
Biological assets		1,589	1,555
Inventories and ready for sale properties		22,562	24,439
Accounts receivable and other current assets	5	58,683	38,212
Financial assets at fair value through profit or loss		5,365	5,561
Cash and short-term deposits	6	25,249	28,281
		<u>113,448</u>	<u>98,048</u>
Assets held for sale		<u>1,527</u>	<u>1,553</u>
Total assets		<u>783,419</u>	<u>779,974</u>
<u>Equity and liabilities</u>			
Equity			
Paid-in share capital		250,000	250,000
Share premium		16,932	16,932
Treasury shares		(361)	(361)
Statutory reserve	7	31,482	31,482
Voluntary reserve		1,594	1,594
Fair value reserve		(86,856)	(86,116)
Foreign currency translation reserve		6,337	8,383
Retained earnings		155,349	149,501
Equity attributable to equity holders of the parent		<u>374,477</u>	<u>371,415</u>
Non-controlling interests		<u>76,850</u>	<u>77,456</u>
Total equity		<u>451,327</u>	<u>448,871</u>
Non-current liabilities			
Long-term loans and borrowings		100,583	91,655
Provision for employees' indemnity		6,520	6,420
Long-term lease liabilities		9,167	9,083
Other non-current liabilities		9,855	10,208
		<u>126,125</u>	<u>117,366</u>
Current liabilities			
Credit facilities, borrowings and short-term portion of long-term loans		34,249	42,066
Debt bonds	8	120,000	120,000
Accounts and notes payable		13,216	12,197
Short-term lease liabilities		1,308	1,423
Income tax provision		1,823	1,622
Other current liabilities		35,371	36,429
		<u>205,967</u>	<u>213,737</u>
Total liabilities		<u>332,092</u>	<u>331,103</u>
Total equity and liabilities		<u>783,419</u>	<u>779,974</u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

Palestine Development and Investment Limited (PADICO)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT  
For the three-months ended March 31, 2021

	Notes	March 31, 2021 (Unaudited) U.S. \$ (000's)	March 31, 2020 (Unaudited) U.S. \$ (000's)
<u>Revenues</u>			
Revenues from contracts with customers	9	18,729	22,211
PADICO's share of associates' results of operations	4	9,240	3,662
Gains (Losses) from financial assets portfolio	10	1,374	(1,307)
Rent revenues		1,383	1,332
Gain from sale of investment properties	11	1,099	-
		<u>31,825</u>	<u>25,898</u>
<u>Expenses</u>			
Operating costs and expenses		(17,219)	(18,906)
General and administrative expenses		(3,049)	(3,126)
Finance costs		(3,195)	(3,557)
Depreciation and amortization		(236)	(331)
		<u>8,126</u>	<u>(22)</u>
Other expenses and provisions, net		<u>(1,105)</u>	<u>(189)</u>
Profit (Loss) for the period before income tax from continuing operations		7,021	(211)
Income tax expense		(297)	(247)
Profit (Loss) for the period from continuing operations		<u>6,724</u>	<u>(458)</u>
Loss for the period from discontinued operations		<u>(47)</u>	<u>(62)</u>
Profit (Loss) for the period		<u><u>6,677</u></u>	<u><u>(520)</u></u>
Attributable to:			
Equity holders of the parent		5,848	(597)
Non-controlling interests		<u>829</u>	<u>77</u>
		<u><u>6,677</u></u>	<u><u>(520)</u></u>
Basic and diluted earnings (loss) per share from profit (loss) for the period attributable to equity holders of the parent (U.S. \$)		<u><u>0.023</u></u>	<u><u>(0.002)</u></u>
Basic and diluted earnings (loss) per share from profit (loss) for the period from continuing operations attributable to equity holders of the parent (U.S. \$)		<u><u>0.024</u></u>	<u><u>(0.002)</u></u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

Palestine Development and Investment Limited (PADICO)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the three-months ended March 31, 2021

	March 31, 2021	March 31, 2020
	(Unaudited)	(Unaudited)
	U.S. \$	U.S. \$
	(000's)	(000's)
Profit (Loss) for the period	6,677	(520)
Other comprehensive income items:		
Items that may be reclassified to profit or loss in subsequent periods:		
Foreign currency translation differences	(2,831)	(1,686)
PADICO's share of associates' other comprehensive income items	(869)	4
	<u>(3,700)</u>	<u>(1,682)</u>
Items that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets through other comprehensive income	(990)	(12,455)
PADICO's share of associates' other comprehensive income items	143	(9,302)
	<u>(847)</u>	<u>(21,757)</u>
Total other comprehensive income items for the period	<u>(4,547)</u>	<u>(23,439)</u>
Total comprehensive income for the period	<u><u>2,130</u></u>	<u><u>(23,959)</u></u>
Attributable to:		
Equity holders of the parent	3,062	(22,186)
Non-controlling interests	(932)	(1,773)
	<u><u>2,130</u></u>	<u><u>(23,959)</u></u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

Palestine Development and Investment Limited (PADICO)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-months period ended March 31, 2021

	Attributed to equity holders of the parent										
	Paid-in share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b>March 31, 2021</b>											
Balance as at January 1, 2021	250,000	16,932	(361)	31,482	1,594	(86,116)	8,383	149,501	371,415	77,456	448,871
Profit for the period	-	-	-	-	-	-	-	5,848	5,848	829	6,677
Other comprehensive income items	-	-	-	-	-	(740)	(2,046)	-	(2,786)	(1,761)	(4,547)
Total comprehensive income for the period	-	-	-	-	-	(740)	(2,046)	5,848	3,062	(932)	2,130
Distributed cash dividends from subsidiaries (note 12)	-	-	-	-	-	-	-	-	-	(101)	(101)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	427	427
Balance as at March 31, 2021 (Unaudited)	<u>250,000</u>	<u>16,932</u>	<u>(361)</u>	<u>31,482</u>	<u>1,594</u>	<u>(86,856)</u>	<u>6,337</u>	<u>155,349</u>	<u>374,477</u>	<u>76,850</u>	<u>451,327</u>
<b>March 31, 2020</b>											
Balance as at January 1, 2020	250,000	16,932	(361)	30,775	1,594	(55,100)	4,764	146,059	394,663	75,788	470,451
Loss for the period	-	-	-	-	-	-	-	(597)	(597)	77	(520)
Other comprehensive income items	-	-	-	-	-	(20,679)	(910)	-	(21,589)	(1,850)	(23,439)
Total comprehensive income for the period	-	-	-	-	-	(20,679)	(910)	(597)	(22,186)	(1,773)	(23,959)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	600	600
Balance as at March 31, 2020 (Unaudited)	<u>250,000</u>	<u>16,932</u>	<u>(361)</u>	<u>30,775</u>	<u>1,594</u>	<u>(75,779)</u>	<u>3,854</u>	<u>145,462</u>	<u>372,477</u>	<u>74,615</u>	<u>447,092</u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
For the three-months period ended March 31, 2021

	Note	March 31, 2021 (Unaudited) U.S. \$ (000's)	March 31, 2020 (Unaudited) U.S. \$ (000's)
<u>Operating Activities</u>			
Profit (Loss) for the period from continuing operations		7,021	(211)
Loss for the period from discontinued operations		(47)	(62)
Profit (Loss) for the period before tax		6,974	(273)
Adjustments for:			
Depreciation and amortization		2,701	2,792
PADICO's share of associates' results of operations		(9,240)	(3,662)
(Gains) Losses from financial assets portfolio		(1,374)	1,307
Finance costs		3,202	3,567
Other non-cash items		892	534
		3,155	4,265
Working capital adjustments:			
Accounts receivable and other current assets		(2,872)	718
Inventories, ready for sale properties and biological assets		1,476	60
Accounts payable and other liabilities		903	2,437
Employees' indemnity and income tax payments		(104)	(660)
Net cash from operating activities		2,558	6,820
<u>Investing Activities</u>			
Property, plant and equipment		(1,896)	(1,304)
Projects in progress		(788)	(2,392)
Investment properties		1,463	(7)
Net cash used in investing activities		(1,221)	(3,703)
<u>Financing Activities</u>			
Distributed cash dividends		(42)	(3)
Long-term loans		(367)	4,026
Finance costs paid		(4,196)	(4,586)
Change in non-controlling interests		427	600
Payments of long-term lease liabilities		(468)	(2,415)
Change in restricted cash		(182)	37
Net cash used in financing activities		(4,828)	(2,341)
(Decrease) increase in cash and cash equivalents		(3,491)	776
Foreign currency translation differences		(1,201)	1,024
Cash and cash equivalents, beginning of the period		23,823	12,047
Cash and cash equivalents, end of period	6	19,131	13,847



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2021

1. Corporate Information

Palestine Development and Investment Limited (PADICO) was incorporated on October 14, 1993 under the Liberian Non-Resident (Offshore) Business Corporation Act in Monrovia, Liberia. PADICO shares are publicly traded in the Palestine Securities Exchange. On December 3, 2009, PADICO was registered in Palestine as a foreign company under registration No. (562801332).

The main objectives of PADICO are to develop and encourage investments in various economic sectors including industrial, agriculture, real estate, tourism, housing and services, and to provide technical and consultancy services through the establishment of companies and independent projects in cooperation with its subsidiaries.

The interim condensed consolidated financial statements of PADICO as at March 31, 2021 were authorized for issuance in accordance with a resolution of the Board of Directors on May 31, 2021.

2. Consolidated Financial Statements

The interim condensed consolidated financial statements comprise the financial statements of Palestine Development and Investment Limited and its subsidiaries (PADICO) as at March 31, 2021. PADICO's ownership in its subsidiaries' subscribed capital was as follows:

	Activity type	Country of origin	Ownership percentage	
			March 31, 2021	December 31, 2020
Palestine Real Estate Investment Company (PRICO)	Real estate	Palestine	76.85	76.85
TAICO for trade and investment company	Real estate	Jordan	100	100
Palestine Industrial Investment Company (PIIC)	Industrial	Palestine	56.72	56.72
The Palestinian Waste Recycling Company (Tadweer)	Industrial	Palestine	100	100
Palestine Securities Exchange Company (PSE)	Financial market	Palestine	74.72	74.72
Jerusalem Development and Investment Company Ltd. (JEDICO)	Tourism	Britain	100	100
Palestine Development and Investment Company Private Shareholding Limited	Investment	Palestine	100	100
Rawan International Investment Company	Investment	Jordan	100	100
Palestine General Trading Company Ltd.	Investment	Palestine	100	100
Palestine Company for the Transfer of Technology Ltd.	Investment	Palestine	100	100
Palestine Company for Canning and Packaging Ltd.	Investment	Palestine	100	100
Palestine Company for Basic Chemical Products Ltd.	Investment	Palestine	100	100
PADICO Services Company	Investment	Palestine	100	100
Nakheel Palestine for Agricultural investment (Nakheel Palestine)	Agricultural	Palestine	51.32	51.32
Al-Rashid Group for Real Estate Investment and Development	General trading	Palestine	100	100

The financial period of the subsidiaries is the same as the financial period of PADICO and, where necessary, PADICO makes adjustments to align the policies of the subsidiaries with the accounting policies of PADICO.

3. Basis of preparation and changes in accounting policies

Basis of preparation consolidated financial statements

The interim condensed consolidated financial statements of PADICO for the three-months period ended March 31, 2021 have been prepared in accordance with International Accounting Standard IAS 34 (Interim financial reporting).

The interim condensed consolidated financial statements have been presented in U.S Dollars, which is the functional currency of PADICO, and all values, except when otherwise indicated, are rounded to the nearest thousand (U.S. \$ 000's).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with PADICO's consolidated annual financial statements as at December 31, 2020. The results for the three-months period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

#### Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of PADICO's consolidated financial statements for the year ended December 31, 2020, except for the adoption of the amendments that are effective as at January 1, 2021. PADICO has not early implemented any issued and ineffective standards.

#### 4. Investment in Associates

Set out below, are the carrying amounts of PADICO's investment in associates for the three-months period ended March 31, 2021 and for the year ended December 31, 2020:

	March 31, 2021	December 31, 2020
	U.S. \$ (000's)	U.S. \$ (000's)
Beginning balance for the period/ year	376,142	389,557
PADICO's share of associates' results of operations	9,240	24,377
Cash dividends from associates	(17,733)	(24,919)
PADICO's share of the change in fair value of associates' financial assets	143	(14,049)
PADICO's share of associates' foreign currency translation differences	(869)	1,019
Purchase of shares in associates*	-	157
Ending balance for the period/ year	<u>366,923</u>	<u>376,142</u>

\* During 2020, the extraordinary general assembly of the Palestine Power Generating Company (not listed) decided to increase its capital from U.S. \$ 20 million to U.S. \$ 22 million, by offering 2 million shares with a nominal value of U.S. \$ 1 per share. PADICO paid a first payment of U.S. \$ 157,032 which will be recorded as a part of PADICO's share of the total increase in the capital.

#### 5. Accounts Receivable and other current assets

This item includes accrued cash dividends from Palestine Telecommunications Company (Associate), the Vegetable Oil Industries Company (Associate) and the Arab Bank (Major shareholder) amounting to approximately U.S. \$ 19 million, which was based on the decisions of the General Assemblies of these companies to distribute cash dividends to shareholders.

#### 6. Cash and short-term deposits

	March 31, 2021	December 31, 2020
	U.S. \$ (000's)	U.S. \$ (000's)
Cash at hand and current accounts at banks	12,206	12,933
Short-term deposits	<u>13,043</u>	<u>15,348</u>
	<u>25,249</u>	<u>28,281</u>

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprised of the following:

	March 31, 2021	March 31, 2020
	U.S. \$ (000's)	U.S. \$ (000's)
Cash at hand and in banks	12,206	14,394
Term deposits at banks	13,043	3,921
	25,249	18,315
Restricted cash	(1,535)	(691)
Bank overdrafts	(4,583)	(3,777)
Cash and cash equivalents	19,131	13,847

#### 7. Statutory Reserve

As these interim condensed consolidated financial statements, PADICO did not appropriate any amounts to the statutory reserve.

#### 8. Debt bonds

During August 2016, PADICO issued 240 debt bonds with a nominal amount of U.S. \$ 500,000. The bonds were underwritten in full with a fixed annual interest rate of 5% for the first 36 months, and an annual interest rate of 3% plus six months LIBOR for the remaining 24 months with a minimum of 5%. The interest is to be paid at the end of each six months starting February 15, 2017 and the bonds principle is to be paid in one installment after five years from the date of issuance in August 2021. These debt bonds were issued to repay the amount of the previous debt bonds of U.S. \$ 85 million that matured on September 15, 2016 as well as to finance PADICO's future projects and activities. During this period, PADICO classified these debt bonds as part of the current liabilities items as the remaining period to repay these bonds is less than one year from the date of these interim condensed consolidated financial statements.

#### 9. Revenue from contracts with customers

	March 31, 2021	March 31, 2020
	U.S. \$ (000's)	U.S. \$ (000's)
Sales of poultry and eggs	7,134	7,074
Sales of feed products	4,197	5,498
Sales of dairy products	3,179	3,327
Sales of carton sheets and cans	1,476	1,593
Sales of dates	2,331	2,658
Securities exchange fees and commissions	385	308
Cars and buses parking revenues	317	353
Revenues from sale of properties and land	220	190
Operating revenues from hotels, restaurants and tourist facilities	83	2,105
Others	5	5
	19,327	23,111
Sales returns and allowances	(598)	(900)
	18,729	22,211

Most of PADICO's revenues are recognized at a certain point in time at which time the control over the asset is transferred to the customer.

#### 10. Gains (Losses) from financial assets portfolio

	March 31, 2021	March 31, 2020
	U.S. \$ (000's)	U.S. \$ (000's)
Distributed dividends of financial assets at fair value through other comprehensive income	1,417	45
Distributed dividends of financial assets at fair value through profit or loss	152	-
Change in fair value of financial assets at fair value through profit or loss	(195)	(1,352)
	<u>1,374</u>	<u>(1,307)</u>

#### 11. Gain from sale of Investment Properties

During the period, PRICO (a subsidiary) has sold part of its investment properties resulting in a gain of U.S. \$ 1,099,000 which was recognized in the interim condensed consolidated income statement.

#### 12. Distributed Cash Dividends

PSE's (a subsidiary) General Assembly decided in its meeting held on March 28, 2021 a cash dividend distribution of U.S. \$ 0.04 per share, which amounted to U.S. \$ 400,000. Non-controlling interest's share of the dividends was U.S. \$ 101,000.

#### 13. Related Parties

This item represents all balances and transactions with related parties, which represent associates, major shareholders, members of the Board of Directors and key management personnel of PADICO, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by PADICO's Board of Directors.

Balances with related parties included in the interim condensed consolidated statement of financial position as at March 31, 2021 and December 31, 2020 are as follows:

		March 31, 2021	December 31, 2020
	Nature of Relationship	U.S. \$ (000's)	U.S. \$ (000's)
<u>Consolidated statement of financial position balances:</u>			
Accounts receivable and other current assets	Associates and sister companies	<u>19,918</u>	<u>2,330</u>
Other current liabilities	Associates and sister companies	<u>477</u>	<u>815</u>
Accrued cash dividends	Major Shareholders	<u>6,323</u>	<u>6,233</u>
Accrued expenses	Shareholders and Members of the Board of Directors	<u>794</u>	<u>1,305</u>
Loans, borrowings and credit facilities	Banks - Members of the Board of Directors	<u>40,130</u>	<u>45,679</u>
Long term loans	Major Shareholders	<u>2,993</u>	<u>2,993</u>
Debt bonds	Banks - Members of the Board of Directors	<u>43,000</u>	<u>43,000</u>

Transactions with related parties included in the interim condensed consolidated income statement for the period of three months ended March 31, 2021 and 2020 are as follows:

		March 31, 2021	March 31, 2020
		U.S. \$	U.S. \$
	Nature of Relationship	(000's)	(000's)
	Banks - Members of the Board of Directors and Major Shareholders		
Finance costs		<u>1,164</u>	<u>1,485</u>
Salaries and related expenses		<u>516</u>	<u>524</u>
Board of Directors' expenses and bonuses		<u>167</u>	<u>156</u>

#### 14. Commitments and Contingent Liabilities

During the previous years, Palestine Real Estate Investment Company - PRICO (a subsidiary) signed partnership and investment agreements with Governmental Authorities (Ramallah Municipality, Al-Bireh Municipality, Ministry of Awqaf and Religious affairs, Ministry of Public Works and Housing and the Greater Amman Municipality) under which investment projects are developed and established during different periods of investment. The current annual contractual commitments related to those agreements amounted to U.S. \$ 312,756. This amount is subject to change as a result of the completion of current investment contracts and entering into new partnerships and signing new contracts.

The contractual commitments resulting from contracts and agreements signed with suppliers in relation to PADICO's and its subsidiaries projects amounted to U.S. \$ 2,360,196 as at the date of the interim condensed consolidated financial statements. This amount represents the difference between the total contract value and the completed amount as at the date of the interim condensed consolidated financial statements.

There have been several lawsuits against PADICO's subsidiaries which are within the normal course of business. PADICO's management and their legal advisors believe that provisions recorded against those lawsuits are sufficient for expected results.

## 15. Fair Values

### Financial Instruments

Below is a comparison by class of the carrying amounts and fair values of PADICO's financial instruments as at March 31, 2021 and December 31, 2020:

	U.S. \$000's			
	Carrying amount		Fair value	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
<u>Financial assets</u>				
Accounts receivable and other current assets	60,755	41,732	60,755	41,732
Financial assets at fair value through profit or loss	5,365	5,561	5,365	5,561
Cash and short-term deposits	25,249	28,281	25,249	28,281
Financial assets at fair value through other comprehensive income:				
Quoted	48,135	49,547	48,135	49,547
Unquoted	17,357	16,975	17,357	16,975
	<u>156,861</u>	<u>142,096</u>	<u>156,861</u>	<u>142,096</u>
<u>Financial liabilities</u>				
Debt bonds	120,000	120,000	120,000	120,000
Loans, borrowings and credit facilities	134,832	133,721	134,832	133,721
Lease liabilities	10,475	10,506	10,475	10,506
Accounts and notes payable	13,216	12,197	13,216	12,197
Other current liabilities	17,435	17,817	17,435	17,817
	<u>295,958</u>	<u>294,241</u>	<u>295,958</u>	<u>294,241</u>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- The fair values of cash and cash equivalent, accounts receivable and other current assets (except for long term accounts receivable), accounts and notes payable and credit facilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of long-term accounts receivable is estimated by discounting future cash flows using rates currently available for receivables and credit facilities on similar terms.
- The fair values of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that are actively traded in active financial markets were determined by referencing to quoted prices at the date of the interim condensed consolidated financial statements.
- The fair values of unquoted financial assets at fair value through profit and loss and unquoted financial assets at fair value through other comprehensive income were determined using appropriate valuation techniques.
- The fair value of loans, borrowings, debt bonds and lease liabilities were estimated by discounting future cash flows using rates currently available for debt on similar terms.

## Fair Value Measurement

The following table provides the fair value measurement hierarchy of PADICO's assets and liabilities. Following are quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

	Fair value measurement using		
	Quoted Prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Total			
U.S. \$000's			
<u>Financial assets measured at fair value</u>			
Financial assets at fair value through other comprehensive income items:			
Quoted	48,135	48,135	-
Unquoted	17,357	-	5,902
			11,455
Financial assets at fair value through profit or loss	5,365	4,529	836
			-

Following are quantitative disclosures fair value measurement hierarchy for assets as at December 31, 2020:

	Fair value measurement using		
	Quoted Prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Total			
U.S. \$000's			
<u>Financial assets measured at fair value</u>			
Financial assets at fair value through other comprehensive income items:			
Quoted	49,547	49,547	-
Unquoted	16,975	-	5,520
			11,455
Financial assets at fair value through profit or loss	5,561	4,678	883
			-

16. Segment reporting of PADICO and its subsidiaries

PADICO's reporting segments are presented according to the nature of business of PADICO and its subsidiaries, as risks and rates of return are affected predominantly by different services provided. PADICO and its subsidiaries operates in several economic sectors, which comprise of real estate, industrial and agricultural, tourism, financial markets, in addition to the investment sector.

The following tables present revenues and results of operations for PADICO's operating segments for the three-months period ended March 31, 2021 and 2020, respectively:

	U.S. \$ (000's)						
<u>For the three-months ended March 31, 2021</u> <u>(unaudited)</u>	Investment sector	Real estate sector	Industrial and agricultural sector	Financial market sector	Tourism sector	Eliminations	Consolidated
Revenues	<u>9,819</u>	<u>2,999</u>	<u>18,529</u>	<u>516</u>	<u>83</u>	<u>(121)</u>	<u>31,825</u>
Segment's results of operations before income tax from continuing operations	<u>5,982</u>	<u>459</u>	<u>1,678</u>	<u>89</u>	<u>(1,163)</u>	<u>(24)</u>	<u>7,021</u>
	U.S. \$ (000's)						
<u>For the three-months ended March 31, 2020</u> <u>(unaudited)</u>	Investment sector	Real estate sector	Industrial and agricultural sector	Financial market sector	Tourism sector	Eliminations	Consolidated
Revenues	<u>3,319</u>	<u>1,876</u>	<u>18,292</u>	<u>410</u>	<u>2,106</u>	<u>(105)</u>	<u>25,898</u>
Segment's results of operations before income tax from continuing operations	<u>314</u>	<u>(473)</u>	<u>1,520</u>	<u>(17)</u>	<u>(1,160)</u>	<u>(395)</u>	<u>(211)</u>



The following tables present assets and liabilities information for PADICO's operating segments as at March 31, 2021 and December 31, 2020, respectively:

	U.S. \$ (000's)						
	Investment sector	Real estate sector	Industrial and agricultural sector	Financial market sector	Tourism sector	Eliminations	Consolidated
<u>Segment assets</u>							
As at March 31, 2021 (unaudited)	567,856	120,343	167,921	14,443	47,187	(134,331)	783,419
As at December 31, 2020 (Audited)	570,002	121,300	170,213	13,622	48,053	(143,216)	779,974
<u>Segment liabilities</u>							
As at March 31, 2021 (unaudited)	206,554	60,377	74,873	2,686	15,429	(27,827)	332,092
As at December 31, 2020 (Audited)	203,290	64,071	75,728	1,535	15,544	(29,065)	331,103

## 17. Comparative Figures

Certain comparative figures of the interim condensed consolidated financial statements as of March 31, 2020 were reclassified to conform to the current period interim condensed financial statements presentation. These reclassifications had no effect on the net income and equity of prior period.

## 18. Coronavirus risk effects (Covid-19)

As a result of the continued effect of the Coronavirus (COVID-19) on the global economy and the different business sectors, and the accompanying measures and restrictions taken by the Palestinian Government, neighboring countries and the rest of the world; PADICO's investments and operating activities of its subsidiaries were affected by these events.

Management believes that the impact of the Coronavirus (Covid-19) is summarized as follows:

- The tourism sector has been witnessing a complete shutdown since the beginning of March 2020, considering that companies operating in this sector continued to incur fixed and current expenses. PADICO has agreed to cease some of its operating activities in light of the accumulated losses during the previous years and the effects of the Corona pandemic.
- Decline in some subsidiaries' sales revenues compared to budgeted sales for the period as a result of deteriorating economic conditions in general and a decrease in the consumer's purchasing power, in addition to interruptions in production as a result of the shutdown, whether between cities or within them.
- Difficulties in collecting some of the customers' receivables by the subsidiaries and increase in the number of bounced checks, which was reflected in the liquidity of the subsidiaries and their cash flows for the upcoming periods, this also affected the calculation of provision for expected credit losses.

The extent of the impact of Coronavirus pandemic on PADICO's results of operations and liquidity is still ongoing. The management is monitoring the impact of the Coronavirus pandemic on PADICO and its subsidiaries operating in various sectors, in addition to the impact on the Palestinian economy in which PADICO operates.

PADICO is still working on evaluating the extent and duration of such impacts that could result from these global and local conditions, which depends on future developments that cannot be predicted accurately at the present time, noting that these developments could impact PADICO's future financial results, cash flows and financial condition.

## 19. Concentration of Risk in Geographic Area

PADICO is carrying most of its activities in Palestine. PADICO's assets include property, machinery and equipment, intangible assets, right of use assets and other assets located in Gaza. The political and economic destabilization in the area increases the risk of carrying out business and could adversely affect performance and the ability to recover its assets through its operations.

## 20. Subsequent Events

Subsequent to the date of these interim condensed consolidated financial statements, the Gaza Strip was exposed to a war, which affected various economic activities in the Strip, in addition to the exposure of many plants and properties to partial or total destruction.

This event is expected to have an impact on the operations of PADICO's subsidiaries operating in Gaza, in addition to the revenues and results of operations of these subsidiaries. PADICO's management is currently studying the impact of this event on PADICO's consolidated financial statements, including reviewing the values of PADICO's investments and properties that were destroyed during the war.