

Palestine Development and Investment (PADICO)

Limited Liability Holding Company

**Unaudited Interim Condensed Consolidated Financial
Statements**

June 30, 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
	U.S. \$ (000's)	U.S. \$ (000's)
Assets		
Non-current assets		
Property, plant and equipment	119,544	126,204
Intangible assets	26,893	27,598
Investment properties	29,134	44,579
Projects in progress	22,110	18,776
Right-of-use assets	9,203	9,050
Investment in associates and joint venture	403,463	405,558
Financial assets at fair value through other comprehensive income	70,995	70,944
Long-term accounts receivable	6,560	6,374
Biological assets	1,123	1,076
	<u>689,025</u>	<u>710,159</u>
Current assets		
Biological assets	1,504	1,870
Inventories and ready for sale properties	22,864	26,318
Accounts receivable and other current assets	36,130	41,516
Financial assets at fair value through profit or loss	6,365	6,508
Cash and short-term deposits	23,376	20,134
	<u>90,239</u>	<u>96,346</u>
Assets held for sale	1,520	1,547
Total assets	<u><u>780,784</u></u>	<u><u>808,052</u></u>
Equity and liabilities		
Equity		
Paid-in share capital	250,000	250,000
Share premium	16,932	16,932
Treasury shares	(55,121)	(2,362)
Statutory reserve	32,681	32,681
Voluntary reserve	1,594	1,594
Fair value reserve	(74,278)	(73,125)
Foreign currency translation reserve	4,574	10,775
Retained earnings	182,322	169,459
Equity attributable to equity holders of the parent	<u>358,704</u>	<u>405,954</u>
Non-controlling interests	79,710	85,279
Total equity	<u>438,414</u>	<u>491,233</u>
Non-current liabilities		
Long-term loans	108,609	82,915
Debt bonds	120,000	120,000
Provision for employees' indemnity	6,018	6,186
Long term lease liabilities	9,035	8,429
Other non-current liabilities	8,251	9,224
	<u>251,913</u>	<u>226,754</u>
Current liabilities		
Credit facilities, borrowings, and short-term portion of long-term loans	35,768	36,627
Accounts and notes payable	11,093	10,344
Short term lease liabilities	1,037	1,491
Income tax provision	3,088	1,751
Other current liabilities	39,471	39,852
	<u>90,457</u>	<u>90,065</u>
Total liabilities	<u>342,370</u>	<u>316,819</u>
Total equity and liabilities	<u><u>780,784</u></u>	<u><u>808,052</u></u>

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-months and six-months period ended June 30, 2022

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
	U.S. \$ (000's)		U.S. \$ (000's)	
Revenues				
Revenue from contracts with customers	23,105	20,726	48,469	39,455
PADICO's share of results of operations from associates and joint venture	7,978	8,180	18,072	17,420
Gains from financial assets portfolio	240	2,800	3,163	4,174
Rent revenue	2,071	1,429	3,783	2,812
Gain from sale of investment properties	1,018	-	1,018	1,099
	<u>34,412</u>	<u>33,135</u>	<u>74,505</u>	<u>64,960</u>
Expenses				
Operating costs and expenses	(20,379)	(18,878)	(42,587)	(36,097)
General and administrative expenses	(2,664)	(2,967)	(5,995)	(6,016)
Finance costs	(3,187)	(3,220)	(6,206)	(6,415)
Depreciation and amortization	(293)	(231)	(588)	(467)
	<u>(26,523)</u>	<u>(25,296)</u>	<u>(55,376)</u>	<u>(48,995)</u>
Other provisions, revenues (expenses), net	211	526	(2,710)	(579)
Profit for the period before income tax from continuing operations	<u>8,100</u>	<u>8,365</u>	<u>16,419</u>	<u>15,386</u>
Income tax expense	(1,065)	(189)	(1,415)	(486)
Profit for the period from continuing operations	<u>7,035</u>	<u>8,176</u>	<u>15,004</u>	<u>14,900</u>
(Loss) profit for the period from discontinued operations	(89)	20	(105)	(27)
Profit for the period	<u>6,946</u>	<u>8,196</u>	<u>14,899</u>	<u>14,873</u>
Attributable to:				
Equity holders of the parent	6,043	6,906	12,839	12,754
Non-controlling interests	903	1,290	2,060	2,119
	<u>6,946</u>	<u>8,196</u>	<u>14,899</u>	<u>14,873</u>
Basic and diluted earnings per share attributable to shareholders of the parent (U.S. \$)	<u>0.027</u>	<u>0.028</u>	<u>0.054</u>	<u>0.051</u>
Basic and diluted earnings per share from continuing operations attributable to shareholders of the parent (U.S. \$)	<u>0.027</u>	<u>0.028</u>	<u>0.054</u>	<u>0.051</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-months and six-months period ended June 30, 2022

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
	U.S. \$ (000's)		U.S. \$ (000's)	
Profit for the period	6,946	8,196	14,899	14,873
Other comprehensive income items:				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation differences	(7,112)	1,758	(9,328)	(1,073)
<i>PADICO's share of other comprehensive income items from associates' and joint venture</i>	<u>(1,562)</u>	<u>1,636</u>	<u>(2,084)</u>	<u>767</u>
	<u>(8,674)</u>	<u>3,394</u>	<u>(11,412)</u>	<u>(306)</u>
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Change in fair value of financial assets through other comprehensive income	2,457	15,243	189	14,253
<i>PADICO's share of associates' other comprehensive income items</i>	<u>(534)</u>	<u>13,197</u>	<u>(1,238)</u>	<u>13,340</u>
	<u>1,923</u>	<u>28,440</u>	<u>(1,049)</u>	<u>27,593</u>
Net other comprehensive income items	<u>(6,751)</u>	<u>31,834</u>	<u>(12,461)</u>	<u>27,287</u>
Net comprehensive income for the period	<u>195</u>	<u>40,030</u>	<u>2,438</u>	<u>42,160</u>
Attributable to:				
Equity holders of the parent	2,975	35,592	5,485	38,654
Non-controlling interests	<u>(2,780)</u>	<u>4,438</u>	<u>(3,047)</u>	<u>3,506</u>
	<u>195</u>	<u>40,030</u>	<u>2,438</u>	<u>42,160</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-months period ended June 30, 2022

	Attributable to equity holders of the parent										
	Paid-in share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currenc 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)
June 30, 2022											
Balance as at January 1, 2022	250,000	16,932	(2,362)	32,681	1,594	(73,125)	10,775	169,459	405,954	85,279	491,233
Profit for the period	-	-	-	-	-	-	-	12,839	12,839	2,060	14,899
Other comprehensive income items	-	-	-	-	-	(1,153)	(6,201)	-	(7,354)	(5,107)	(12,461)
Net comprehensive income for the period	-	-	-	-	-	(1,153)	(6,201)	12,839	5,485	(3,047)	2,438
Repurchase of common shares	-	-	(52,759)	-	-	-	-	-	(52,759)	-	(52,759)
Distributed cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	(2,073)	(2,073)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	24	24	(449)	(425)
Balance as at June 30, 2022 (Unaudited)	250,000	16,932	(55,121)	32,681	1,594	(74,278)	4,574	182,322	358,704	79,710	438,414
June 30, 2021											
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
Loss for the period	-	-	-	-	-	-	-	12,754	12,754	2,119	14,873
Other comprehensive income items	-	-	-	-	-	26,068	(168)	-	25,900	1,387	27,287
Net comprehensive income for the period	-	-	-	-	-	26,068	(168)	12,754	38,654	3,506	42,160
Distributed cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	(777)	(777)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	20	20	(56)	(36)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	427	427
Balance as at June 30, 2021 (Unaudited)	250,000	16,932	(361)	31,482	1,594	(60,048)	8,215	162,275	410,089	80,556	490,645

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-months period ended June 30, 2022

	For the six months ended June 30	
	2022	2021
	(Unaudited) U.S. \$ (000's)	(Unaudited) U.S. \$ (000's)
<u>Operating activities</u>		
Profit for the period from continuing operations	16,419	15,386
Loss for the period from discontinued operations	(105)	(27)
Profit for the period before tax	16,314	15,359
Adjustments:		
Depreciation and amortization	4,742	5,286
Finance costs	6,206	6,415
Gain from sale of investment properties	(1,018)	(1,099)
PADICO's share of results of operations from associates and joint venture	(18,072)	(17,420)
Impairment loss on property, plant and equipment	2,000	-
Gain from financial assets portfolio	(3,163)	(4,174)
Other non-cash items	1,533	890
	8,542	5,257
Working capital adjustments:		
Accounts receivable and other current assets	5,229	(775)
Inventories, ready for sale properties and biological assets	3,565	1,366
Accounts payable and other liabilities	3,010	967
Employees' indemnity and income tax payments	(1,216)	(2,023)
Net cash from operating activities	19,130	4,792
<u>Investing activities</u>		
Financial assets at fair value through other comprehensive income	138	-
Joint venture	(150)	-
Purchase of shares in associates	(7,467)	(250)
Dividends received	27,121	21,480
Property, plant and equipment	(3,132)	(4,282)
Projects in progress	(5,479)	(2,675)
Investment properties	16,232	1,411
Net cash from investing activities	27,263	15,684
<u>Financing activities</u>		
Repurchase of common stock	(52,759)	-
Distributed cash dividends	(6,654)	(1,445)
Long-term loans and borrowings	23,829	(6,250)
Finance costs paid	(4,953)	(6,389)
Change in non-controlling interests	-	427
Payments of long-term lease liabilities	(797)	(448)
Acquisition of non-controlling interests	(425)	(36)
Change in restricted cash	618	94
Net cash used in financing activities	(41,141)	(14,047)
Increase in cash and cash equivalents	5,252	6,429
Foreign currency translation differences	(2,398)	(309)
Cash and cash equivalents, beginning of the period	18,066	23,823
Cash and cash equivalents, end of period	20,920	29,943