PALESTINE DEVELOPMENT AND INVESTMENT

LIMITED LIABILITY HOLDING COMPANY (PADICO)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Palestine Development and Investment Limited (PADICO)

Qualified Opinion

We have audited the consolidated financial statements of Palestine Development and Investment Limited and its subsidiaries (PADICO), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PADICO as at December 31, 2023, 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 Qualified Opinion

The auditor's report for Arkaan Real Estate Company, an associate company owned by PADICO, included a qualification on the net book value of its investment properties in Gaza Strip. The total value of these investments, the related impairment losses, and the net book value are disclosed in Note (47) to the attached consolidated financial statements. This qualification is due to not obtaining sufficient audit evidence about the adequacy of the impairment losses recorded against those investments, given the uncertainty resulting from the ongoing war on Gaza Strip. Consequently, we were unable to determine whether any adjustments were necessary to the carrying value of PADICO's investment in the associate company as of December 31, 2023, or its share of its results of operations for the year then ended.
We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 PADICO in accordance with the International Code of ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for a qualified opinion.

Key Audit Matters

In addition to the matters described in the Basis for Qualified Opinion paragraph, we have determined the following to be the key audit matters to be addressed in our report. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at December 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of assets As shown in Note (47), the Israeli aggression on Gaza Strip resulted in the destruction and loss of major part of PADICO's assets located in Gaza including Property, plant and equipment , projects in progress, and intangible assets. PADICO conducted a study and evaluation of these assets based on the information available, and impairment losses on assets were recorded in the consolidated income statement in the amount of $35,204,000 for the year ending December 31, 2023. We considered this matter as a key audit matter in this year as the management made several major estimates, judgments, and assumptions to assess the impairment and determine the value of the loss in light of the available information, in addition to the effects of the ongoing war on PADICO's operational activities, investments, revenues, and results of operations, as it is expected that these effects will continue to impact the activities of PADICO's companies located in Gaza, as well as PADICO's revenues and future results of operations.	Our audit procedures included obtaining a detailed understanding of the key sources of inputs and assumptions used in the calculation of impairment losses. We also reviewed and discussed the reasonableness of the assumptions and inputs used in valuing these assets with the management and obtained a reasonable assurance regarding their recoverable amount. We reviewed management's determination of impairment indicators under accounting standards and evaluated the methodology used by management to estimate the recoverable amount of each asset. We examined the reports and the available information regarding the level of damage in Gaza Strip. We also evaluated the adequacy of the disclosures in the consolidated financial statements notes and evaluated their conformity with the disclosure requirements in accordance with International Financial Reporting Standards: Note (3): Significant accounting judgments, estimates and assumptions Note (6): Property, plant and equipment Note (7): Intangible assets Note (9): Projects in progress Note (37): Other losses and expenses Note (47): The aggression on Gaza Strip
Expected credit losses Total gross accounts receivable and other current assets as at December 31, 2023 amounted to U.S. $ 73,942,000 before provision for expected credit losses of U.S. $ 34,465,000 representing 47% of total gross receivables. PADICO's subsidiaries offer their services to a wide range of clients on a credit basis. Due to the nature of the non-complex receivables and the fact that it does not have a significant financing component, PADICO's subsidiaries applies the simplified method of IFRS 9 to develop the expected credit loss model. This model includes the use of estimates and assumptions that reflect information about past events, such as the ages of these receivables, past disputes with customers, historical collection patterns, current circumstances and expectations for future circumstances, as well as any other information available on the counterparty's creditworthiness to estimate amounts and timing of future cash flows to settle the balance of accounts to reach their present value. We focused on this matter due to the high estimations and judgments used in the calculation of expected credit losses provision especially in what relates to the estimation of expected future cash flows and customer types.	Our audit procedures included obtaining a detailed understanding of the key sources of inputs and assumptions used in the calculation of expected credit losses. We also assessed the objectivity and consistency in applying the data and assumptions used to calculate expected credit losses. We also examined the percentage of loss used based on the number of days of maturity as well as other key factors that form the basis for calculating expected credit losses. We have also verified the validity of the exposure to default in the calculation of expected credit losses, in addition to verifying the calculations of the expected credit loss model. We also evaluated the disclosures in note (15) to the consolidated financial statements and evaluated their conformity with the disclosure requirements in accordance with IFRS 9.

Key audit matter	How our audit addressed the key audit matter
Investments in associates and joint ventures and PADICO's share of associates' and joint ventures' results of operations. The book value of PADICO's investment in associates and joint ventures amounted to U.S. $ 426,563,000 as of December 31, 2023, which represents 58% of total assets. In addition, PADICO's share of associates' and joint ventures' results of operations amounted to U.S. $ 14,921,000, which represents 14% of total revenue. PADICO's investment in its associates and joint ventures is accounted for using the equity method. Under the equity method, investment in associates and joint ventures is carried in the consolidated statement of financial position at cost and adjusted thereafter for the post-acquisition change in the PADICO's share of the net assets of the associate and joint venture. We focused on this matter due to its materiality to the consolidated financial statements, where substantial part of revenue is generated from these investments. There is high reliance on the results of operations and declared dividends of associates in achieving profits and cash flows.	We obtained the most recent audited financial statements of the associates and joint ventures and recomputed recorded amount of PADICO's share of the associates' and joint ventures' results of operations. We also performed analytical procedures on the associates' and joint ventures' financial information to support the reported amounts and disclosures. We verified the correctness of the investments' classification and the proper use of the equity method. In addition, we obtained confirmations of the investments in associates and joint ventures. We also evaluated management's considerations of the impairment indicators of the investment. Further, we assessed the disclosure regarding investments in associates and joint ventures referred to in Note (11) to the consolidated financial statements.

Other information Included in PADICO's 2023 Annual Report

Other information consists of the information included in PADICO's 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. PADICO's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors 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 is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing PADICO'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 PADICO or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing PADICO'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 misstatements, 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 the purpose of expressing an opinion on the effectiveness of PADICO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PADICO'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 PADICO 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 sufficient appropriate audit evidence regarding the financial information of the entities or business activities within PADICO to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements as at December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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

PADICO maintains properly organized accounting records that are consistent with the consolidated financial statements, and we recommend approving them.

Ernst + Young

Amman – Jordan
March 24, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023
(U.S. $ 000's)

	Notes	2023 U.S. $	2022 U.S. $
Assets			
Non-current assets			
Property, plant and equipment	6	79,186	114,749
Intangible assets	7	16,877	26,247
Investment properties	8	26,163	28,560
Projects in progress	9	22,286	28,524
Right-of-use assets	10	8,301	9,018
Investment in associates and joint ventures	11	426,563	430,100
Financial assets at fair value through other comprehensive income	12	68,657	72,681
Long-term accounts receivable	15	4,774	5,796
Biological assets	13	1,578	1,048
		654,385	716,723
Current assets			
Biological assets	13	2,068	2,002
Inventories and ready for sale properties	14	20,962	24,251
Accounts receivable and other current assets	15	34,703	35,379
Financial assets at fair value through profit or loss	16	5,994	6,341
Cash and short-term deposits	17	12,597	12,559
		76,324	80,532
Total assets		730,709	797,255
Equity and liabilities			
Equity			
Paid-in share capital	19	250,000	250,000
Share premium		16,932	16,932
Treasury shares	20	(76,816)	(60,623)
Statutory reserve	21	34,235	34,033
Voluntary reserve	21	1,594	1,594
Fair value reserve	12	(77,149)	(72,587)
Foreign currency translation reserve		2,841	4,028
Retained earnings		181,599	193,026
Equity attributable to equity holders of the parent		333,236	366,403
Non-controlling interests	5	62,690	78,259
Total equity		395,926	444,662
Non-current liabilities			
Long-term loans and borrowings	23	93,116	112,732
Debt bonds	24	120,000	120,000
Provision for employees' indemnity	25	5,723	6,059
Long-term lease liabilities	10	8,341	10,732
Other non-current liabilities	26	5,226	7,826
		232,406	257,349
Current liabilities			
Short-term portion of long-term loans, borrowings and credit facilities	23	47,268	33,815
Accounts and notes payable	27	10,475	13,384
Short-term lease liabilities	10	1,028	1,332
Income tax provision	29	3,389	3,354
Other credit balances	28	40,217	43,359
		102,377	95,244
Total liabilities		334,783	352,593
Total equity and liabilities		730,709	797,255

The attached notes from 1 to 47 form part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT
For the Year Ended December 31, 2023
(U.S. $ 000’s)

	Notes	2023 U.S. $	2022 U.S. $
Revenues			
Revenue from contracts with customers	30	82,753	86,926
PADICO’s share of results of operations from associates and joint ventures	11	14,921	40,413
Gain from financial assets portfolio	31	4,718	3,778
Revenue from investment properties	32	6,922	7,919
		109,314	139,036
Expenses			
Operating costs and expenses	33	(71,040)	(75,265)
General and administrative expenses	34	(12,370)	(11,925)
Finance costs	35	(15,527)	(12,758)
Depreciation and amortization	36	(1,106)	(1,236)
		9,271	37,852
Other losses and expenses, net	37	(29,295)	(1,268)
(Loss) profit for the year before income tax from continuing operations		(20,024)	36,584
Income tax expense	29	(1,074)	(2,098)
(Loss) profit for the year from continuing operations		(21,098)	34,486
Profit (loss) for the year from discontinued operations	18	1,478	(8,166)
(Loss) profit for the year		(19,620)	26,320
Attributable to:			
Equity holders of the parent		(11,637)	24,888
Non-controlling interests		(7,983)	1,432
		(19,620)	26,320
Basic and diluted earnings per share from (loss) profit for the year attributable to equity holders of the parent (U.S. $)	38	(0.060)	0.113
Basic and diluted earnings per share from (loss) profit for the year from continuing operations attributable to equity holders of the parent (U.S. $)	38	(0.067)	0.150

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2023
(U.S. $ 000's)

	Notes	2023 U.S. $	2022 U.S. $
(Loss) profit for the year		(19,620)	26,320
Other comprehensive income items			
Items to be reclassified to consolidated income statement in subsequent periods:			
Foreign currency translation differences		(1,736)	(9,746)
PADICO's share of other comprehensive income of associates and joint ventures	11	(473)	(2,636)
		(2,209)	(12,382)
Items not to be reclassified to consolidated income statement in subsequent periods:			
Net (loss) profit of financial assets at fair value through other comprehensive income		(7,274)	1,873
PADICO's share of other comprehensive income of associates	11	2,130	(1,151)
		(5,144)	722
Other comprehensive income items for the year		(7,353)	(11,660)
Total comprehensive income for the year		(26,973)	14,660
Attributable to:			
Equity holders of the parent		(17,506)	18,579
Non-controlling interests		(9,467)	(3,919)
		(26,973)	14,660

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2023
(U.S. $ 000's)

	Attributable 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
2023	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Balance as at January 1, 2023	250,000	16,932	(60,623)	34,033	1,594	(72,587)	4,028	193,026	366,403	78,259	444,662
Loss for the year	-	-	-	-	-	-	-	(11,637)	(11,637)	(7,983)	(19,620)
Other comprehensive income items	-	-	-	-	-	(4,682)	(1,187)	-	(5,869)	(1,484)	(7,353)
Total comprehensive income for the year	-	-	-	-	-	(4,682)	(1,187)	(11,637)	(17,506)	(9,467)	(26,973)
Transfer to statutory reserve (Note 21)	-	-	-	202	-	-	-	(202)	-	-	-
Transfer from fair value reserve due to sale of financial assets through OCI	-	-	-	-	-	120	-	(120)	-	-	-
Repurchase of common shares (Note 20)	-	-	(16,193)	-	-	-	-	-	(16,193)	-	(16,193)
Distributed cash dividends from subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	(923)	(923)
Acquisition of a non-controlling interests (Note 2)	-	-	-	-	-	-	-	532	532	(2,783)	(2,251)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,396)	(2,396)
Balance as at December 31, 2023	250,000	16,932	(76,816)	34,235	1,594	(77,149)	2,841	181,599	333,236	62,690	395,926
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 year	-	-	-	-	-	-	-	24,888	24,888	1,432	26,320
Other comprehensive income items	-	-	-	-	-	438	(6,747)	-	(6,309)	(5,351)	(11,660)
Total comprehensive income for the year	-	-	-	-	-	438	(6,747)	24,888	18,579	(3,919)	14,660
Transfer to statutory reserve (Note 21)	-	-	-	1,352	-	-	-	(1,352)	-	-	-
Transfer from fair value reserve due to sale of financial assets through OCI	-	-	-	-	-	100	-	(100)	-	-	-
Repurchase of common shares (Note 20)	-	-	(58,261)	-	-	-	-	-	(58,261)	-	(58,261)
Distributed cash dividends from subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	(2,073)	(2,073)
Acquisition of a non-controlling interests (Note 2)	-	-	-	-	-	-	-	131	131	(1,028)	(897)
Balance as at December 31, 2022	250,000	16,932	(60,623)	34,033	1,594	(72,587)	4,028	193,026	366,403	78,259	444,662

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(U.S. $ 000's)

	Notes	2023 U.S. $	2022 U.S. $
Operating Activities			
(Loss) profit for the year before income tax from continuing operations		(20,024)	36,584
Profit (loss) for the year from discontinued operations	18	1,478	(8,166)
(Loss) profit before income tax for the year		(18,546)	28,418
Adjustments for:			
Depreciation and amortization	36	9,659	11,200
Finance costs	35	16,522	14,189
PADICO's share of results of operations from associates and joint ventures	11	(14,921)	(40,413)
Impairment of property, plant and equipment and projects in progress	6&9	25,446	5,159
Impairment of intangible assets and inventories and ready for sale properties	7&14	10,295	132
Gain from financial assets portfolio	31	(4,718)	(3,778)
Gain from sale of investment properties	32	(786)	(1,414)
Net non-cash items from discontinued operations	18	-	(405)
Other non-cash items		(10,054)	1,925
		12,897	15,013
Working capital adjustments:			
Accounts receivable and other current assets		634	7,679
Inventories, ready for sale properties and biological assets		(51)	1,283
Accounts and notes payable		(161)	3,040
Other credit balances		4,495	3,417
Other non-current liabilities		(554)	(1,688)
Income tax and employees' indemnity paid		(1,982)	(1,815)
Net cash from operating activities		15,278	26,929
Investing Activities			
Purchase of shares in associates	11	(302)	(14,952)
Financial assets at fair value through other comprehensive income		(223)	83
Joint ventures	11	(300)	(251)
Purchase of property, plant and equipment		(6,973)	(6,596)
Sale of property, plant and equipment		224	922
Investment properties		2,130	17,714
Projects in progress		(13,693)	(14,383)
Intangible assets		-	(273)
Net cash flow from sale of discontinued operations		-	2,048
Net cash flow from derecognition of a subsidiary	4	(1,088)	-
Distributed cash dividends from associates	11	28,657	27,312
Dividends received		4,145	3,832
Term deposits maturing over a period longer than three months		1,079	(2,279)
Net cash from investing activities		13,656	13,177
Financing Activities			
Distributed cash dividends paid		(987)	(2,348)
Repurchase of common shares	20	(16,193)	(58,261)
Long-term loans and borrowings		3,349	26,380
Acquisition of non-controlling interests		(2,251)	(897)
Change in restricted cash		199	707
Finance costs paid		(17,216)	(12,366)
Change in non-controlling interests		1,871	-
Payments of lease liabilities		(830)	(912)
Net cash used in financing activities		(32,058)	(47,697)
Decrease in cash and cash equivalents		(3,124)	(7,591)
Foreign currency translation differences		(321)	(2,181)
Cash and cash equivalents, beginning of the year		8,294	18,066
Cash and cash equivalents, end of the year	17	4,849	8,294

The attached notes from 1 to 47 form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. Corporate Information

Palestine Development and Investment Limited (PADICO) was incorporated as a Limited Liability Holding Company on October 14, 1993 under the Liberian non-resident (Offshore) Business Corporation Act in Monrovia, Liberia. PADICO's shares are publicly traded in 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 investment in various sectors including industrial, real estate, tourism, housing and agricultural services, and to provide technical and consultancy services through the establishment of companies, joint ventures and associations with other companies.

The consolidated financial statements of PADICO as at December 31, 2023 were authorized for issuance in accordance with a resolution of the Board of Directors on February 13, 2024.

2. Consolidated Financial Statements

The consolidated financial statements comprise the financial statements of Palestine Development and Investment Limited (PADICO) and its subsidiaries as at December 31, 2023. PADICO's ownership in its subsidiaries' subscribed capital was as follows:

			Ownership %	
	Activity type	Country of origin	2023	2022
Palestine Real Estate Investment Company (PRICO) *	Real estate	Palestine	83.27	78.96
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	75.26	75.26
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) (Note 4)	Agricultural	Palestine	-	52.41
Al-Rashid Group for Real Estate Investment and Development	General trading	Palestine	100	100

* During the year, PADICO acquired additional shares from PRICO's non-controlling interests, increasing its ownership interest to 83.27%.

During the year 2022, PADICO acquired additional shares from PRICO's non-controlling interests, increasing its ownership interest from 76.97% to 78.96%. In addition, during the year 2022, PADICO acquired additional shares from PSE's non-controlling interests, increasing its ownership interest to 75.26%.

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

3. Material accounting policy information

3.1 Basis of preparation

The consolidated financial statements of PADICO and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The 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 consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income that have been measured at fair value as at the consolidated financial statements date.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of PADICO and its subsidiaries as at December 31, 2023.

PADICO controls an investee if, and only if, PADICO has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When PADICO has less than a majority of the voting or similar rights of an investee, PADICO considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- PADICO's voting rights and potential voting rights

PADICO re-assesses 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. Consolidation of a subsidiary begins when PADICO obtains control over the subsidiary and ceases when PADICO loses control of the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date PADICO gains control until the date PADICO ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of PADICO and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with PADICO's accounting policies. All intra-group assets and liabilities, equity, revenues, expenses, profits, losses, and dividends relating to transactions between members of PADICO are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If PADICO loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities and carrying value of non-controlling interest while any resultant gain or loss is recognized in consolidated income statement. Any investment retained is recognized at fair value.

3.3 Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for prior year except for PADICO's adoption of the following amendments effective starting from 1 January 2023. The adoption of these amendments has no material impact on PADICO's consolidated financial statements. PADICO did not apply early adoption to any standards issued but not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of PADICO.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the consolidated financial statements of PADICO.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied 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 presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments had no impact on the consolidated financial statements of PADICO.

Standards and amendments issued but not yet effective
The new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of PADICO's consolidated financial statements are disclosed below. PADICO intends to adopt these standards and amendments, if applicable, when they become effective:

Amendments to IFRS 16: *Lease Liability in a Sale and Leaseback*
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the consolidated financial statements of PADICO.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. PADICO is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the consolidated financial statements of PADICO.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the consolidated financial statements of PADICO.

3.4 Significant accounting judgments, estimates and assumptions

The preparation of PADICO's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Other disclosures that reflect the degree of risks that PADICO is subject to include:

- Risk management objectives and policies (Note 42)
- Capital management (Note 42)

The key areas involving a higher degree of judgment or complexity done by PADICO and its subsidiaries are described below:

Going concern assumption

Despite the events and circumstances described in Note (47), these consolidated financial statements have been prepared on a going concern basis. All available measures have been taken to maintain the continuity of PADICO and continue its operations in the current business environment and economic conditions. PADICO expects to maintain positive cash flows from its operating activities in Palestinian areas not directly affected by these events, especially in the West Bank region.
PADICO's management regularly monitors liquidity to ensure there are sufficient levels of liquidity to meet expected needs of PADICO and continue its operations. Additionally, the management continues to monitor this event and study its impact on PADICO's financial position. Management believes that there are no significant doubts about PADICO's ability to continue as a going concern.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The Israeli war on Gaza Strip resulted in the destruction of a significant part of PADICO's assets in Gaza Strip. The management made several estimates, judgments, and assumptions to determine the amounts of impaired assets and to calculate the loss amount based on available information, including reviewing reports and information regarding the level of damage in Gaza Strip.

Provision for expected credit losses on financial assets (Impairment of financial assets)

When determining the provision for expected credit losses on financial assets, PADICO's management uses certain estimates to determine the amounts and timing of future cash flows and also assesses whether the credit risk on the financial asset has increased substantially since initial recognition and includes future information in the measurement of expected credit losses.

Impairment of inventories

PADICO's subsidiaries estimate the net realizable value of their inventories at the date of the consolidated financial statements based on their past experience, and adjust the carrying amounts, if needed.

Impairment of ready for sale properties

PADICO's subsidiaries estimate the net realizable value of their properties available for sale at the date of the consolidated financial statements based on their past experience, and adjust the carrying amounts, if needed.

Taxes

PADICO and its subsidiaries establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and market volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Useful lives of tangible and intangible assets

PADICO's management reassesses the useful lives of tangible and intangible assets, and adjusts it, if applicable, at each financial year end.

Investment properties

PADICO's management relies on real estate experts to reassess investment properties.

Present value of long-term receivables and payables

Specific estimates and assumptions are used to determine and discount expected cash flows in the settlement of long-term receivables and payables.

Employees' provisions

The management of PADICO and its subsidiaries use certain estimates in determining the provisions for employees. Managements believe that these estimates and assumptions are reasonable.

Litigations provision

PADICO's subsidiaries use certain estimates in determining the provision for legal cases based on the opinion of their legal advisors.

Impairment of goodwill

The determination whether goodwill is impaired requires an estimation of the "value in use" of the cash-generating units to which the goodwill is allocated. Such estimation requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Determining the lease term for contracts with renewal and termination option

PADICO and its subsidiaries define the lease term as the irrevocable lease period, along with any periods covered by an option to extend the lease if it is reasonably certain that it will be practiced, or any periods covered by the option to terminate the lease, if it is reasonably certain not to exercise it.

3.5 Accounting policies

Revenue from contracts with customers

Sale of goods
Revenue from the sale of goods is recognized at a certain point in time at which the control of the goods sold is transferred to the customer.

Variable consideration
If the consideration in a contract includes a variable amount, PADICO estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception

Right of return
When the contract gives the customer the right to return the goods within a specified time period, the seller assesses the value of the expected sales returns using the potential weighted average method.

The corresponding price received from the customer is variable because the contract allows the customer to return the goods. PADICO and its subsidiaries apply the requirements in IFRS (15) to estimate the variable return price that must be deferred to determine it and include it in the selling price.

Service Revenue
Revenue from trading commissions, transfer of securities (and subsequent cash settlement proceeds) and share-based fees are recognized when the service is rendered and at a certain point in time.
Revenue from annual listing fees for listed companies, annual fees for market brokerage companies and subscription fees for market services are generally recognized over a period of time by reference to the rate of completion of services rendered at the date of the consolidated financial statements.

The prices of services provided by the market are determined by reference to the list of fees, commissions, fines and penalties approved by the Palestinian Capital Market Authority.

Sale of ready for sale properties
The property is considered to be sold at a certain point in time at which time the control over the property sold to the customer is transferred to the customer when the property is delivered for the contracts involving unconditional exchange. In the case of contracts involving conditional exchange, the sale is made only when all the conditions included in the contract are met.

Bus stations revenue
Revenue from operating bus stations is recognized when the different operating services are delivered.

Room service revenue
Room revenue is recognized over a period of time by reference to the rate of completion of the services rendered at the date of the consolidated financial statements.

Food and beverage revenue
Revenues of food and beverage are recognized at certain point in time when sold.

Revenue from the sale of electricity
Revenue from sale of electricity is recognized at a certain point in time at which the control of electricity produced from the solar cells is transferred to the customer.

Other Revenues

Interest income

Revenue is recognized as interest accrued using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Gains or losses on trading of investments in financial assets are recognized when the trading process is completed. Dividend revenue is recognized when the shareholders right to receive the dividends is established.

Rent revenue

Lease revenue and services are recognized over the lease term. The amount of the rent and services paid by the tenants for periods beyond the date of the consolidated financial statements is recorded as revenue received in advance, while the amount of the rent and services that have not been paid as of the date of the consolidated financial statements are recorded as accrued or unpaid income.

Deferred Revenues

Grants obtained to finance the purchase of Property, plant and equipment are reported as deferred revenues at fair value; Revenues will be recognized in the consolidated income statement on a straight-line basis over the estimated useful lives of the related property, plant and equipment.

Donation revenues

Donors' unconditional pledges are those pledges where the donors do not specify prerequisites that have to be carried out by the recipient before obtaining the fund.

Donation revenues from unconditional pledges are recognized as follows:

- Unconditional pledges that are not restricted by the donor for a specific purpose or time are recognized as revenue when the pledge is obtained.
- Unconditional pledges that are temporarily restricted by the donor for a specific purpose or time are recognized by PADICO's subsidiaries as revenue when such purpose or time is satisfied.

Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other finance costs are expensed in the period they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated income statement as incurred. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives (years)
Buildings and constructions	10-50
Solar power station	10-25
Machinery and equipment	14-20
Furniture and Office equipment	4-7
Motor vehicles	7
Computers	5
Leasehold improvements	7
Irrigation systems and land preparation	10-14
Fruitful palm trees	19

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated income statement.

The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finites lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets include a trademark resulted from the purchase of a subsidiary in which it has indefinite life, therefore, it is not amortized.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Intangible assets with finite useful lives are amortized using the straight-line method over the useful lives as follows:

	Useful lives (Years)	Remaining useful lives (Years)
The right to benefit from the coast land – Blue Beach - Gaza	31	-
The right to benefit from the industrial and agricultural zone – Jericho	45	37
The right to benefit from Al-Awqaf commercial complex -AL-Bireh	9	1.5
The right to use the bus station	22	-
Programs and information systems	3-5	3-5
The right to benefit from the Commercial Center - Board of Trustees of Birzeit University	8	7.5

Investment properties

Investment properties are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of investment properties. Land is not depreciated.

The carrying value of investment properties is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, investment properties are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner occupied property becomes an investment property, PADICO accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties classification

Investment properties are classified as follow:

- Investment properties that include lands and buildings (offices and stores) that kept for rental and capital appreciation, rather than to be used for the business activities nor to resell it in the ordinary course of business.
- Inventory property that acquired or being constructed for sale in the ordinary course of business which primary includes residential real estate that constructed to be sold before or at the completion of construction.

Projects in progress

Projects in progress comprise costs incurred on incomplete projects, which include design cost, construction, direct wages, cost of land and portion of the indirect costs and finance costs. After completion, all projects' costs are capitalized and transferred to property, plant and equipment, ready for sale properties or investment properties depends on the management directions.

The carrying values of projects in progress are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the projects are written down to their recoverable amount.

Leases

PADICO evaluates contracts when they are initiated to determine if the contract is a lease or contains a lease agreement. That is, if the contract conveys the right to control the use of the specified asset for a period of time in exchange for the amounts paid.

PADICO applies a standardized approach for recognition and measurement in respect of all leases, except for short-term leases and leases for low-value assets. PADICO recognizes lease liabilities for lease payments and right-of-use assets that represent the right to use the leased assets.

Right of use assets

PADICO recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless PADICO is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, PADICO recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by PADICO and payments of penalties for terminating a lease, if the lease term reflects PADICO exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, PADICO uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

PADICO applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

PADICO determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. PADICO has the option, under some of its leases to lease the assets for additional terms. PADICO applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, PADICO considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, PADICO reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

PADICO included the renewal period as part of the lease term for some leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Investments in associates

PADICO's investment in its associates is accounted for using the equity method. An associate is an entity in which PADICO has significant influence. Significant influence is the power to participate in the financial and operational policy decisions of the investee but not control over those policies.

Under the equity method, the investment in the associates is carried in the consolidated statement of financial position at cost plus post acquisition changes in PADICO's share of net assets of the associates. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated income statement and the consolidated statement of comprehensive income reflect the share of the results of operations of the associates. Unrealized gains and losses resulting from transactions between PADICO and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared for the same reporting period as PADICO. Where necessary, adjustments are made to bring the accounting policies in line with those of PADICO.

After application of the equity method, PADICO determines whether it is necessary to recognize an additional impairment loss on PADICO's investment in its associates. PADICO determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case PADICO calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated income statement.

Upon loss of significant influence over the associates, PADICO measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated income statement.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in joint ventures is accounted for using the equity method. Under the equity method, investments in joint ventures appear in the consolidated statement of financial position at cost plus the subsequent changes in PADICO's share in the joint ventures net assets. Goodwill resulting from the purchase of joint ventures is recorded as part of the carrying value of the investment and is neither amortized nor individually tested for impairment.

PADICO's share in the operations of the joint ventures is recorded in the consolidated income statement. Unrealised profits and losses resulting from transactions between PADICO and the joint ventures are eliminated to the extent of PADICO's share in the joint ventures.

The financial statements for the joint ventures are prepared for the same reporting period as PADICO, using consistent accounting policies for transactions of similar nature. At the date of the consolidated financial statements, PADICO determines whether there is objective evidence indicating impairment in the value of the joint ventures. If such evidence exists, PADICO measures the impairment by deducting the carrying value of the investment from the expected recoverable amount and recognizes the difference in the consolidated income statement.

Biological assets

Biological assets are measured on the date of harvest at their fair value less expected costs to sell, Gains or losses arising from the change in the fair value is recognized in the consolidated income statement in the period at which the change occurred. Biological assets are stated at cost less any impairment losses at each situation where their fair value can't be measured objectively.

Mature and Immature Biological assets are stated at cost less any impairment losses due to the decline in its book value. This is due to the inability to measure their fair value with sufficient reliability.

Inventories and ready for sale properties

Inventories are valued at the lower of cost or net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost on weighted average cost basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads
- Ready for sale properties costs include construction costs, research, design, finance costs and land in addition to indirect costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Assets held for sale and discontinued operations

PADICO classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Investments in financial assets

All financial assets are recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value.

<u>Financial assets at amortized cost and the effective interest method</u>
Debt instruments are measured at amortized cost if both of the following conditions are met:

- The debt instrument is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL– see below). They are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized on an effective yield basis.

Accounts receivables are debt instruments at amortized cost. Accounts receivables are stated at original invoice amount less a provision for estimated credit losses. When determining the estimated credit losses of financial assets, management uses certain estimates to determine the amounts and timing of future cash flows and also assesses whether the credit risk on the financial asset has increased substantially since initial recognition and includes future information in the measurement of expected credit losses.

Subsequent to initial recognition, PADICO is required to reclassify debt instruments from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met.

The effective interest rate is the interest rate used to discount future cash flows over the life of the debt instrument, or less in certain cases, in order to equal the carrying value at initial recognition.

PADICO may irrevocably elect at initial recognition to classify a debt instrument that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

<u>Financial assets at FVTPL</u>
Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement.

Dividends income on investments in equity instruments at FVTPL is recognized in the consolidated income statement when PADICO’s right to receive the dividends is established.

Investments in equity instruments are classified as at FVTPL, unless PADICO designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition.

PADICO has not classified any debt instrument that met the conditions of amortized cost as financial assets at FVTPL.

These financial assets represent debt instruments that do not meet the conditions of amortized cost or debt instruments that met the conditions of amortized cost but PADICO has chosen to classify them as financial assets at FVTPL upon initial recognition.

Subsequent to initial recognition, PADICO is required to reclassify debt instruments from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument’s contractual cash flows meet the amortized cost criteria. Reclassification of debt instruments designated as at FVTPL at initial recognition is not permitted.

<u>Financial assets at FVTOCI</u>

At initial recognition, PADICO makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to the consolidated income statement but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in the consolidated income statement when PADICO's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognized for financial instruments that are not measured at FVTPL. No impairment loss is recognized on equity investments.
An ECL provision is made at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- Debt investment securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- Other financial instruments for which the credit risk has not increased significantly since their initial recognition.

PADICO and its subsidiaries has applied the simplified method of the standard to record expected credit losses (ECL) on account receivables and calculated the expected credit losses over the entire life of the receivables. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

In the expected credit loss calculation model, when necessary, PADICO incorporates future information used as inputs, such as the increase in GDP and unemployment rates.

Impairment allowances for estimated credit losses are recognized in the consolidated income statement and are reflected as an allowance account against granted loans and investments in debt instruments.

Financial assets are written off after all restructuring and collection activities have taken place and there is no realistic prospect of recovery. Subsequent recoveries are included in other income.

Financial assets that are measured at amortized cost are tested as to whether they are credit impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties.

Financial assets which have been re-scheduled or modified are no longer considered to be past due and are replaced on performing status when all principal and interest payments are up to date and future payments are reasonably assured. Financial assets that have been re-scheduled, are subject to on-going review to determine whether they remain impaired or can be considered due.

Derecognition of financial assets

PADICO derecognizes 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 PADICO neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, PADICO recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If PADICO retains substantially all the risks and rewards of ownership of a transferred financial asset, PADICO continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash on hand, bank balances, and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances, net of restricted cash and bank overdrafts.

Interest bearing loans and borrowings

At initial recognition, loans and borrowings are recognized at fair value net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortization is included in finance cost in the consolidated income statement.

Debt bonds

After the initial recognition at fair value, debt bonds are subsequently measured at amortized cost using the effective interest rate method. All costs incurred by PADICO for issuing the bonds are amortized over a period of five years.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Current versus non-current classification

PADICO presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

PADICO measures some of its financial instruments and non-financial assets, such as investment properties at fair value at each consolidated financial statements' date. PADICO also discloses the fair value of the financial instruments and non-financial assets that are measured at cost in the notes to the consolidated financial statements which include the following:

- Disclosure of evaluations estimates and assumptions (Notes 3 and 7)
- Disclosure of fair value measurement hierarchy for assets (Note 41)
- Investment properties (Note 8)

Fair value is the price that would be received to sell assets or paid to transfer liabilities in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to PADICO.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

PADICO uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1 – Quoted market prices in active markets.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External appraisers which are licensed and approved by Palestine Capital Market Authority (PCMA) are involved for valuation of significant assets such as investment properties. PADICO decides, after discussions with the external appraisers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, PADICO has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash dividends

PADICO recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized by general assembly. A corresponding amount is recognized directly in consolidated statement of changes in equity.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, PADICO measures the non-controlling interest in the acquiree at fair value. Acquisition costs incurred are expensed through consolidated income statement.

When PADICO acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the consolidated statement of income.

Goodwill is initially measured at cost being the excess of the consideration transferred over PADICO's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as income in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of PADICO's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Provisions

Provisions are recognized when the bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

Treasury shares

Treasury shares are stated at cost. Any gains or losses resulting from reissuing of these shares are recognized in the consolidated statement of changes in equity.

Foreign currency

PADICO consolidated financial statements are presented in U.S. $, which is also the parent company's functional currency. PADICO's subsidiaries determine their own functional currency. Items included in the financial statements of each entity are measured using subsidiaries' functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by PADICO's subsidiaries at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement with the exception for financial assets designated as at FVTOCI where any foreign exchange differences are recognized in other comprehensive income.

PADICO subsidiaries

The assets and liabilities of PADICO's subsidiaries with functional currency other than U.S. $ are translated into U.S. $ at the rate of exchange prevailing at the reporting date and their income statements at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in other comprehensive income.

Operating segments

The operating segments represent a set of assets and processes that jointly provide products or services subject to risks and returns different from those related to other operating segments that are measured according to reports used by PADICO's Chief Executive Officer and main decision maker.

The geographical sector is associated with providing products or services in a specific economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

Income tax

PADICO and its subsidiaries provide for income taxes in accordance with applicate tax regulations where PADICO and its subsidiaries operate and generate taxable income and IAS (12) which requires recognizing the temporary differences, at the date of financial statements between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, as deferred taxes.

Deferred tax is provided on temporary differences at the consolidated statement of financial position between the tax bases of assets and the liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

Income tax expense represents the accrued income tax which is calculated based on taxable income. Taxable income may differ from accounting income as the later includes non-taxable income or non-deductible expenses. Such revenues or expenses may be taxable or deductible in the following years.

A reconciliation is made between deferred tax assets and deferred tax liabilities and the net amount is recognized in the consolidated financial statements only when the legally binding rights are available and when they are settled on a settlement basis or the asset is realized, and the liability settled simultaneously.

Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares less treasury shares.

4. Disposal of a subsidiary during the year

During the last quarter of 2023, the shareholders of Nakheel Palestine Agricultural Investment Company (Nakheel Palestine) agreed to restructure the company's capital after one of the shareholders exited the investment and sold his shares to the current shareholders. Subsequently, the company's current shareholders decided to amortize the accumulated losses and capitalize the shareholders' loans as part of the company's new capital. A joint project agreement was also signed between the shareholders, wherein it was agreed to manage Nakheel Palestine Company jointly between PADICO and Siraj. Consequently, Nakheel Palestine now is jointly controlled by PADICO and Siraj, therefore PADICO has reclassified its investment in Nakheel Palestine from an investment in a subsidiary to an investment in a joint venture. Accordingly, the financial statements of Nakheel Palestine were not consolidated with PADICO's consolidated financial statements for the year 2023.

Below is the fair value of the assets and liabilities of Nakheel Palestine as at the disposal date:

	Fair value at the date of disposal
	U.S. $ 000's
Assets	
Property, plant and equipment	27,302
Projects in progress	125
Right-of-use assets	1,282
Inventories	2,145
Accounts receivable and other current assets	4,441
Cash and balances at banks	1,088
	36,383
Liabilities	
Loans and credit facilities	20,637
Provision for employees' indemnity	513
Long-term lease liabilities	3,374
Other non-current liabilities	537
Accounts and notes payable	2,748
Other credit balances	3,645
	31,454
Fair value of net assets	4,929
The book value of PADICO's investment in Nakheel Palestine Company (60%)	2,957

5. Partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by material non-controlling interests:

Name	Country of incorporation	2023	2022
		%	
Palestine Real Estate Investment Company	Palestine	16.73	21.04
Palestine Industrial Investment Company	Palestine	43.28	43.28
Palestine Securities Exchange Company	Palestine	24.74	24.74
Nakheel Palestine for Agricultural Investment Company (Note 4)	Palestine	-	47.59

Accumulated balances of material non-controlling interests:	2023	2022
	U.S 000's	
Palestine Real Estate Investment Company	4,496	9,883
Palestine Industrial Investment Company	50,233	47,311
Palestine Securities Exchange Company	1,774	1,879
Nakheel Palestine for Agricultural Investment Company	-	7,043
(Losses) Profits allocated to material non-controlling interests:		
Palestine Real Estate Investment Company	(4,977)	243
Palestine Industrial Investment Company	3,699	4,066
Palestine Securities Exchange Company	125	153
Nakheel Palestine for Agricultural Investment Company *	(874)	(2,102)
Other comprehensive income items allocated to material non-controlling interests:		
Palestine Real Estate Investment Company	-	21
Palestine Industrial Investment Company	(1,501)	(5,342)
Palestine Securities Exchange Company	17	(30)
Change of material subsidiaries non-controlling interests:		
Palestine Real Estate Investment Company	(410)	(909)
Palestine Industrial Investment Company	1,400	-
Palestine Securities Exchange Company	-	(43)
Nakheel Palestine for Agricultural Investment Company	(6,169)	-
Distributed cash dividends to non-controlling interests		
Palestine Industrial Investment Company	(676)	(1,821)
Palestine Securities Exchange Company	(247)	(252)

* This item represents the non-controlling interests' share of Nakheel's results of operations from January 1, 2023, until the date of disposal.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of financial position as at December 31, 2023:

	U.S 000's			
	Palestine Real Estate Investment Company	Palestine Industrial Investment Company	Palestine Securities Exchange Company	Nakheel Palestine for Agricultural Investment Company
Current assets	30,281	39,994	8,986	-
Non-current assets	63,300	112,514	5,607	-
Current liabilities	(39,787)	(25,658)	(889)	-
Non-current liabilities	(17,221)	(27,851)	(1,040)	-
Total equity	36,573	98,999	12,664	-
Attributable to non-controlling interests in PADICO	4,496	50,233	1,774	-

Summarized statement of financial position as at December 31, 2022:

	U.S 000's			
	Palestine Real Estate Investment Company	Palestine Industrial Investment Company	Palestine Securities Exchange Company	Nakheel Palestine for Agricultural Investment Company
Current assets	26,939	40,402	9,079	7,297
Non-current assets	79,050	102,919	5,586	35,060
Current liabilities	(33,049)	(20,998)	(834)	(8,387)
Non-current liabilities	(18,588)	(28,023)	(1,073)	(19,409)
Total equity	54,352	94,300	12,758	14,561
Attributable to non-controlling interests in PADICO	9,883	47,311	1,879	7,043

Summarized income statement for the year ended December 31, 2023

	U.S 000's			
	Palestine Real Estate Investment Company	Palestine Industrial Investment Company	Palestine Securities Exchange Company	Nakheel Palestine for Agricultural Investment Company*
Revenue	7,967	72,569	2,379	4,761
Operating costs and expenses	(5,225)	(59,135)	-	(4,653)
General, administrative and marketing expenses	(1,791)	(7,176)	(2,064)	(842)
Finance costs	(1,640)	(1,578)	-	(623)
Other (expenses) revenues	(16,580)	4,062	679	(479)
(Loss) profit for the year before income tax	(17,269)	8,742	994	(1,836)
Income tax recovery (expense)	154	(1,064)	(164)	-
(Loss) profit for the year	(17,115)	7,678	830	(1,836)
Other comprehensive income items	(3,304)	(3,297)	75	-
Net comprehensive income for the year	(20,419)	4,381	905	(1,836)
Attributable to non-controlling interests in PADICO	(4,977)	3,699	125	(874)

* These amounts represent the financial information of Nakheel Palestine for the period from January 1, 2023 until the disposal date.

Summarized income statement for the year ended December 31, 2022

	U.S 000's			
	Palestine Real Estate Investment Company	Palestine Industrial Investment Company	Palestine Securities Exchange Company	Nakheel Palestine for Agricultural Investment Company
Revenue	10,873	74,512	3,023	7,566
Operating costs and expenses	(5,977)	(61,615)	-	(8,067)
General, administrative and marketing expenses	(1,710)	(7,411)	(1,938)	(1,338)
Finance costs	(1,180)	(1,203)	-	(1,278)
Other (expenses) revenues	(609)	5,078	214	(1,510)
Profit (loss) for the year before income tax	1,397	9,361	1,299	(4,627)
Income tax expense	(496)	(691)	(291)	-
Profit (loss) for the year	901	8,670	1,008	(4,627)
Other comprehensive income items	421	(10,971)	(122)	-
Net comprehensive income for the year	1,322	(2,301)	886	(4,627)
Attributable to non-controlling interests in PADICO	243	4,066	153	(2,102)

Summarized cash flow information for the year ended December 31, 2023:

	U.S 000's			
	Palestine Real Estate Investment company	Palestine Industrial Investment company	Palestine Securities exchange company	Nakheel Palestine for Agricultural Investment Company
Operating activities	3,668	6,200	793	-
Investing activities	(16,590)	(11,178)	(994)	-
Financing activities	14,596	(1,548)	(1,037)	-
Increase (decrease) in cash and cash equivalents	1,674	(6,526)	(1,238)	-

Summarized cash flow information for the year ended December 31, 2022:

	U.S 000's			
	Palestine Real Estate Investment company	Palestine Industrial Investment company	Palestine Securities exchange company	Nakheel Palestine for Agricultural Investment Company
Operating activities	10,715	13,281	1,599	878
Investing activities	(6,523)	(12,515)	403	(2,134)
Financing activities	(4,387)	(6,097)	(1,030)	1,437
(Decrease) increase in cash and cash equivalents	(195)	(5,331)	972	181

Following is the movement on non-controlling interests during the year:

	December 31,2023
	U.S. $ 000's
Balance, beginning of the year	78,259
Non-controlling interests share of results of operations for the year	(7,983)
Non-controlling interests share in other comprehensive income items	(1,484)
Non-controlling interests share in distributed cash dividends	(923)
Acquisition of non-controlling interests	(2,783)
Change in non-controlling interests	3000
Derecognition of non-controlling interests - Nakheel Palestine	(5,396)
Balance, end of the year	62,690

6. Property, plant and equipment

2023	Lands	Buildings and constructions	Solar power station	Machinery and equipment	Furniture and office equipment	Motor vehicles	Computers hardware and software	Leasehold improvements	Irrigation systems and land preparation	Palm trees	Total
	U.S. $ 000's										
Cost											
Balance as at January 1, 2023	20,355	97,211	5,466	50,259	11,618	4,385	3,481	11,607	4,368	32,710	241,460
Additions	1,225	943	7	746	81	685	370	150	303	2,681	7,191
Transferred from projects in progress (Note 9)	443	8,674	1,229	6,124	-	-	-	-	-	-	16,470
Disposals	-	-	-	(120)	(1)	(131)	(276)	-	(65)	-	(593)
Foreign currency translation differences	(127)	(547)	(5)	(596)	(28)	(70)	(20)	-	-	-	(1,393)
Disposal of a subsidiary (Note 4)	(1,057)	(3,246)	-	(5,359)	(378)	(907)	-	-	(4,606)	(35,391)	(50,944)
Balance as at December 31, 2023	20,839	103,035	6,697	51,054	11,292	3,962	3,555	11,757	-	-	212,191
Accumulated Depreciation and Impairment											
Balance as at January 1, 2023	-	51,130	685	31,546	10,202	2,761	3,143	9,403	2,955	14,886	126,711
Depreciation charge for the year	-	2,174	326	2,286	233	399	144	105	215	456	6,338
Disposals	-	-	-	(26)	(1)	(119)	(235)	-	(37)	-	(418)
Impairment of property, plant and equipment (Notes 37 and 47)	-	18,681	5,525	212	289	65	69	-	-	-	24,841
Foreign currency translation differences	-	(319)	-	(418)	(19)	(50)	(19)	-	-	-	(825)
Disposal of a subsidiary (Note 4)	-	(1,146)	-	(3,017)	(331)	(673)	-	-	(3,133)	(15,342)	(23,642)
Balance as at December 31, 2023	-	70,520	6,536	30,583	10,373	2,383	3,102	9,508	-	-	133,005
Net book value											
As at December 31, 2023	20,839	32,515	161	20,471	919	1,579	453	2,249	-	-	79,186

Based on some long-term loan agreements, PADICO's subsidiaries mortgaged lands, real estate and associated properties as collateral to local and regional banks. The book value of these assets amounted to U.S. $ 31,850,000 (Note 23) as at December 31, 2023.

Depreciation for an amount of U.S. $ 218,325 was allocated to palm trees as at December 31, 2023 (Note 36).

Property, plant and equipment (Continued)

2022	Lands	Buildings and constructions	Solar power station	Machinery and equipment	Furniture and office equipment	Motor vehicles	Computers hardware and software	Leasehold improvements	Irrigation systems and land preparation	Palm trees	Total
	U.S. $ 000's										
Cost											
Balance as at January 1, 2022	20,538	102,188	5,223	51,180	11,735	4,302	3,539	11,582	4,184	31,800	246,271
Additions	754	101	71	2,768	108	722	74	30	184	1,784	6,596
Transferred from projects in progress (Note 9)	-	151	180	965	-	-	-	-	-	-	1,296
Transferred to investment properties (Note 8)	-	(1,224)	-	-	-	-	-	-	-	-	(1,224)
Disposals	-	-	-	(601)	(68)	(188)	(12)	(5)	-	(874)	(1,748)
Foreign currency translation differences	(937)	(4,005)	(8)	(4,053)	(157)	(451)	(120)	-	-	-	(9,731)
Balance as at December 31, 2022	20,355	97,211	5,466	50,259	11,618	4,385	3,481	11,607	4,368	32,710	241,460
Accumulated Depreciation and Impairment											
Balance as at January 1, 2022	-	51,131	420	31,780	9,992	2,775	3,112	8,815	2,698	9,344	120,067
Depreciation charge for the year	-	2,099	265	2,327	322	387	153	593	257	1,695	8,098
Transferred to investment properties (Note 8)	-	(272)	-	-	-	-	-	-	-	-	(272)
Disposals	-	-	-	(334)	(67)	(112)	(11)	(5)	-	(153)	(682)
Impairment of property, plant and equipment (Note 37)	-	-	-	190	67	2	-	-	-	4,000	4,259
Foreign currency translation differences	-	(1,828)	-	(2,417)	(112)	(291)	(111)	-	-	-	(4,759)
Balance as at December 31, 2022	-	51,130	685	31,546	10,202	2,761	3,143	9,403	2,955	14,886	126,711
Net book value											
As at December 31, 2022	20,355	46,081	4,781	18,713	1,416	1,624	338	2,204	1,413	17,824	114,749

Depreciation for an amount of U.S. $ 316,116 was allocated to palm trees as at December 31, 2022 (Note 36).

7. Intangible Assets

	U.S. $ 000's								
	Goodwill(A)	Trademark(B)	The right to benefit from the coast land –Blue Beach - Gaza (C)	The right to benefit from the industrial and agricultural zone – Jericho (D)	The right to benefit from Al-Awqaf Commercial Complex-AL-Bireh (E)	The right to benefit from bus stations (F)	Programs and Information Systems (G)	The right to benefit from the commercial center- Board of Trustees of Birzeit University (H)	Total
Cost									
Balance as at January 1, 2023	3,671	3,888	16,816	8,453	3,621	6,540	1,036	-	44,025
Transferred from projects in progress (Note 9)	-	-	-	137	-	-	-	1,900	2,037
Balance as at December 31, 2023	3,671	3,888	16,816	8,590	3,621	6,540	1,036	1,900	46,062
Amortization and impairment									
Balance as at January 1, 2023	-	-	7,214	1,092	2,553	6,540	379	-	17,778
Amortization for the year	-	-	567	252	443	-	229	158	1,649
Impairment losses (Notes 37 and 47)	2,226	-	7,532	-	-	-	-	-	9,758
Balance as at December 31, 2023	2,226	-	15,313	1,344	2,996	6,540	608	158	29,185
Net book value									
As at December 31, 2023	1,445	3,888	1,503	7,246	625	-	428	1,742	16,877
As at December 31, 2022	3,671	3,888	9,602	7,361	1,068	-	657	-	26,247

(A) Goodwill

This item represents goodwill from purchase of shares of Palestine Securities Exchange (a subsidiary of PADICO) and the shares of Palestine Company for the Establishment and Management of Industrial Zones - PIEDCO Gaza (a subsidiary of PRICO) resulting from the difference between the purchase cost and PADICO's share of the net fair value of the assets and liabilities at the date of purchase. During the year, PRICO recorded impairment losses in the amount of U.S. $ 2,226,000 against the goodwill of PIEDCO Gaza due to the aggression on Gaza Strip (Note 47).

(B) Trademark

This item represents intangible assets that were recognized and recorded after completing the purchase price allocation of Al Pinar Business combination, the entire amount of which is attributed to PINAR's Trademark (a subsidiary of PIIC).

(C) The right to benefit from the coast land – Blue Beach - Gaza

On November 2, 1995, PRICO (a subsidiary) signed a lease contract with the Palestinian National Authority to rent a piece of land for a period of 49 years for tourism investment purposes. During the year 2015, PADICO completed the construction of the project (Blue beach hotel) and transferred it to benefit rights. The project cost is amortized over the remaining term of the lease, which expires on October 20, 2044. During the year, PRICO recorded impairment losses in the amount of U.S. $ 7,532,000 against Blue Beach Resort due to the aggression on Gaza Strip (Note 47).

(D) The right to benefit from the industrial and agricultural zone – Jericho

During 2016, The Jericho Agro-Industrial Park - JAIP (a subsidiary of PRICO) completed the construction and preparation of the first phase of the agricultural industrial city project in Jericho and therefore it was transferred to intangible assets account (benefit rights). The project is amortized over a period of 45 years.

(E) The right to benefit from Al-Awqaf Commercial Complex-AL-Bireh

In 2016, PRICO (a subsidiary) signed an investment agreement with the Ministry of Awkaf and Religious Affairs for the purpose of establishing a commercial complex and benefiting from it for a period of 9 years beginning on June 1, 2016 and ending on May 31, 2025. During the year 2017, PADICO completed the construction and processing of the commercial complex, therefore it was reclassified to intangible assets (benefit rights). This project is amortized over a period of 9 years.

(F) The right to benefit from bus stations

During 2000, PRICO (a subsidiary) completed the construction and commenced full operations of Al Bireh Central Bus Station. Under the terms of concession agreements with Al Bireh Municipality, PRICO financed the construction on the basis of Build-Operate-Transfer (BOT) on land owned by the municipality, in return, PRICO would have the right to operate the Al Bireh station for 24 (including two years of implementation). At the end of the concession period, PRICO would transfer the station, including all rights, to the municipality. The station includes bus and car parking as well as a company of stores, offices and leisure facilities. Intangible assets represent the right to charge fees for public services provided under the terms of the concession agreements. The central bus station was handed over to Al-Bireh Municipality at the end of September 2022.

(G) Programs and information systems

During 2021, Palestine Securities Exchange Company (a subsidiary) completed the construction and preparation of the new trading system project and the development of its related infrastructure, in addition to the development project of the deposit and transfer center system and therefore it was transferred from projects in progress account to intangible assets account.

(H) The right to benefit from the Commercial Center- Board of Trustees of Birzeit University

In 2021, PRICO (a subsidiary) signed an investment agreement with Birzeit University for the purpose of establishing a commercial center and benefiting from it for a period of 8 years beginning on May 1, 2023 and ending on April 30, 2031. During the year, PRICO completed the construction and processing of the commercial center with an amount of U.S. $ 1,900,000, therefore it was reclassified to intangible assets (benefit rights). This project is amortized over a period of 8 years.

Impairment testing of goodwill and trademark

Goodwill and trademark acquired through business combinations has been allocated to cash generating units, which are also the reportable business segments of PADICO, for impairment testing as follows:

	U.S. $ 000's	
	2023	2022
Financial market segment	1,445	1,445
Real estate segment	-	2,226
Industrial segment	3,888	3,888
	5,333	7,559

<u>Key assumptions used in the calculation of the value in use</u>

The calculations of the value in use are most sensitive to the discount rate used and growth rate used to extrapolate cash flows beyond the budget period:

Discount rate

Discount rate reflects management's estimates of business-related risks, taking into account the time value as well as the risks specific to assets not included in the cash flow estimates. The calculation of the discount rate is based on factors related to PADICO and the business sector and is derived from the weighted average cost of capital. The calculation of the weighted average cost of capital is based on the cost of lending and the cost of capital. The cost of capital is calculated based on the expected return on investment and the calculation of the borrowing cost is based on the interest-bearing borrowings of PADICO to which PADICO committed to repay. The risks to the segment are included with beta transactions separately. Beta transactions are evaluated annually using available market information.

Growth rate estimates

Growth rates are based on the value of the business segment's operations after the explicit budget period. In determining appropriate growth rates, regard has been given to the competitive forces that are expected to prevail after the explicit budget period.

With regard to the assessment to the "value in use" of all business segments, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the business segments to materially exceed its value in use.

Financial market segment

The recoverable amount of the financial market segment has been determined based on the "value in use" calculation using the discounted cash flow method based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 23.3%. Cash flows beyond the 5-year period are extrapolated using a 2% growth rate.

Industrial segment

The recoverable amount of the industrial segment has been determined based on the "value in use" calculation using the discounted cash flow method based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 15%. Cash flows beyond the 5-year period are extrapolated using a 2.7% growth rate.

8. Investment properties

Investment properties as at December 31, 2023 and 2022 include the following:

	U.S. $ 000's	
	2023	2022
Lands *	5,342	5,782
Buildings **	20,821	22,778
	26,163	28,560

* This item includes subsidiaries' investments in lands held for the purpose of increasing its value. Therefore, they were classified as investment properties.

** This item includes the investment of Marafeq Investment Company (a subsidiary of PRICO) in Plaza Park Centre for Car Parking. During 2007, an agreement was signed between Al-Marafiq Investment Company and Municipality of Amman to establish a commercial complex including a building and parking area in the Sweifieh area in Amman on the Build Operation Transfer (B.O.T) basis on land owned by the Municipality of Amman in return for the rental and operation of the building and parking for 25 years, not including the implementation period, after which, the building and parking will be delivered to the Municipality of Amman. During the year 2016, the Jordanian cabinet decided to approve the exemption of the public parking project and commercial floors and offices (Park Plaza) from property tax incurred by it throughout the period of the original contract. Accordingly, Al-Marafiq Company signed an annex to the agreement with the Greater Amman Municipality, stipulating an increase in the investment period to 30 years starting on October 1, 2010.

The management estimates the fair values of these lands and buildings according to the reports of specialized real estate appraisers. The fair value of the lands and buildings amounted to U.S. $ 31,957,000 as at December 31, 2023 and U.S. $ 33,312,000 as at December 31, 2022.

The carrying value of investment properties which were mortgaged for the benefit of banks as collateral against loans to PRICO and PIIC is approximately U.S. $ 2,909,000 (Note 23).

Following is the movement on the investment properties:

	U.S. $ 000's	
	2023	2022
Balance, beginning of the year	28,560	44,579
Additions	62	5
Transferred from inventory and ready for sale properties (Note 14)	716	1,076
Transferred to inventory and ready for sale properties (Note 14)	(878)	(827)
Transferred from property, plant and equipment (Note 6) *	-	952
Sales **	(1,406)	(16,305)
Depreciation charge for the year	(891)	(920)
Balance, end of the year	26,163	28,560

* During the year 2022, PRICO (a subsidiary) has transferred its investment in "PADICO House Building" in Ramallah from property, plant and equipment to investment properties as a result of the change in use.

** During the year, PRICO sold a property resulting in a gain of U.S. $ 596,000 which was recognized in the consolidated income statement. In addition, PRICO sold land during the year, which resulted in a gain of U.S. $ 190,000 which was recognized in the consolidated income statement (Note 32).

During the year 2022, PADICO and its subsidiaries sold lands to Palestine Telecommunications Company - PALTEL (an associate), The value of the transaction amounted to U.S. $ 16 million, resulting in a gain of U.S. $ 1,018,000 which was recognized in the consolidated income statement. In addition, Palestine Development and Investment Company Private Shareholding Limited (a subsidiary) sold land during the year 2022, which resulted in a gain of U.S. $ 396,000, which was recognized in the consolidated income statement (Note 32).

9. Projects in progress

	U.S. $ 000's	
	2023	2022
Balance, beginning of the year	28,524	18,776
Additions	13,693	14,383
Transferred to property, plant and equipment (Note 6) *	(16,470)	(1,296)
Transferred to intangible assets (Note 7) **	(2,037)	-
Impairment of projects in progress (Notes 37 and 47)	(605)	(900)
Foreign currency translation differences	(694)	(2,439)
Disposal of a subsidiary (Note 4)	(125)	-
Balance, end of the year	22,286	28,524

* During the year, Palestine Poultry Company (a subsidiary of PIIC) completed solar energy projects, a processing unit project, and a cooling system in the slaughterhouse. In addition to the rehabilitation of Al-Auja farm project. Therefore, all costs were transferred to property, plant, and equipment account.

During the year, the National Carton Industry Company (a subsidiary of PIIC) completed the fire protection system project. Therefore, all costs were transferred to the property, plant, and equipment account.

During the year, Al Pinar General Trading (a subsidiary of PIIC) completed the development of the land and building of the factory and new headquarters of the company. Therefore, all costs related to the land and the building were transferred to the property, plant, and equipment account.

During the year 2022, the National Carton Industry Company (a subsidiary of PIIC) completed projects related to solar energy, a printer, and building a fence for the company. Therefore, all costs were transferred to the property, plant, and equipment account.

** During the year, PRICO (a subsidiary) completed the construction and preparation of the commercial center project – Board of Trustees of Birzeit University with an amount of U.S. $ 1,900,000. In addition, Jericho Agro-Industrial Park – JAIP (a subsidiary of PRICO) completed the external fence for the second phase with an amount of U.S. $ 137,000. Therefore, they were transferred from projects in progress account to intangible assets account.

Following are the projects in progress as at December 31, 2023 and 2022:

		U.S. $ 000's	
		Costs as of	
Project name	Company	December 31, 2023	December 31, 2022
Establishment of a factory and administrative offices	Al-Rabiya for Feed and Grains	14,113	10,424
Al-Shurafat Lands development project	TAICO for Trade and Investment Company	4,236	4,308
Establishment of a factory and administrative offices	Al Pinar General Trading	2,800	10,386
Establishment of new production lines for feeds factory, establishment of warehouses in cows' farms, and the establishment of accounting program.	Palestine Poultry Company PLC	875	-
The expansion of the company building	The National Carton Industry Company	148	-
New operational systems project	Palestine Securities Exchange Company	97	-
Infrastructure preparation and processing project (phase 2)	Jericho Agro-Industrial Park - JAIP	17	148
Solar energy project and waste treatment in the slaughterhouse	Palestine Poultry Company PLC	-	1,431
Fire protection system project	The National Carton Industry Company	-	185
Commercial center project – Board of Trustees of Birzeit University	Palestine Real Estate Investment Company	-	937
Hangar's reconstruction project	Palestinian Industrial Estate Development Company	-	677
Other projects	Other Companies	-	28
		22,286	28,524

The remaining costs to complete these projects are expected to reach a total amount of U.S. $ 14,967,000 and the projects are expected to be completed within 1 - 3 years.

10. Leases

The table below represents the carrying amount for the right-of-use assets and its movement during the years ended on December 31, 2023, and 2022:

2023	Land U.S. $ 000's	Buildings U.S. $ 000's	Vehicles U.S. $ 000's	Total U.S. $ 000's
Balance, beginning of the year	4,580	4,340	98	9,018
Additions	-	2,413	53	2,466
Depreciation for the year *	(255)	(781)	(47)	(1,083)
Terminated lease contracts	-	(806)	-	(806)
Disposal of a subsidiary during the year (Note 4)	(1,282)	-	-	(1,282)
Foreign currency translation differences	-	(10)	(2)	(12)
Balance, end of the year	3,043	5,156	102	8,301

2022	Land U.S. $ 000's	Buildings U.S. $ 000's	Vehicles U.S. $ 000's	Total U.S. $ 000's
Balance, beginning of the year	4,849	4,119	82	9,050
Additions	18	1,054	74	1,146
Adjustments	-	(35)	-	(35)
Depreciation for the year *	(287)	(755)	(47)	(1,089)
Foreign currency translation differences	-	(43)	(11)	(54)
Balance, end of the year	4,580	4,340	98	9,018

* Total depreciation allocated to palm trees were U.S. $ 83,745 and U.S. $ 115,348 during the years 2023 and 2022, respectively (Note 36).

Right of use assets are amortized over a period between 3-28 years.

The table below represents the carrying amount of lease liabilities and its movement during the years ended on December 31, 2023, and 2022:

	U.S. $ 000's Lease liabilities 2023	U.S. $ 000's Lease liabilities 2022
Balance, beginning of the year	12,064	9,920
Additions	2,466	3,008
Finance costs *	729	629
Payments	(1,559)	(1,541)
Terminated lease contracts	(932)	-
Disposal of a subsidiary during the year (Note 4)	(3,374)	-
Adjustments	-	(35)
Foreign currency translation differences	(25)	83
Balance, end of the year	9,369	12,064

* Finance costs allocated to palm trees during the years 2023 and 2022 were U.S. $ 58,708 and U.S. $ 82,038, respectively (Note 35).

The lease liabilities details are as follows:

	U.S. $ 000's 2023	U.S. $ 000's 2022
Short-term lease liabilities	1,028	1,332
Long-term lease liabilities	8,341	10,732
Total	9,369	12,064

11. Investment in associates and joint ventures

The table below represents the carrying amount for PADICO's investment in associates and joint ventures as at December 31, 2023, and 2022:

	U.S. $ 000's	
	2023	2022
Investment in associates (A)	420,339	430,025
Investment in joint ventures (B)	6,224	75
	426,563	430,100

A) Investment in associates

This item represents investments in associates as follows:

	Country of origin	Ownership %		U.S. $ 000's Carrying Amount	
		2023	2022	2023	2022
Palestine Telecommunications Company (Listed) *	Palestine	32.28	32.28	226,526	231,648
Arkaan Real Estate Company (Listed) *	Palestine	33.80	33.80	130,228	129,360
Jericho Gate for Real Estate Investment (Not listed)	Palestine	25.00	25.00	29,265	34,323
Vegetable Oil Industries Company (Listed)	Palestine	32.80	32.80	30,017	28,429
Palestine Power Generating Company (Not listed) *	Palestine	20.00	20.00	4,062	3,867
PAL Aqar for Real Estate Company (listed)	Palestine	25.14	25.14	241	345
Jordan Vegetable Oil Industry Company (Listed) **	Jordan	-	17.00	-	2,053
				420,339	430,025

Following is a movement on investment in associates during the years 2023 and 2022:

	U.S. $ 000's	
	2023	2022
Balance, beginning of the year	430,025	405,488
PADICO's share in associates' results of operations	19,180	40,646
Distributed cash dividends from associates	(28,657)	(27,312)
PADICO's share in associates' cumulative change in fair value of financial assets	2,130	(1,151)
PADICO's share in associates' foreign currency translation differences	(503)	(2,623)
Purchase of associates' shares *	302	14,952
Disposal of an associate**	(2,138)	-
Elimination of transactions with an associate	-	25
Balance, end of the year	420,339	430,025

* The Extraordinary General Assembly of Palestine Telecommunications Company P.L.C - PALTEL decided in its meeting held on March 22, 2022 to approve the distribution of shares to PALTEL shareholders in a new company (Arkaan Real Estate Company) established during the first quarter of 2022 with the aim of transferring real estate assets and the investments portfolio to it; at the rate of one share for each share owned by the shareholder in PALTEL. The company's shares were listed on Palestine Exchange and trading on its shares began on July 3, 2022.

During the year 2022, PADICO and PRICO (a subsidiary) purchased additional shares in PALTEL with a value of U.S. $ 9,572,000, increasing the ownership of PADICO in PALTEL from 31.41% to 32.28%. Also, during the year 2022, PADICO purchased shares in Arkaan Real Estate Company (Arkaan) with a value of U.S. $ 4,780,000, increasing the ownership of PADICO in Arkaan from 31.41% to 33.80%.

Also, During the year 2022, the Extraordinary General Assembly of Palestine Power Generation Company - PPGC (not listed) decided to increase the Company's capital from U.S. $ 22 million to U.S. $ 25 million by offering 3 million shares with a nominal value of U.S. $1 per share. PADICO paid U.S. $ 600,000 during the year 2022, as a payment to PADICO's share of the total capital increase.

** PADICO's management believes that it no longer has significant influence over the Jordan Vegetable Oil Industries Company (JVOI) since PADICO does not have representation in the Board of Directors as in previous years. Therefore, during the year, PADICO reclassified its investment to investment in financial assets at fair value through other comprehensive income. The reclassification resulted in a gain of U.S. $ 921,000 which was recorded in the consolidated income statement during the year (Note 31).

- Part of the associates' shares have been mortgaged to local and regional banks. The book value of the mortgaged shares as at December 31, 2023 amounted to U.S. $ 85,698,000 (Note 23). Also, part of the associates' shares was mortgaged to the bondholders, with a book value for the mortgaged shares as at December 31, 2023 amounted to U.S. $ 154,588,903 (Note 24).

- The market value of PADICO's investments in listed associate companies amounted to U.S. $ 382,540,000 and U.S. $ 435,110,000 as of December 31, 2023 and December 31, 2022, respectively.

The following tables summarize the financial information related to PADICO's investment in associates:

	December 31, 2023							
	U.S. $ 000's							
	Palestine Telecommunications Company	Arkaan Real Estate Company	Jericho Gate for Real Estate Investment	Vegetable Oil Industries Company	Palestine Power Generating Company	Jordan Vegetable Oil Industry Company*	Pal Aqar for Real Estate Company	Total
<u>Associates' statement of financial position:</u>								
Non-current assets	525,986	363,283	59,578	103,790	18,670	-	2,046	1,073,353
Current assets	199,127	112,586	64,457	4,659	2,091	-	4,913	387,833
Non-current liabilities	(120,835)	(21,589)	(1,773)	(8,812)	(160)	-	(1,633)	(154,802)
Current liabilities	(300,559)	(35,883)	(53,736)	(12,305)	(541)	-	(3,642)	(406,666)
Non-controlling interests	(240)	(23,500)	-	-	-	-	-	(23,740)
Unpaid capital	-	-	-	-	248	-	-	248
Equity attributable to the shareholders of the associate company	303,479	394,897	68,526	87,332	20,308	-	1,684	876,226
Equity attributable to PADICO	97,963	133,475	17,132	28,645	4,062	-	424	281,701
Adjustments	128,563	(3,247)	12,133	1,372	-	-	(183)	138,638
Carrying amount of PADICO's investment	226,526	130,228	29,265	30,017	4,062	-	241	420,339
<u>Revenues and results of operations:</u>								
Revenues	395,537	13,478	13,478	9,333	29	9,810	2,197	443,862
Results of operations	61,121	(8,121)	(6,127)	10,963	(538)	2,023	(414)	58,907
PADICO's share of results of operations	19,729	(2,745)	(1,532)	3,596	(108)	344	(104)	19,180
PADICO's share of change of fair value of financial assets	(942)	3,612	-	(521)	-	(19)	-	2,130
PADICO's share of foreign currency translation differences	60	-	-	(563)	-	-	-	(503)
Distributed cash dividends	23,967	-	3,526	924	-	240	-	28,657

* These amounts represent the financial information of Jordan Vegetable Oil Industry Company for the period from January 1, 2023 until the date of loss of the significant influence over the Company.

	December 31, 2022							
	U.S. $ 000's							
	Palestine Telecommunications Company	Arkaan Real Estate Company	Jericho Gate for Real Estate Investment	Vegetable Oil Industries Company	Palestine Power Generating Company	Jordan Vegetable Oil Industry Company	Pal Aqar for Real Estate Company	Total
Associates' statement of financial position:								
Non-current assets	508,232	365,682	80,351	102,925	16,560	4,296	2,636	1,080,682
Current assets	232,796	112,329	60,420	6,618	2,468	7,536	4,153	426,320
Non-current liabilities	(132,157)	(23,114)	(220)	(14,200)	(162)	-	(1,343)	(171,196)
Current liabilities	(289,305)	(33,678)	(51,793)	(12,848)	(556)	(2,051)	(3,350)	(393,581)
Non-controlling interests	(220)	(28,890)	-	-	-	-	-	(29,110)
Unpaid capital	-	-	-	-	1,025	-	-	1,025
Equity attributable to the shareholders of the associate company	319,346	392,329	88,758	82,495	19,335	9,781	2,096	914,140
Equity attributable to PADICO	103,085	132,607	22,190	27,057	3,867	1,663	528	290,997
Adjustments	128,563	(3,247)	12,133	1,372	-	390	(183)	139,028
Carrying amount of PADICO's investment	231,648	129,360	34,323	28,429	3,867	2,053	345	430,025
Revenues and results of operations:								
Revenue	435,677	26,218	39,956	10,272	-	10,852	1,911	524,886
Results of operations	92,020	7,257	19,146	12,463	(470)	1,439	(287)	131,568
PADICO's share of results of operations	29,257	2,440	4,786	4,084	(94)	245	(72)	40,646
PADICO's share of change of fair value of financial assets	(1,372)	(4)	-	209	-	16	-	(1,151)
PADICO's share of foreign currency translation differences	67	-	-	(2,690)	-	-	-	(2,623)
Distributed cash dividends	23,327	-	2,821	924	-	240	-	27,312

B) Investment in joint ventures:

This item represents PADICO's investment in a joint venture as follows:

	Country of origin	Ownership %		U.S. $ 000's Carrying Amount	
		2023	2022	2023	2022
Ilya View Tourism Company Ltd. (Ilya) *	Cyprus	50	50	176	75
Nakheel Palestine for Agricultural Investment (Nakheel Palestine) **	Palestine	60	-	6,048	-
				6,224	75

* PADICO has established and registered Ilya View Tourism Company Ltd. (Ilya) in partnership with another investor for the purpose of establishing a tourism and real estate project. In addition, Malika Tourism Company Ltd. (Malika), a wholly owned company by Ilya, was established and registered to establish the project through it.

** During the year, PADICO signed a joint project agreement, wherein it was agreed to manage Nakheel Palestine Company jointly between PADICO and Siraj. Consequently, Nakheel Palestine now is jointly controlled by PADICO and Siraj, therefore PADICO has reclassified its investment in Nakheel Palestine from an investment in a subsidiary to an investment in a joint venture. Accordingly, the financial statements of Nakheel Palestine were not consolidated with PADICO's consolidated financial statements for the year 2023 (Note 4).

Following is a movement on the investment in joint ventures during the years 2023 and 2022:

	U.S. $ 000's	
	2023	2022
Balance, beginning of the year	75	70
Additions	10,378	251
PADICO's share in joint ventures' results of operations	(4,259)	(233)
PADICO's share in joint ventures' foreign currency translation differences	30	(13)
Balance, end of the year	6,224	75

The following table summarizes the financial information related to PADICO's investment in joint ventures for the years 2023 and 2022:

	U.S. $ 000's			
	Ilya View Tourism Company		Nakheel Palestine for Agricultural Investment *	
	2023	2022	2023	2022
Joint ventures statement of financial position				
Non-current Assets	-	-	20,881	-
Current Assets	44	9	10,533	-
Non-current Liabilities	(12)	(8)	(11,237)	-
Current Liabilities	(46)	(95)	(10,097)	-
Unpaid capital	366	244	-	-
Equity attributable to joint ventures shareholders	352	150	10,080	-
PADICO's share	176	75	6,048	-
Carrying amount of investment	176	75	6,048	-
Results of operations				
Results of operations	(458)	(466)	(6,717)	-
PADICO's share of results of operations	(229)	(233)	(4,030)	-
PADICO's share of foreign currency translation differences	30	(13)	-	-

* These amounts represent a summary of the statement of financial position as at December 31, 2023 and results of operations for Nakheel Palestine during the period from the date of losing control of the company until December 31, 2023

12. Financial assets at fair value through other comprehensive income

	U.S. $000's	
	2023	2022
Quoted equities in financial markets	58,490	59,033
Unquoted equities in financial markets*	10,167	13,648
	68,657	72,681

* PADICO believes that these investments are of a strategic nature and are therefore classified as financial assets at fair value through other comprehensive income.

Based on some long-term loan agreements, part of the financial assets was mortgaged by PADICO for local and regional banks. The carrying value of assets mortgaged amounted to U.S. $ 36,355,000 as at 31 December 2023 (Note 23).

Following is the movement on the fair value reserve attributed to equity holders of the parent:

	U.S. $000's	
	2023	2022
Balance, beginning of the year	(72,587)	(73,125)
Change in fair value of financial assets through other comprehensive income items	(7,274)	1,873
PADICO's share of change in fair value of financial assets of associates	2,130	(1,151)
Transfer of fair value reserve to retained earnings due to sale of equity instruments designated at FVTOCI	120	100
	(77,611)	(72,303)
Attributed to non-controlling interests	462	(284)
Balance, end of the year	(77,149)	(72,587)

13. Biological assets

Non-current biological assets include dairy cows, following are the details of these assets as at December 31, 2023 and December 31, 2022:

	U.S. $000's	
	2023	2022
Dairy cows – mature and productive	1,027	552
Dairy cows - immature	551	496
	1,578	1,048

Current biological assets include poultry, following are the details of these assets as at December 31, 2023 and December 31, 2022:

	U.S. $000's	
	2023	2022
Poultry – mature and productive	1,368	1,107
Poultry - immature	700	895
	2,068	2,002

14. Inventories and ready for sale properties

	U.S. $000's	
	2023	2022
Land and ready for sale properties *	13,763	13,238
Feed mill products and materials	2,330	3,041
Poultry and eggs	1,776	1,418
Dairy products	1,216	758
Carton, sheets and cans	1,095	2,109
Operating supplies for hotels	382	220
Plastic stock	225	150
Fuel	204	-
Dates	-	3,705
Sundry	300	170
	21,291	24,809
Slow moving inventory provision **	(329)	(558)
	20,962	24,251

* Based on some loans' agreements signed by PRICO (a subsidiary), part of the ready for sale properties of Al Ghadeer and PRICO House (2) projects were mortgaged. The carrying amount of properties mortgaged amounted to U.S. $ 1,138,000 as at 31 December 2023 (Note 23). In addition, the impairment loss on land and ready for sale properties amounted to U.S. $ 537,000 and U.S. $ 32,000 as at December 31, 2023 and December 31, 2022, respectively, which was recognized in the consolidated income statement (Note 37).

** Following is the movement on the slow-moving inventory provision during the years 2023 and 2022:

	U.S. $000's	
	2023	2022
Balance, beginning of the year	558	405
Additions during the year (Note 37)	224	431
Disposals during the year	-	(278)
Disposal of a subsidiary	(453)	-
Balance, end of the year	329	558

15. Accounts receivable and other current assets

	U.S. $000's	
	2023	2022
Trade receivables	41,863	40,687
Checks under collection	17,727	22,289
Accrued compensations	4,144	-
Due from Value Added Tax Department and Customs	3,439	6,039
Advance payments to suppliers, contractors and brokerage firms	2,517	3,230
Advance payment on land purchase	2,172	922
Due from associates and sister companies	1,066	1,070
Prepaid expenses	238	637
Other debit balances	776	564
	73,942	75,438
Allowance for expected credit losses *	(34,465)	(34,263)
	39,477	41,175
Long-term accounts receivable	(4,774)	(5,796)
	34,703	35,379

* Following is the movement on the allowance for expected credit losses during the years 2023 and 2022:

	U.S.$000's	
	2023	2022
Balance, beginning of the year	34,263	36,020
Additions during the year (Notes 37 and 47)	2,370	323
Recoveries (Note 37)	(1,121)	(383)
Write-off	-	(717)
Currency variance	(208)	(980)
Disposal of a subsidiary during the year	(839)	-
Balance, end of the year	34,465	34,263

PADICO and its subsidiaries did not obtain collaterals against some receivables. As for the notes and accounts receivable resulting from sale of real estate, and as a guarantee for fulfilling their payment, PADICO does not transfer the ownership of sold properties until the entire accounts receivable balance is collected from its customers.

16. Financial assets at fair value through profit or loss

This item represents the following:

	U.S. $ 000's	
	2023	2022
Investment funds	631	565
Portfolio investments in local and regional equities	5,363	5,776
	5,994	6,341

17. Cash and short-term deposits

	U.S. $ 000's	
	2023	2022
Cash on hand and current accounts at banks	7,589	7,535
Term deposits maturing within a period of three months	3,808	2,745
Term deposits maturing over a period longer than three months*	1,200	2,279
	12,597	12,559

* Term deposits represent U.S. $ deposits maturing over a period of more than three months from the date of their placement.

The average fixed interest rates on term deposits ranges between 0.11% and 4.75% for the year 2023 and ranges between 0.11% and 2.77% for the year 2022.

Current accounts at banks include restricted cash amounting to U.S. $ 163,000 and U.S. $ 362,000 as a collateral against certain credit facilities granted to the subsidiaries as at December 31, 2023 and 2022, respectively (Note 23).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	U.S. $ 000's	
	2023	2022
Cash on hand and current accounts at banks	7,589	7,535
Term deposits at banks	5,008	5,024
Cash and short-term deposits shown in consolidated statement of financial position	12,597	12,559
Restricted cash (Note 23)	(163)	(362)
Bank Overdrafts (Note 23)	(6,385)	(1,624)
Term deposits maturing over a period longer than three months	(1,200)	(2,279)
Cash and cash equivalents	4,849	8,294

18. Discontinued operations

During the year, the shareholders of Nakheel Palestine Agricultural Investment Company (Nakheel Palestine) signed a joint project agreement wherein it was agreed to manage Nakheel Palestine jointly between PADICO and Siraj. Consequently, Nakheel Palestine became jointly controlled by PADICO and Siraj, therefore PADICO has reclassified its investment in Nakheel Palestine from an investment in a subsidiary to an investment in a joint venture (Note 4). Accordingly, the results of operations resulted from the Company's activities for the years 2023 and 2022 were reclassified as discontinued operations in the consolidated income statement and the financial statements of Nakheel Palestine were not consolidated with PADICO's consolidated financial statements.

On June 15, 2020, the Board of Directors of the First Entertainment Company (JEDICO's subsidiary) agreed to cease the Company's operations and its various leisure, cultural and athletics activities in light of the accumulated losses during the previous years and the effects of COVID-19 pandemic. This was accompanied by a decision to sell the Company's land, the established building and all property and equipment related to this activity. Accordingly, the results of operations resulted from the Company's activities were classified as discontinued operations in the consolidated income statement. In addition, the Company's assets were classified as assets held for sale in the consolidated statement of financial position. On September 28, 2022, (JEDICO) sold its entire ownership shares in the First Entertainment Company Ltd. Therefore, its financial statements were not consolidated with PADICO's financial statements as of December 31, 2022.

Additionally, the Board of Directors of Palestine Plastic Industries Company (PIIC's subsidiary) agreed in the second half of 2015 to cease the Company's operational activities in the manufacturing and selling of plastic bottles and pipes, this was accompanied by a decision to sell all machinery, equipment and inventories of plastic bottles and pipes related to this activity. During the previous years, impairment losses were recorded on the entire value of the Company's assets.

Movement on assets held for sale during the years 2023 and 2022 is as follows:

	U.S. $ 000's	
	2023	2022
Balance, beginning of the year	-	1,547
Sale of the First Entertainment Company's assets	-	(1,520)
Impairment loss resulting from revaluation of Palestine Plastic Industrial Company's assets	-	(27)
Balance, end of the year	-	-

The results of operations and sale of discontinued operations gain amounted to U.S. $ 1,478,000 during 2023, compared to a loss of U.S. $ 8,166,000 during 2022.

	U.S. $ 000's	
	2023	2022
Basic and diluted earnings per share		
Basic and diluted gain (loss) per share from discontinued operations attributable to shareholders of the parent (U.S. $)	0.007	(0.037)

Following is a summary of the fair value of the assets and liabilities of the First Entertainment Company Ltd. at the date of disposal:

	Fair value at the date of disposal
	U.S. $ 000's
Assets	
Other current assets	471
Cash and cash equivalents	2
Assets held for sale	1,520
	1,993
Liabilities	
Long-term loan	126
Accounts payable	15
	141
Fair value of net assets	1,852
Net value of assets transferred to JEDICO (a subsidiary)	(167)
Fair value of net assets sold	1,685

19. Paid-in share capital

Paid-in share capital as at December 31, 2023 and 2022 as follows:

	U.S. $ 000's	
	2023	2022
Authorized capital	300,000	300,000
Subscribed and paid in capital	250,000	250,000

PADICO authorized paid-in capital comprises from 300 million share. The par value per share is U.S. $ 1.

20. Treasury shares

This item represents the net cost of the treasury shares as a result of consolidating the financial statements of PADICO and its subsidiaries.

During the year, Palestine Real Estate Investment Company (a subsidiary) purchased 11,681,651 shares in PADICO, the total cost of these shares amounted to U.S. $ 16,192,869.

During the years 2022 and 2021, Rawan International Investment Company (a subsidiary) purchased 48,889,720 shares in PADICO, the total cost of these shares amounted to U.S. $ 60,262,244. Rawan International Investment Company purchased most of these shares from Palestine Telecommunications Company (an associate), where the number of shares purchased from the Palestinian Telecommunications Company amounted to 42,179,573 shares, at a cost of U.S. $ 51,395,000.

Moreover, Palestine Company for the Transfer of Technology Ltd. (a subsidiary) owns 150,000 shares in PADICO. Total cost of these shares amounted to U.S. $ 361,044.

The following is the percentage of treasury shares of PADICO's paid-in share capital as of December 31, 2023 and 2022:

	2023	2022
Treasury shares	60,721,371	49,039,720
Paid-in share capital	250,000,000	250,000,000
Percentage of treasury shares of PADICO's paid-in share capital	24.3%	19.6%

21. Reserves

Statutory reserve

The statutory reserve amounted to U.S. $ 34,235,000 and U.S. $ 34,033,000 as at December 31, 2023 and 2022, respectively. PADICO's By-Laws require a deduction of 5% before consolidation of the net annual profit to be appropriated to statutory reserve account until such reserve balance reaches 40% of the authorized share capital. The reserve is not available for distribution to the shareholders.

Furthermore, in accordance with the companies' Articles of Association and the Companies' Law in Palestine, a deduction of 10% of the net annual profit is to be appropriated to a statutory reserve account. The reserve is not available for distribution to the shareholders.

Voluntary reserve

Voluntary reserve amounted to U.S. $ 1,594,000 as at December 31, 2023 and 2022. This reserve is available for distribution to the shareholders.

22. Distributed cash dividends from subsidiaries

Cash dividends distributed during the year 2023

The General Assembly of Palestine Securities Exchange (a subsidiary) has decided in its meeting held on May 4, 2023 a cash dividend distribution of U.S. $ 0.10 per share, which amounted to U.S. $ 1,000,000 for 2022 results of operations. Non-controlling interests' share of the dividends was U.S. $ 247,000.

The General Assembly of Palestine Poultry Company (a subsidiary of PIIC) has decided in its meeting held on May 6, 2023 a cash dividend distribution of JD 0.18 per share, which amounted to JD 2,419,200 (Equivalent to U.S. $ 3,412,000) for 2022 results of operations. Non-controlling interests' share of dividends was U.S. $ 391,000.

The General Assembly of The National Carton Industries Company (a subsidiary of PIIC) has decided in its meeting held on May 10, 2023 a cash dividend distribution of U.S. $ 0.10 per share, which amounted to U.S. $ 500,000 for 2022 results of operations. Non-controlling interests' share of the dividends was U.S. $ 285,000.

Cash dividends distributed during the year 2022

The General Assembly of PIIC (a subsidiary) has decided in its meeting held on April 24, 2022 a cash dividend distribution of JD 0.10 per share, which amounted to JD 1,875,000 (Equivalent to U.S. $ 2,645,000) for 2021 results of operations. Non-controlling interests' share of the dividends was U.S. $ 1,145,000.

The General Assembly of Palestine Securities Exchange (a subsidiary) has decided in its meeting held on April 19, 2022 a cash dividend distribution of U.S. $ 0.10 per share, which amounted to U.S. $ 1,000,000 for 2021 results of operations. Non-controlling interests' share of the dividends was U.S. $ 252,000.

The General Assembly of Palestine Poultry Company (a subsidiary of PIIC) has decided in its meeting held on April 23, 2022 a cash dividend distribution of JD 0.18 per share, which amounted to JD 2,419,200 (Equivalent to U.S. $ 3,412,000) for 2021 results of operations. Non-controlling interests' share of dividends was U.S. $ 391,000.

The General Assembly of The National Carton Industries Company (a subsidiary of PIIC) has decided in its meeting held on April 21, 2022 a cash dividend distribution of U.S. $ 0.10 per share, which amounted to U.S. $ 500,000 for 2021 results of operations. Non-controlling interests' share of the dividends was U.S. $ 285,000.

23. Long-term loans, credit facilities and Islamic financing

	U.S. $000's	
	2023	2022
Long-term loans granted from banks and financial institutions	115,582	129,263
Murabaha and Istusna'a contracts	15,835	8,944
Overdraft accounts	6,385	1,624
Long-term loans granted from related parties	2,582	6,716
	140,384	146,547
Credit facilities, borrowings and current portion of long-term loans	(47,268)	(33,815)
	93,116	112,732

Loans, credit facilities and Islamic financing maturities are as follows:

		U.S. $000's
Matures in	2024	47,268
Matures in	2025	24,154
Matures in	2026	18,875
Matures in	2027	18,007
Matures in	2028	20,007
Matures later		12,073
		140,384

Long-term loans granted from banks and financial institutions

- During the year and previous years, PADICO and its subsidiaries signed several long-term loan agreements with local and regional banks in U.S. Dollars and Jordanian Dinars. These loans are subject to variable interest rates between 2.5% and 4.15% in addition to LIBOR, SOFR and interest rates between 0.85% and 3.75%. Some loans are also subject to interest according to the rediscount rate at the Central Bank of Jordan + a margin of 0.5%, with a minimum of 4.75%, and fixed interest rates between 4.5% and 6.13%. These loans are to be settled within a six-years period. The balance of outstanding loans amounted to U.S. $ 83,559,000 and U.S. $ 89,372,000 as at December 31, 2023 and 2022, respectively.
- During the year 2020, Nakheel (a subsidiary) signed agreements with a local bank for an amount of U.S. $ 250,000 and EURO 310,000 to finance its operating activities and the solar power station project. The annual interest rate on EURO loan is six months LIBOR plus 4% with a minimum rate of 4.75%. While the interest rate on the U.S. $ loan is a fixed rate of 3%. The U.S. $ loan and EURO loan are to be settled through 36 and 84 monthly installments, respectively with a grace period of 6 months for U.S.$ loan and one year for EURO loan. The balance of outstanding loans amounted to U.S. $ 397,000 as at December 31, 2022. These balances were excluded during 2023 (Note 4).

- Additionally, on April 4, 2017, Nakheel signed a financing agreement with the French Agency "Financial Institution Working for the Private Sector and Sustainable Development" (Proparco) for an amount of U.S. $ 10,000,000 to finance the purchase of Sultan Fresh Fruits Company shares. A portion of this financing in the amount of U.S. $ 3 million is subject to an annual variable interest rate of six months LIBOR plus 4.4% and the remaining portion of U.S. $ 7 million is subject to a fixed interest rate of 6.098%. This financing will be settled in 15 semi-annual installments starting from June 15, 2021. The balance of outstanding loans amounted to U.S. $ 8,000,000 as at 31 December 2022. These balances were excluded during 2023 (Note 4).
- During the year and previous years, PIIC and its subsidiaries signed loan agreements with local and regional banks in U.S. Dollars, Israeli Shekels and EURO at variable interest rates of 2.5% and 4% in addition to LIBOR rates, and an interest rate on the Israeli Shekels loan equivalent to the lending rate in the Central Bank of Israel plus a rate of 3.25%, with a minimum of 5%. Some loans are also subject to interest rates equal to the Shekel prime +2.5%. These loans were obtained for the purpose of financing the investment activities and financing needs of these companies. These loans are also repayable under monthly, quarterly and semi-annual installments. The balance of existing loans amounted to U.S. $ 28,003,000 and U.S. $ 29,465,000 as at 31 December 2023 and 2022, respectively.
- During 2019, PRICO operations and maintenance (a subsidiary of PRICO) signed a long-term agreement with the International Finance Corporation (IFC) in an amount of U.S. $ 5,856,000 (Equivalent to JD 4,157,760). This loan was obtained for the purpose of financing the solar power station project in Gaza. The loan is subject to an annual decreasing interest rate ranging between 1.06% and 7.81%. The loan is repayable under semi-annual installments. The balance of outstanding loan is U.S. $ 4,020,000 and U.S. $ 2,029,000 as at December 31, 2023 and 2022, respectively.

Murabaha and Istusna'a

During the year and previous years, PADICO was granted Murabaha financing from banks and local financial institutions with a total ceiling amounting to U.S. $ 15,000,000 as at December 31, 2023. These Murabaha agreements are subject to an annual profit margin of 5%. In addition, JAIP (a subsidiary of PRICO) signed a Tawaraq agreement during 2021 with one of the local Islamic banks for an amount of U.S $ 467,000 (Equivalent to JD 331,570) subject to an annual fixed profit margin of 3.5%. The installments are to be settled after the 6 months grace period has passed, in 36 monthly installments. Additionally, during the previous years, Palestine Poultry Company (a subsidiary of PIIC) signed a Murabaha agreement with a local financial institution at an annual interest rate of 5% and to be settled in 48 installments. The utilized balance of these facilities amounted to U.S. $ 15,835,000 and U.S. $ 8,944,000 as at December 31, 2023 and 2022, respectively.

Overdrafts

Palestine Poultry Company (a subsidiary of PIIC) have obtained overdraft accounts from regional banks in Israeli Shekels. The total ceiling amount as at December 31, 2023 was ILS 27,700,000 (Equivalent to U.S. $ 7,682,068). The balance utilized from these facilities amounted to U.S. $ 6,385,000 as at December 31, 2023. These facilities are subject to an annual interest rate ranging between the Shekel Prime with a minimum of 5% and a maximum of 7%.

Long-term loans granted from related parties

- During the year and previous years, subsidiaries of JEDICO (a subsidiary) signed loan agreements with some major shareholders to cover their financial needs for an amount of U.S. $ 2,582,000 as at December 31, 2023 and U.S. $ 2,081,000 as at December 31, 2022. These loans are subject to an annual interest rate between 5% and 8% and are settled in quarterly installments.

- During the year and previous years, Nakheel Palestine (a subsidiary) signed loan agreements with some major shareholders for the purpose of covering the financial needs of the company. The value of the loans amounted to U.S $ 3,604,273 as of December 31, 2022. These loans are subject for a variable interest rate of 4.4% in addition to LIBOR rates and are to be settled in one installment after two years from the date of signing the agreements. These balances were excluded during 2023 (Note 4).
- During the previous years, JAIP (a subsidiary of PRICO) signed loan agreements with some major shareholders for the purpose of covering the financial needs of the company. The value of loans amounted to U.S $ 1,031,143 as of December 31, 2022. The General Assembly of JAIP has decided in its meeting held on September 13, 2023, to capitalize the entire utilized balance and the accrued interests of these loans, which amounted to U.S. $ 1,129,000, on the Company's capital.

These loans, facilities, and borrowings were obtained by mortgaging assets with a book value of U.S. $ 197,506,000, in addition to guarantee checks of U.S. $ 2,625,000 and cash margins of U.S. $ 163,000 as at 31 December 2023. The following table shows the mortgaged assets as of 31 December 2023:

	U.S. $000's	
Item	Book value of collaterals	Note
Property, plant and equipment	31,850	Note (6)
Investment properties	2,909	Note (8)
Investments in associates	85,698	Note (11)
Financial assets at fair value through other comprehensive income	36,355	Note (12)
Inventory and ready for sale properties	1,138	Note (14)
Investments in subsidiaries	39,556	-
Total	197,506	

24. 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. $ 120 million that matured on August 15, 2016 as well as to finance PADICO's future projects and activities.

During August 2021, PADICO issued new debt bonds with a nominal amount of U.S $ 120 million for a period of 5 years that carry the same covenants of previously issued bonds. These debt bonds were issued to repay the previous debt bonds of U.S $ 120 million that matured on August 15, 2021.

These bonds were issued against mortgaging shares in subsidiaries and associates, with a net book value of U.S $ 188,992,644 as of the consolidated financial statements date.

25. Provision for employees’ indemnity

	U.S. $000’s	
	2023	2022
Balance, beginning of the year	6,059	6,186
Additions during the year	1,117	1,099
Recoveries during the year	(70)	-
Payments during the year	(772)	(839)
Disposal of a subsidiary (Note 4)	(513)	-
Currency variances	(98)	(387)
Balance, end of the year	5,723	6,059

26. Other non-current liabilities

	U.S. $000’s	
	2023	2022
Deferred rent revenues	2,818	3,543
Deferred tax liabilities	2,062	2,091
Deferred grants revenues	346	2,071
Long-term postdated checks	-	121
	5,226	7,826

27. Accounts and notes payable

	U.S. $000’s	
	2023	2022
Trade payables	6,531	9,760
Post-dated checks	3,944	3,624
	10,475	13,384

28. Other credit balances

	U.S. $000’s	
	2023	2022
Deferred revenues	10,677	10,783
Accrued interest and expenses	8,096	8,776
Accrued cash dividends	6,096	6,109
Financial claims provision	1,890	1,690
Litigations’ provision	462	526
Contractors’ retentions	436	548
Due to related parties	227	302
Provision for employees’ vacation	78	323
Employees’ provident fund	15	17
Other liabilities and provisions	12,240	14,285
	40,217	43,359

29. Provision for income tax

	U.S. $000's	
	2023	2022
Balance, beginning of the year	3,354	1,751
Provision for the year*	1,411	2,104
Income tax for previous years	59	-
Recoveries during the year	(378)	-
Discount on early payments	(18)	(6)
Transferred from other provisions	45	-
Amortization of deferred tax liabilities	29	381
Payments during the year	(1,210)	(976)
Currency variances	97	100
Balance, end of the year	3,389	3,354

* The provision for the year represents subsidiaries' provisions for their results of operations for the year. The subsidiaries are working on reaching a final tax settlement with the income tax authority on their results of operations for several taxable years. Until the date of the consolidated financial statements, PADICO did not obtain a final tax settlement on its results of operations in Palestine for the years from 2019 to 2022. PADICO submitted its tax returns for the years mentioned above and PADICO's tax consultant is pursing issuing final tax settlements with the tax departments.

Following is a reconciliation summary between taxable income and accounting income:

	U.S. $000's	
	2023	2022
Accounting (loss) profit before income tax	(18,546)	28,418
Non-taxable profits	(45,945)	(44,851)
Nondeductible expenses	71,969	30,320
Taxable income	7,478	13,887
Accrued income tax	1,122	2,083
PADICO's provision for income tax	1,470	2,098

30. Revenue from contracts with customers

	U.S. $000's	
	2023	2022
Sales of animal products	48,590	51,488
Sales of feed products and material	18,370	17,372
Sales of carton, carton sheets and cans	7,753	8,086
Operating revenue from hotels, restaurants and tourist facilities	6,356	6,169
Securities exchange fees and commissions	2,297	2,940
Electricity sales revenues	1,408	1,626
Revenue from sale of properties and land	390	1,443
Cars and buses parking revenue	179	211
Others	24	25
	85,367	89,360
Sales returns and allowances	(2,614)	(2,434)
	82,753	86,926

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.

31. Gains from financial assets portfolio

	U.S. $000's	
	2023	2022
Distributed dividends from financial assets at fair value through other comprehensive income	3,766	3,432
Gains resulted from reclassifying an investment in associates to financial assets at fair value through other comprehensive income (Note 11)	921	-
Change in fair value of financial assets at fair value through profit or loss	(348)	(54)
Distributed dividends from financial assets at fair value through profit or loss	379	400
	4,718	3,778

32. Revenue from investment properties

	U.S. $000's	
	2023	2022
Rent revenue	6,136	6,505
Gain from sale of investment properties (Note 8)	786	1,414
	6,922	7,919

33. Operating expenses and costs

	U.S. $000's	
	2023	2022
Cost of animal products	40,256	41,942
Cost of feed products and material	13,447	13,350
Operation cost of hotels, restaurants and tourist facilities	5,946	6,921
Operational cost - real estate sector	5,694	5,749
Cost of carton, carton sheets and cans	5,431	6,322
Cost of properties and lands sold	266	981
	71,040	75,265

34. General and administrative expenses

	U.S. $000's	
	2023	2022
Salaries and employee's related benefits	4,573	4,438
Selling, advertising and public relations expenses	3,016	3,464
Consultancy and professional fees	1,245	1,099
Subscriptions, fees and licenses	659	592
Board of directors' fees and expenses	561	588
Rent and general services	543	325
Donations and sponsorships	450	183
Insurances	237	193
Travel and transportation	183	150
Conferences, meetings and hospitality	169	183
Telephone, fax and mail	122	202
Stationery and printings	73	66
Others	539	442
	12,370	11,925

35. Finance costs

	U.S. $000's	
	2023	2022
Finance costs related to loans, credit facilities and debt bonds	15,852	13,642
Finance costs related to lease liabilities (Note 10)	729	629
	16,581	14,271
Finance costs allocated to palm trees (Note 10)	(59)	(82)
Net finance costs	16,522	14,189
Finance costs allocated to operating expenses and costs	(358)	(354)
Reclassification of finance costs into discontinued operations (Note 46)	(637)	(1,077)
	15,527	12,758

36. Depreciation and amortization

	U.S. $000's	
	2023	2022
Property plant and equipment (Note 6)	6,338	8,098
Intangible assets (Note 7)	1,649	1,524
Right-of-use assets (Note 10)	1,083	1,089
Investment properties (Note 8)	891	920
	9,961	11,631
Depreciation and amortization allocated to palm trees (Notes 6 and 10)	(302)	(431)
Net depreciation and amortization	9,659	11,200
Depreciation and amortization allocated to operating expenses and costs	(8,516)	(9,918)
Reclassification of depreciation and amortization into discontinued operations (Note 46)	(37)	(46)
	1,106	1,236

37. Other provisions and expenses, net

	U.S. $000's	
	2023	2022
Impairment loss on property, plant and equipment (Note 6)	(24,841)	(259)
Impairment loss on intangible assets (Note 7)	(9,758)	(100)
Provision for expected credit losses, net (Note 15)	(1,249)	60
Impairment loss on projects in progress (Note 9)	(605)	(900)
Impairment loss on inventory and ready for sale properties (Note 14)	(537)	(32)
Foreign currency valuation differences	(520)	(271)
Slow moving inventory provision (Note 14)	(224)	-
Financial claims provision	-	(290)
Gains from sale of property plant and equipment	49	65
Interest revenue	274	155
Deferred revenue recognized	1,509	110
Others	6,607	194
	(29,295)	(1,268)

38. Basic and diluted earnings per share

	U.S. $000's	
	2023	2022
(Loss) profit for the year attributable to equity holders of PADICO (U.S. $ 000's)	(11,637)	24,888
Weighted average of subscribed capital during the year (Shares 000's) *	194,644	220,626
Basic and diluted earnings per share from (loss) profit for the year attributable to equity holders of the parent (U.S. $)	(0.060)	0.113
Basic and diluted earnings per share from (loss) profit for the year from continuing operations attributable to equity holders of the parent (U.S. $)	(0.067)	0.150
Basic and diluted earnings per share from profit (loss) for the year from discontinued operations attributable to equity holders of the parent (U.S. $) (Note 18)	0.008	(0.037)

* The weighted average number of shares considers the weighted average effect of changes in treasury shares during the year.

39. Related parties

This item represents all balances and transactions with related parties, which represent associates, major shareholders, Board of Directors members 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 consolidated statement of financial position are as follows:

	Nature of Relationship	U.S. $000's 2023	2022
Consolidated statement of financial position balances:			
Accounts receivable and other current assets	Associates and sister companies	1,066	1,070
Other credit balances	Associates and sister companies	227	302
Accrued cash dividends	Major Shareholders	6,096	6,109
Accrued expenses	Shareholders and Members of the Board of Directors	1,808	1,898
Loans, borrowings and credit facilities	Banks - Members of the Board of Directors	62,936	63,220
Long term loans	Major Shareholders	2,582	6,716
Debt Bonds	Banks - Members of the Board of Directors	51,500	51,500
Purchase of treasury shares	Associate company	-	51,395

Transactions with related parties included in the consolidated income statement are as follows:

	Nature of Relationship	U.S. $000's 2023	U.S. $000's 2022
Depreciation of right of use assets	A subsidiary of a major shareholder	42	42
Finance costs related to lease liabilities	A subsidiary of a major shareholder	11	19
Finance costs	Banks - Members of the Board of Directors and Major Shareholders	7,339	5,602
Sale of investment properties	Associate company	-	1,018
Key management personnel and Board of Directors' compensations:			
Salaries and related expenses		1,607	1,559
End of service expense		249	123
Board of Directors' fees and expenses		561	588

40. Fair value measurement

The following table provides the fair value measurement hierarchy of PADICO's assets and liabilities. Following are quantitative disclosures for the fair value measurement and the hierarchy of assets and liabilities as at December 31, 2023:

	Date of Valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		U.S. $000's			
Assets measured at fair value					
Financial assets at fair value through other comprehensive income items (Note 12):					
Quoted	December 31, 2023	58,490	58,490	-	-
Unquoted	December 31, 2023	10,167	-	4,930	5,237
Financial assets at fair value through profit or loss (Note 16):	December 31, 2023	5,994	5,163	831	-
Biological assets (Note 13):	December 31, 2023	3,646	-	-	3,646
Assets for which fair value is disclosed					
Investment properties (Note 8)	December 31, 2023	31,957	-	-	31,957

Following are quantitative disclosures for the fair value measurement and the hierarchy of assets and liabilities as at December 31, 2022:

			Fair value measurement using		
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Date of Valuation	U.S. $000's			
Assets measured at fair value					
Financial assets at fair value through other comprehensive income items (Note 12):					
Quoted	December 31, 2022	59,033	59,033	-	-
Unquoted	December 31, 2022	13,648	-	7,985	5,663
Financial assets at fair value through profit or loss (Note 16):	December 31, 2022	6,341	5,537	804	-
Biological assets (Note 13):	December 31, 2022	3,050	-	-	3,050
Assets for which fair value is disclosed					
Investment properties (Note 8)	December 31, 2022	33,312	-	-	33,312

PADICO uses the following sequence to identify and disclose fair values:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

PADICO did not make any transfers between the levels mentioned above during the years 2023 and 2022.

41. Fair Values of financial Instruments

Below is a comparison by class of the carrying amounts and fair values of PADICO's financial instruments as at December 31, 2023 and 2022:

	U.S. $000's			
	Carrying amount		Fair value	
	2023	2022	2023	2022
Financial assets				
Accounts receivable and other current assets	30,906	36,386	30,906	36,386
Financial assets at fair value through profit or loss	5,994	6,341	5,994	6,341
Cash and short-term deposits	12,597	12,559	12,597	12,559
Financial assets at fair value through other comprehensive income items				
Quoted	58,490	59,033	58,490	59,033
Unquoted	10,167	13,648	10,167	13,648
	118,154	127,967	118,154	127,967
Financial liabilities				
Debt Bonds	120,000	120,000	120,000	120,000
Loans, borrowings and credit facilities	140,384	146,547	140,384	146,547
Lease liabilities	9,369	12,064	9,369	12,064
Accounts and notes payable	10,475	13,384	10,475	13,384
Other credit balances	14,870	15,752	14,870	15,752
	295,098	307,747	295,098	307,747

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 accounts receivable and other current assets (except for long term accounts receivable), cash and short-term deposits, credit facilities, accounts and notes payable and other credit balances approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of long-term accounts receivable and postdated checks due after a year are 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 consolidated financial statements.
- The fair values of 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.

42. Risk management objectives and policies

Financial liabilities of PADICO and its subsidiaries comprise long and short-term loans and borrowings, debt bonds, credit facilities, accounts payable, notes payable, other credit balances and other non-current liabilities. The main purpose of these financial liabilities is to raise capital for operations of PADICO and its subsidiaries. In addition, PADICO and its subsidiaries have various financial assets such as accounts receivable and other current assets, cash and short-term deposits, financial assets at fair value through other comprehensive income items, and financial assets at fair value through profit or loss which arise directly from PADICO's operations.

The main risks arising from PADICO's financial instruments are interest rate risk, credit risk, liquidity risk, equity price risk, and foreign currency risk. PADICO's Board of Directors reviews and approves policies for managing these risks, which are summarized below:

Interest rate risk

PADICO's exposure to the risk of changes in interest rates relates primarily to PADICO's loans and borrowings, debt bonds, credit facilities, and short-term deposits with floating interest rates.

The following table demonstrates the sensitivity of PADICO's consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant. The effect of decreases in the interest rate is expected to be equal and opposite to the effect of the increase shown:

	Increase in interest rate	Effect on loss before tax
2023	(Basis points)	U.S. $ 000's
Currency		
U.S. $	20	(229)

	Increase in interest rate	Effect on profit before tax
2022	(Basis points)	U.S. $ 000's
Currency		
U.S. $	20	(253)

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. PADICO is exposed to credit risk from its operating activities primarily (account receivables) and from its financing and investing activities, including deposits with banks and financial institutions and other financial instruments.

Accounts receivable:

Customer credit risk is managed by each business segment unit subject to PADICO's policies relating to customer credit risk management. PADICO's Subsidiaries have a broad-based number of clients. The credit risk associated with accounts receivable is widely distributed among a large number of individual customers. PADICO's subsidiaries limit credit risk by obtaining in-kind guarantees from certain customers and following up collection of receivables by monitoring receivables and in collaboration with legal advisors.

An expected credit loss analysis is performed at each reporting date on an individual basis for some major clients. In addition, a large number of minor receivables are grouped into groups and are assessed for impairment collectively. The calculation involves certain percentages derived from group of inputs, including historical collection patterns, type of customer, services provided, aging of accounts receivable reports, and default definition through the number of days past due.

The maximum exposure is the carrying amount as disclosed in Note (15). In addition, PADICO and its subsidiaries sell most of their ready for sale properties through installments that mature over several years. PADICO's real estate companies limit the credit risk by not transferring the ownership of the sold properties to the customers until all the receivables are paid.

Other financial assets

With respect to credit risk arising from the other financial assets of PADICO, including cash and bank deposits. PADICO and its subsidiaries' exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Liquidity risk

PADICO and its subsidiaries limit its liquidity risk by ensuring credit facilities are available and monitoring the collections of accounts receivables and other debit balances.

The table below summarizes the maturity profile of PADICO's undiscounted consolidated financial liabilities as at December 31, 2023 and 2022, based on their maturity.

	U.S. $000's					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
December 31, 2023						
Loans, credit facilities, borrowings and debt bonds	4,130	14,493	46,216	223,287	12,543	300,669
Lease liabilities	5	355	924	6,266	8,731	16,281
Accounts payable, notes payable and other credit balances	16,371	7,103	1,958	-	-	25,432
	20,506	21,951	49,098	229,553	21,274	342,382
December 31, 2022						
Loans, credit facilities, borrowings and debt bonds	5,702	13,663	31,752	244,854	17,995	313,966
Lease liabilities	175	216	1,177	6,790	6,162	14,520
Accounts payable, notes payable and other credit balances	18,842	5,338	3,729	121	-	28,030
	24,719	19,217	36,658	251,765	24,157	356,516

In light of the Israeli aggression on Gaza Strip, which led to a decline in the operating activities and decline in revenues, especially in Gaza Strip, resulting in decline in cash flow from operating activities. PADICO's management has reviewed the liquidity of PADICO. This was done by preparing an estimated budget for expected cash flows, taking into consideration cash flow from operating activities and the availability revolving loans and credit facilities for PADICO, capital expenditures, expected operational and administrative expenses, and scheduled loan payments and related interests. The review demonstrated PADICO's ability to generate cash flows from its ongoing activities and conduct business in Palestinian areas less directly affected, thereby meeting PADICO's needs and fulfilling its commitments.

Equity price risk

The following table demonstrates the sensitivity of the consolidated income statement and consolidated statement of comprehensive income to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown below:

		U.S. $000's	
2023	Increase in equity price (%)	Effect on consolidated income statement	Effect on consolidated statement of comprehensive income
Shares listed in Palestine Securities Exchange	10	-	207
Shares listed in Amman Stock Exchange	10	510	5,626
Investment portfolios	10	89	-
Shares not listed in financial markets	10	-	1,032

		U.S. $000's	
2022	Increase in equity price (%)	Effect on consolidated income statement	Effect on consolidated statement of comprehensive income
Shares listed in Palestine Securities Exchange	10	-	208
Shares listed in Amman Stock Exchange	10	546	5,670
Investment portfolios	10	87	-
Shares not listed in financial markets	10	1	1,390

Foreign currency risk

The following table demonstrates the sensitivity of the consolidated income statement to a reasonably possible change in the exchange rates of currencies used by PADICO and its subsidiaries against the U.S. $, with all other variables held constant. The Jordanian Dinar (JOD) is pegged to U.S. $ therefore, fluctuations in the JOD exchange rate are not expected to impact the consolidated income statement. The effect of decrease in foreign currency exchange rate is expected to be equal and opposite to effect of increases shown below:

	Increase in New Israeli Shekel to U.S. $	Effect on consolidated income statement	Increase in other currencies to U.S. $	Effect on consolidated income statement
	%	U.S. $000's	%	U.S. $000's
2023				
U.S. $	20	1,202	20	(89)
2022				
U.S. $	20	1,578	20	(166)

Capital management

The primary objective of PADICO's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

PADICO manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the two years ended December 31, 2023 and 2022, except for the repurchase of part of its shares through the subsidiaries.

PADICO's capital structure is comprised of paid in capital, share premium, other reserves, retained earnings, and non-controlling interest after the deduction of treasury shares, with a total of U.S. $ 395,926,000 as at December 31, 2023 and U.S. $ 444,662,000 as at December 31, 2022.

43. Concentration of risk in geographic area

PADICO carries out a major part of its activities in Palestine and some of its property, plant and equipment, intangible assets, right-of-use assets and other assets are held in Gaza. The political and economic destabilization in the area increases the risk of carrying out business and could adversely affect PADICO's performance and its ability to recover its assets from its operations.

44. Commitments and contingent liabilities

- The unpaid portion of investments by PADICO and its subsidiaries in financial assets at fair value through profit or loss and investment in associates amounted to U.S. $ 31,114 as at December 31, 2023 and 2022 respectively.
- During the previous years, Palestine Real Estate Investment Company - PRICO (a subsidiary) signed a partnership and investment agreements with Governmental Authorities (Ramallah Municipality and Ministry of Awaqf and Religious Affairs) under which investment projects are developed and established during the different periods of investments. The current annual contractual commitments related to those agreements amounted to U.S. $ 87,324. 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 and contractors in relation to PADICO's and its subsidiaries projects amounted to U.S. $ 2,389,246, as at the date of the consolidated financial statements. This amount represents the difference between the total contract value and the completed amount as at the date of the consolidated financial statements.
- There have been several lawsuits against PADICO's subsidiaries with an amount of U.S. $ 23,262,579 and U.S. $ 20,811,450 as at December 31, 2023 and 2022 respectively, 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 and PADICO will not have any material obligations except for what was already provisioned for.
- PADICO and its subsidiaries have entered into commercial property leases on its investment property portfolio and intangible assets. These non-cancellable leases have remaining terms between 5 and 10 years.

Following is a schedule showing the minimum value of non-cancellable lease values:

	U.S. $000's	
	2023	2022
Within one year	2,861	4,653
After one year but less than five years	12,916	23,208
More than five years	69,926	83,567
	85,703	111,428

45. Segment reporting

PADICO's reporting segments as PADICO's risks and rates of return are affected predominantly by differences in the products and services provided. PADICO and its subsidiaries segments are real estate, industrial and agricultural, tourism, securities markets, in addition to the investment sector.

The following table presents a summary of limited financial statements distributed over each sector of PADICO and its subsidiaries' business sectors:

	U.S. $000's						
2023	Investment sector	Real estate sector	Industrial and agricultural sector	Securities market sector	Tourism sector	Eliminations	Consolidated
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Revenues							
External revenue	19,925	7,784	76,620	2,565	6,356	(3,936)	109,314
Inter-segment revenue	72	613	-	432	-	(1,117)	-
Segment revenue	19,997	8,397	76,620	2,997	6,356	(5,053)	109,314
Other information							
Depreciation and amortization	165	3,245	4,278	418	1,617	(64)	9,659
Finance costs	12,410	1,999	2,215	17	847	(966)	16,522
Loss from continued and discontinued operations before income tax	4,775	(17,885)	8,722	994	(12,644)	(2,508)	(18,546)
Capital expenditures (Notes 6,7,8,9)	87	3,221	16,021	364	1,253	-	20,946
PADICO's share of associates' and joint ventures results of operations	15,688	(104)	3,596	-	(229)	(4,030)	14,921
Impairment losses on assets (Notes 6,7,9)	-	24,852	-	-	10,352	-	35,204
Assets and liabilities							
Assets	605,906	97,301	152,474	14,590	32,178	(171,740)	730,709
Liabilities	229,105	68,273	52,444	1,929	16,876	(33,844)	334,783
Investment in associates and joint ventures	393,530	241	37,486	-	176	(4,870)	426,563

Segment Reporting (Continued)

2022	Investment sector	Real estate sector	Industrial and agricultural sector	Securities market sector	Tourism sector	Eliminations	Consolidated
	U.S. $000's						
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Revenues							
External revenue	38,477	10,767	79,274	3,176	6,170	1,172	139,036
Inter-segment revenue	76	66	-	433	-	(575)	-
Segment revenue	38,553	10,833	79,274	3,609	6,170	597	139,036
Other information							
Depreciation and amortization	177	3,095	5,387	483	2,122	(64)	11,200
Finance costs	10,353	1,535	2,489	18	529	(735)	14,189
Profit from continued and discontinued operations before income tax	26,145	1,020	722	1,299	(1,334)	566	28,418
Capital expenditures (Notes 6,7,8,9)	-	1,653	19,427	40	137	-	21,257
PADICO's share of associates and joint ventures results of operations	36,634	(72)	4,084	-	(233)	-	40,413
Impairment losses on assets (Notes 6,7,9)	-	900	4,000	100	259	-	5,259
Assets and liabilities							
Assets	605,464	108,173	185,480	14,655	42,382	(158,899)	797,255
Liabilities	224,223	62,349	83,633	1,896	13,472	(32,980)	352,593
Investment in associates and joint ventures	404,432	345	28,777	-	75	(3,529)	430,100

46. Comparative figures

Certain comparative figures of the year 2022 were reclassified to conform to the current year presentation for the year ended December 31, 2023. These reclassifications had no effect on the net income and equity of prior years.

Following is the reclassification effect on the consolidated income statement for the year ended December 31, 2022:

	U.S. $000's			
	Before reclassification	Reclassification (disposal of Nakheel Palestine (Note 4)	Other reclassifications	After reclassification
	U.S. $	U.S. $	U.S. $	U.S. $
Revenues				
Revenue from contracts with the clients	95,001	(7,566)	(509)	86,926
PADICO's share of results of operations from associates and joint ventures	40,413	-	-	40,413
Gain from financial assets portfolio	3,778	-	-	3,778
Revenue from investment properties	7,410	-	509	7,919
	146,602	(7,566)	-	139,036
Expenses				
Operating costs and expenses	(83,332)	8,067	-	(75,265)
General and administrative expenses	(13,184)	1,259	-	(11,925)
Finance costs	(13,835)	1,077	-	(12,758)
Depreciation and amortization	(1,282)	46	-	(1,236)
	34,969	2,883	-	37,852
Other losses and expenses, net	(6,803)	5,535	-	(1,268)
Profit for the year before income tax from continuing operations	28,166	8,418	-	36,584
Income tax expense	(2,098)	-	-	(2,098)
Profit for the year from continuing operations	26,068	8,418	-	34,486
Profit (loss) for the year from discontinued operations	252	(8,418)	-	(8,166)
Profit for the year	26,320	-	-	26,320

47. The Aggression on Gaza Strip

The Israeli aggression on Gaza Strip resulted in the destruction of many economic facilities in Gaza, in addition to the partial or total damage to many establishments and properties. Various business sectors in the West Bank were also affected due to restrictions and closures between cities, as well as repeated closures of external crossings.

PADICO's management believes that this event had an impact on PADICO's operating activities, investments, revenues, results of operations and some of its assets as follow:

- Destruction of major part of PADICO's assets located in Gaza including properties, machinery, equipment, and projects in progress, intangible assets amounting to U.S. $ 42,387,000. Total impairment loss recorded against these assets due to the Israeli aggression amounted to U.S. $ 35,204,000. The book value of the assets after the impairments recorded amounted to U.S. $ 7,183,000 as of December 31, 2023.
- Impact the book value of investment properties (lands) of Arkaan (an associate) which is owned by 33.8% with a book value of U.S. $ 130M (Note 11). The book value of the investment properties held by Arkaan in Gaza amounted to U.S. $ 27M, an impairment loss amounting to U.S. $ 7M against these assets was recorded during the year resulting in a net book value of U.S. $ 20M as of December 31, 2023.
- PADICO's investments in associates and its share of associates' results of operations have been impacted by the aggression on Gaza due to the significant decline of these companies' profits.
- Increase in credit risk of PADICO's customers as a result of the adverse consequences of the aggression on the Palestinian economy which affected the ability of individuals and corporates to fulfill their obligations towards PADICO's companies. PADICO has fully provided for the accounts receivable due from customers in Gaza as of December 31, 2023 resulting in an additional bad debt expense of U.S. $ 1.3M.
- Decline in the closing prices of local stocks in the Palestine Stock Exchange during the aggression, which resulted in losses recorded in the consolidated statement of income and consolidated statement of comprehensive income due to the revaluation of PADICO's investments in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- Impact on revenues generated due to the inability of PADICO to carry out their operations normally, especially PADICO's companies located in Gaza.

In addition, supply chains for some raw materials may be affected as a result of restrictions and closures, which may slow down production operations due to delays in the arrival of these materials at the time required for production and may also lead to an increase in some costs.

The aggression is still ongoing in Gaza, and the impact of the current situation remains unclear and is dependent on future developments that cannot be accurately predicted at this time. PADICO continues to monitor and analyze the situation, evaluating the impact of future developments on PADICO's future financial results and cash flows. PADICO's management believes that there are no significant doubts about PADICO's ability to sustain its business in the future.