

SINIORA FOOD INDUSTRIES GROUP  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION FOR  
THE THREE MONTHS  
ENDED MARCH 31, 2023  
TOGETHER WITH THE REVIEW REPORT

SINIORA FOOD INDUSTRIES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
MARCH 31, 2023

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## **Review Report on the Condensed Interim Financial Information**

AM/ 006655

To the Chairman and Members of the Board of Directors  
Siniora Food Industries Company  
(A Public Shareholding Limited Company)  
Amman – Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Siniora Food Industries Company (A Public Shareholding Limited Company) The "Company" and its subsidiaries (together "The Group") as of March 31, 2023 and the related condensed consolidated interim statements of profit or loss, other comprehensive income, changes in owner's equity and cash flows for three-months period then ended, and a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that the accompanying condensed consolidated interim financial information of Siniora Food Industries Company are not prepared in all material aspects in accordance with International Accounting Standard No. (34) related to the Interim Financial Reporting.

### **Other Matter**

The accompanying condensed consolidated interim financial information are a translation of the statutory condensed consolidated interim financial information in the Arabic language to which reference is to be made.

Amman - Jordan  
April 30, 2023

  
**Deloitte & Touche (M.E.) – Jordan**  
**Deloitte & Touche (M.E.)**  
ديلويت أند توش (الشرق الأوسط)  
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SINIORA FOOD INDUSTRIES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN-JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
<u>ASSETS</u>	Note	JD	JD
Current Assets:			
Cash on hand and at banks		3,049,803	3,136,630
Accounts receivable - net	5	27,836,274	24,621,047
Inventory – net	6	21,658,460	21,956,674
Due from related parties	15	2,260,418	1,024,647
Other debit balances	7	7,005,399	5,279,480
Total Current Assets		<u>61,810,354</u>	<u>56,018,478</u>
Non-Current Assets:			
Deferred tax assets		558,845	518,611
Intangible assets	8	18,284,117	17,251,841
Property and equipment – net	9	51,975,864	51,348,397
Right-of-use assets		<u>2,281,147</u>	<u>2,368,020</u>
Total Non-Current Assets		<u>73,099,973</u>	<u>71,486,869</u>
TOTAL ASSETS		<u>134,910,327</u>	<u>127,505,347</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Borrowed fund due within one year	11	29,745,651	26,962,832
Notes payable		1,023,513	1,227,857
Accounts payable		12,608,529	12,261,963
Due to related parties	15	260,177	150,922
Deposits and accrued expenses	10	8,728,108	7,315,198
Lease liabilities due within one year		850,119	838,942
Income tax provision	12	<u>636,471</u>	<u>470,778</u>
Total Current Liabilities		<u>53,852,568</u>	<u>49,228,492</u>
Non-Current Liabilities:			
Borrowed fund due within more than one year	11	26,448,534	27,519,491
Lease liabilities due within more than one year		1,604,107	1,330,607
Provision for end-of-service indemnity		4,103,137	4,026,558
Deferred tax liabilities		<u>2,300,448</u>	<u>1,899,132</u>
Total Non-Current liabilities		<u>34,456,226</u>	<u>34,775,788</u>
TOTAL LIABILITIES		<u>88,308,794</u>	<u>84,004,280</u>
<u>OWNERS' EQUITY</u>			
Paid-up capital	1	28,000,000	28,000,000
Statutory reserve		6,103,988	6,103,988
Retained earnings		13,831,616	13,712,082
Effect of the purchase of non-controlling interest shares		(2,463,786)	(2,463,786)
Foreign currencies translation		(4,972,249)	(6,136,331)
Actuarial (losses) gain arising from the end of service indemnity		(39,551)	25,117
Profit for the period		<u>1,797,554</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>42,257,572</u>	<u>39,241,070</u>
Non-controlling interest	16	<u>4,343,961</u>	<u>4,259,997</u>
TOTAL OWNERS' EQUITY		<u>46,601,533</u>	<u>43,501,067</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>134,910,327</u>	<u>127,505,347</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH REVIEW REPORT.

SINIORA FOOD INDUSTRIES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2023	2022
		JD	JD
Net Sales		36,662,358	32,505,210
Cost of sales		(26,237,804)	(22,212,106)
Gross Profit		10,424,554	10,293,104
<u>Less:</u> Selling and distribution expenses		(3,997,718)	(3,573,779)
General and administrative expenses		(3,027,700)	(2,864,996)
Financing expenses		(1,372,551)	(799,235)
(Provision) for end of service indemnity		(410,204)	(259,876)
(Provision) for expected credit losses	5	(51,827)	(45,605)
(Provision) for slow-moving inventory	6	(28,722)	(40,886)
(Provision) for lawsuits and other commitments	10	-	(198,800)
Other revenue - net		159,144	123,168
Profit for the period before taxes and monetary gain from hyperinflation		1,694,976	2,633,095
<u>Less:</u> Income tax expense	12	(156,499)	(283,247)
Profit for the Period before Monetary Gain from Hyperinflation		1,538,477	2,349,848
Net monetary gain from hyperinflation		228,806	-
Profit for the Period		<u>1,767,283</u>	<u>2,349,848</u>
Attributable to:			
Company's shareholders		1,797,554	2,368,360
Non-Controlling Interest		(30,271)	(18,512)
		<u>1,767,283</u>	<u>2,349,848</u>
Earning Per Share for The Period (Company's Shareholders)	13	<u>0.064</u>	<u>0.085</u>

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SINIORA FOOD INDUSTRIES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
CONDENSED CONSOLIDATED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)

	For the Three Months Ended March 31,	
	2023	2022
	JD	JD
Profit for the period	1,767,283	2,349,848
<b><u>Other comprehensive income items which may be reclassified to profit or loss in the subsequent period</u></b>		
Foreign currencies translation	1,412,735	(560,953)
<b><u>Other comprehensive income items that will not be reclassified to profit or loss in the subsequent period</u></b>		
Actuarial (losses) arising from the end of service indemnity	(79,552)	(5,025)
<b>Total other comprehensive gain (loss) items for the period after tax</b>	<b><u>1,333,183</u></b>	<b><u>(565,978)</u></b>
<b>Total Comprehensive Income for the Period</b>	<b><u>3,100,466</u></b>	<b><u>1,783,870</u></b>
<b>Attributable to:</b>		
Company's shareholders	2,896,968	1,932,559
Non-controlling interest	203,498	(148,689)
	<b><u>3,100,466</u></b>	<b><u>1,783,870</u></b>

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**SINIORA FOOD INDUSTRIES COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN – JORDAN**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(REVIEWED NOT AUDITED)**

	Paid-up Capital	Statutory Reserve	Retained Earnings	Effect of the Purchase of Non- controlling Interest Shares	Foreign Currency Translation	Actuarial (Losses) Arising from the End of Service Indemnity	Profit for the Period	Total Shareholders' Equity	Non- controlling Interest	Total Owners' Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the Three Months Ended March 31, 2023</b>										
Balance at the beginning of the period (Audited)	28,000,000	6,103,988	13,712,082	(2,463,786)	(6,136,331)	25,117	-	39,241,070	4,259,997	43,501,067
Profit for the period	-	-	-	-	-	-	1,797,554	1,797,554	(30,271)	1,767,283
Other comprehensive income for the period	-	-	-	-	1,164,082	(64,668)	-	1,099,414	233,769	1,333,183
Total comprehensive income for the period	-	-	-	-	1,164,082	(64,668)	1,797,554	2,896,968	203,498	3,100,466
Effect of change in non-controlling interest	-	-	119,534	-	-	-	-	119,534	(119,534)	-
Balance at the End of the Period (Reviewed)	28,000,000	6,103,988	13,831,616	(2,463,786)	(4,972,249)	(39,551)	1,797,554	42,257,572	4,343,961	46,601,533
<b>For the Three Months Ended March 31, 2022</b>										
Balance at the beginning of the period (Audited)	28,000,000	5,992,223	13,204,094	(2,463,786)	(9,665,196)	(5,749)	-	35,061,586	3,344,134	38,405,720
Profit for the period	-	-	-	-	-	-	2,368,360	2,368,360	(18,512)	2,349,848
Other comprehensive income for the period	-	-	-	-	(431,932)	(3,869)	-	(435,801)	(130,177)	(565,978)
Total comprehensive income for the period	-	-	-	-	(431,932)	(3,869)	2,368,360	1,932,559	(148,689)	1,783,870
Balance at the End of the Period (Reviewed)	28,000,000	5,992,223	13,204,094	(2,463,786)	(10,097,128)	(9,618)	2,368,360	36,994,145	3,195,445	40,189,590

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**SINIORA FOOD INDUSTRIES COMPANY**  
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**AMMAN – JORDAN**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**(REVIEWED NOT AUDITED)**

	Note	For the Three Months Ended March 31,	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before income tax and net monetary gains from hyperinflation		1,694,976	2,633,095
Adjustments:			
Depreciation of property and equipment	9	1,150,460	885,969
Amortization of right of use		203,028	195,674
Amortization of intangible assets		19,268	5,400
Provision for expected credit losses	5	51,827	45,605
Provision for end of service indemnity		410,204	259,876
Provision for slow-moving inventory	6	28,722	40,886
Provision for lawsuits and other commitments		-	198,800
(Gain) loss from sale of property and equipment	9	(74,750)	3,102
Monetary gain as a result of hyperinflation		(228,806)	-
Foreign currency differences		880,297	(166,031)
Cash Flows from Operations before Changes in Working Capital items		4,135,226	4,102,376
<b>Decrease (Increase) in Assets</b>			
Accounts receivable		(3,267,054)	(3,018,519)
Due from related parties		(1,235,771)	(1,633,062)
Inventory		269,492	(3,492,770)
Other debit balances		(1,725,919)	(1,044,813)
<b>Increase (Decrease) in Liabilities</b>			
Notes payable		(204,344)	276,227
Accounts payable		346,566	1,018,714
Due to related parties		109,255	(22,085)
Deposits and accrued expenses		1,412,910	1,878,402
Cash Flows (used in) Operating Activities before Tax and Provision of End of Service Indemnity Paid		(159,639)	(1,935,530)
Income tax paid	12	(124,691)	(141,156)
Provision of end-of-service indemnity paid		(396,013)	(14,909)
Net Cash Flows (used in) Operating Activities		(680,343)	(2,091,595)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment	9	(1,253,727)	(2,156,924)
Proceeds from the sale of property and equipment	9	191,277	11,232
(Purchase) of intangible assets		(2,357)	-
Net Cash Flows (used in) Investing Activities		(1,064,807)	(2,145,692)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowed and (paid) funds – net	11	1,940,282	5,814,333
Lease liabilities payments		(281,959)	(80,820)
Net Cash Flows from Financing Activities		1,658,323	5,733,513
Net (decrease) increase in Cash		(86,827)	1,496,226
Cash on hand and at banks – Beginning of the period		3,136,630	3,028,541
Cash on Hand and at Banks - End of the Period		3,049,803	4,524,767

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SINIORA FOOD INDUSTRIES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(REVIEWED NOT AUDITED)

1. General

- a. Siniora Food Industries Company was established and registered at the Ministry of Industry and Trade as a limited liability Company under No. (2890) on July 27, 1992 with an authorized and paid-up capital of JD 400 thousand. The Company's paid-up capital has been increased several times, the last increase was in the extraordinary meeting held on April 21, 2021, whereby the General Assembly decided to approve the increase of the Company's capital by JD 1 million / share to become JD 28 million / share. The Company has completed the legal procedures related to the capital increase with the regulatory authorities on June 20, 2021. the Company's Board of Directors decided in its meeting held on February 20, 2023 to increase in the Company's capital by 4.7 million shares with a nominal value of one JD per share, in addition to premium issuance, by allocating the increase to one or more strategic shareholders (non-public offer) provided that the price of the issued share, including the nominal value and the premium issuance, shall not be less than 90% of the market price of the share as of the fifteenth day from the date of the Securities Commission's approval of the capital increase. In the event that the procedures for allocating the increase to one or more strategic partners have not been completed, it has been agreed to cover the increase through the general offer to the company's shareholders, provided that all necessary decisions and approvals are obtained in accordance with the law. The General Assembly approved on March 13, 2023 the decision of the Board of Directors.
- b. According to the Ministry of Industry and Trade Letter No. MSH/2/2890/32377 dated November 11, 2008, which includes the approval of the Minister of Industry and Trade on converting the legal form of Siniora Food Industries Company from a limited liability company to a public shareholding limited company, the General Assembly approved in its ordinary meeting dated February 4, 2009, the procedures followed to convert the Company's legal form. Moreover, the Company has been registered as a public shareholding limited company in the Public Shareholding Companies Register under number (459) on January 8, 2009.
- c. The Company was registered under number 07/6315110301 to practice the industrial activity in King Abdullah II Development Area / Sahab.
- d. The Company is 65.6% owned by Arab Palestinian Investment Company, which is considered the main shareholder of the Company as of March 31, 2023 and December 31, 2022.
- e. The Company's main objectives are producing, selling and buying meat and its byproducts; importing and exporting the necessary raw materials; and producing food products and trading them.

2. Basis of Preparation of the Condensed Consolidated Interim Financial Information

The accompanying condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard No. (34) "Interim Financial Reporting".

The reporting currency of the condensed consolidated interim financial information is the Jordanian Dinar, which is the functional currency of the Company.

The consolidated financial statements are prepared in accordance with the historical cost principle for measurement adjusted for the effect of inflation where the entities operate in hyperinflationary economies.

The condensed consolidated interim financial information do not include all notes and information presented in the annual financial statements which is prepared in accordance with the International Financial Reporting Standards and should be read with the Group's annual report for the year ended December 31, 2022. The results of the three months ended March 31, 2023 do not indicate the expected results for the year ending December 31, 2023. Also, the Group did not deduct the legal reserves as stated in the Companies Law and the instructions issued on profit of the three months ended March 31, 2023 which is usually performed at year end.

### Basis of Consolidation of the Condensed Interim Financial Statements

The condensed consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. Moreover, the revenue and expenses transactions and balances between the company and its subsidiaries are eliminated.

The financial statements of the subsidiary companies were prepared using the same accounting policies adopted by the Company. If the accounting policies adopted by the subsidiary are different from those used by the Company, the necessary adjustments to the financial statements of the subsidiary company are made to comply with the accounting policies used by the Company.

The Company owns the following subsidiaries as of March 31, 2023:

<b>Name of Company</b>	<b>Paid-up Capital</b>	<b>Percentage of Ownership</b>	<b>Business Nature of the Company</b>	<b>Location</b>	<b>Acquisition / Inception Date</b>
Siniora Food Industries Company- Palestine	USD 5.2 million	100%	Manufacturing	Palestine	January 25, 2006
Siniora Food Holding Limited Company	AED 60 million	100%	Holding	United Arab Emirates	February 25, 2016
Tarakya Company for the Manufacture and Trade of Meat and Dairy Products *	TL 231 million	81%	Manufacturing	Turkey	March 1, 2021

On January 11, 2023, Siniora Food Industries Company - Jordan registered Siniora Food Industries Company (a subsidiary) in the Kingdom of Saudi Arabia with an authorized Paid-Up capital of 20 million Saudi riyals, where the company's ownership percentage is 75% of the Paid-Up capital. Noting that the capital has not been paid yet as of the date of the interim condensed consolidated financial information, and the company has not started its operations yet.

Siniora Food Holding Limited company owns the following subsidiaries as of March 31, 2023 and December 31, 2022 directly or indirectly:

<b>Name of Company</b>	<b>Paid-up Capital</b>	<b>Percentage of Ownership</b>	<b>Business Nature of the Company</b>	<b>Location</b>	<b>Acquisition / Inception Date</b>
Saudi Siniora Trading Company	SAR 10 million	100%	Trading	Saudi Arabia	August 17, 2009
Diamond Meat Processing Company	AED 300 thousand	100%	Manufacturing	United Arab Emirates	April 5, 2016
Siniora Gulf General Trading Company	AED 1 million	100%	Trading	United Arab Emirates	August 6, 2014

The results of operations of the subsidiary companies are consolidated into the condensed consolidated interim statement of profit or loss and comprehensive income from the effective date of acquisition, which is the date on which actual control over the subsidiary company is obtained. Moreover, the results of operations of the disposed subsidiaries are incorporated into the condensed consolidated statement of profit or loss and comprehensive income up to the effective date of disposal which is the date on which the Company loses control over the subsidiary companies.

- \* The General Assembly of Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (subsidiary Company) approved, in its meeting held on December 28, 2022, to increase the paid-up capital of the company through Siniora Food Industries Company, the company's share becomes 81% instead of 77% representing an increase by 4%. Noting that the value of the increase, including the issuance premium, was paid during January 2023, and the legal procedures were completed with the authorities in the Republic of Turkey on February 23, 2023.

### 3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on March 31, 2023 are consistent with those used in the preparation of the annual consolidated financial statement for the year ended December 31, 2022. However, the Company has adopted the following amendments and interpretations that apply for the first time in 2023 and have not materially affected the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

#### IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

#### Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

#### Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

#### Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

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

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

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

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

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

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

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

#### 4. Significant Accounting Judgments and key Sources of Uncertainty Estimates and Risk Management

The preparation of the condensed consolidated interim financial information and application of the accounting policies require the Group management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose the contingent liabilities. Moreover, these estimates and judgments affect revenue, expenses and provisions in general and the expected credit losses. In particular, the Group management requires judgments to be made to estimate the amounts and timing of future cash flows. These mentioned estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. The actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believe that the estimates used in the preparation of these condensed consolidated interim financial information are reasonable and consistent with those used in the preparation of the consolidated financial statements for the year ended 2022.

#### 5. Accounts Receivable - Net

a. This item consists of the following:

	March 31, 2023 (Reviewed not Audited) JD	December 31, 2022 (Audited) JD
Trade receivables	27,580,311	23,455,682
Cheques under collection maturing within 3 months	2,314,723	3,176,851
	29,895,034	26,632,533
<u>Less: Provision for expected credit losses</u>	<u>(2,058,760)</u>	<u>(2,011,486)</u>
Net Accounts Receivables	27,836,274	24,621,047

The table below illustrates the determination of the risk of trade receivables based on the provision's matrix:

As of March 31, 2023	Receivables are past due					Total JD
	Current receivables (not past due) *	Less than 90 days JD	From 91 days to 180 days JD	From 181 days to 365 days JD	More than 365 days JD	
	JD	JD	JD	JD	JD	
Total trade receivables	23,419,716	3,425,831	1,058,276	504,562	1,486,649	29,895,034
Expected credit loss	114,601	104,752	201,950	150,808	1,486,649	2,058,760
Expected credit loss rate	%1	%3	%19	%30	%100	%7

As of December 31, 2022	Receivables are past due					Total JD
	Current receivables (not past due) *	Less than 90 days JD	From 91 days to 180 days JD	From 181 days to 365 days JD	More than 365 days JD	
	JD	JD	JD	JD	JD	
Total trade receivables	20,452,498	4,382,576	152,099	349,135	1,296,225	26,632,533
Expected credit loss	204,345	318,027	53,235	139,654	1,296,225	2,011,486
Expected credit loss rate	1%	7%	35%	40%	100%	8%

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

- b. The movement on the expected credit loss during the period / year is as follows:

For the three-period ended March 31, 2023 (Reviewed not Audited)			
	Stage 2	Stage 3	Total
	JD	JD	JD
Balance – Beginning of the period	715,261	1,296,225	2,011,486
Provision booked during the period	(79,146)	130,973	51,827
Foreign currencies translation	(64,004)	59,451	(4,553)
Balance – End of the Period	<u>572,111</u>	<u>1,486,649</u>	<u>2,058,760</u>

  

For the year ended December 31, 2022 (Audited)			
	Stage 2	Stage 3	Total
	JD	JD	JD
Balance – Beginning of the year	974,364	960,186	1,934,550
Provision booked during the year	(245,524)	393,571	148,047
Foreign currencies translation	(13,579)	(57,532)	(71,111)
Balance – End of the Year	<u>715,261</u>	<u>1,296,225</u>	<u>2,011,486</u>

**6. Inventory - Net**

- a. This item consists of the following:

	March 31, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
	JD	JD
Raw materials	12,135,540	12,825,785
Finished products	5,834,984	6,293,489
Detergents and uniforms	307,947	280,665
Spare parts	4,062,929	3,512,000
	<u>22,341,400</u>	<u>22,911,939</u>
<u>Less:</u> Provision for slow-moving items	<u>(1,215,794)</u>	<u>(1,187,072)</u>
	<u>21,125,606</u>	<u>21,724,867</u>
Goods in transit	532,854	231,807
	<u>21,658,460</u>	<u>21,956,674</u>

- b. The movement on the provision for slow-moving items during the period / year is as follows:

	For the three- Months Ended March 31, 2023 (Reviewed not Audited)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance - Beginning of the period / year	1,187,072	1,070,914
<u>Add:</u> Provision booked during the period / year	<u>28,722</u>	<u>176,754</u>
<u>Less:</u> Written off inventory during the period / year	<u>-</u>	<u>(60,596)</u>
Balance - End of the Period / Year	<u>1,215,794</u>	<u>1,187,072</u>

## 7. Other Debit Balances

This item consists of the following:

	March 31, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
	JD	JD
Advances to suppliers	1,708,905	1,858,318
Prepayments	1,931,807	1,391,662
Refundable deposits	1,349,736	310,224
Sales tax deposits related to foreign subsidiaries	1,883,020	1,496,037
Others	131,931	223,239
	<u>7,005,399</u>	<u>5,279,480</u>

## 8. Intangible Assets

There were no material additions or disposals during the three-month period ended March 31, 2023, while the adoption of International Accounting Standard No. (29) related to hyperinflation lead to an increase of intangible assets by around JD 1.03 million net after the effect of foreign currency exchange difference.

## 9. Property and Equipment – Net

During the three-month period ended March 31, 2023 the Group acquired property and equipment with a total cost of JD 1,253,727 which mainly as result of additions to project under constructions from Siniora Food Industries – Palestine with an amount of JD 549,088 (JD 2,156,924 acquired property and equipment during the three-months period ended March 31, 2022).

Property and equipment at net book value of JD 116,527 were disposed by the Group resulting in a net gain of JD 74,750 during the three-months ended March 31, 2023 (disposal of net book value with an amount of JD 19,334 during the three-months ended March 31, resulting in a net loss amounted to JD 3,102 during the three-months period ended March 31, 2022).

The value of depreciation on property and equipment at the Group level during the three-months period ended March 31, 2023 amounted to JD 1,150,460 (JD 885,969 depreciation of property and equipment at the Group level during the three-month period ending on March 31, 2022).

# 10. Deposits and Accrued Expenses

This item consists of the following:

	March 31, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
	JD	JD
Remunerations and accrued salaries	1,786,197	1,673,635
Sales tax deposits	820,375	701,306
Provision for lawsuits and other commitments *	284,737	284,737
Accrued customer's sales commissions	824,483	664,077
Accrued insurance expenses	641,092	529,328
Provision for paid leaves	761,553	694,024
Sales return provision	610,044	460,699
Accrued utilities and phone expenses	48,115	8,350
Professional fees	109,665	81,668
Social security deposits	324,135	206,360
Media and advertising	513,604	134,557
Accrued interest expenses	190,443	210,545
Advanced payment from customers	369,984	181,140
Accrued rent	198,431	115,800
Board of directors' remuneration	45,000	45,000
Board members transportation and representation of committees	250,000	187,500
Other	950,250	1,136,472
	<u>8,728,108</u>	<u>7,315,198</u>

- \* This item includes a provision booked by the Group against contingent liabilities that may arise, the movement on this provision during the period / year was as follows:

	For the three- Months Ended March 31, 2023 (Reviewed not Audited)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance – Beginning of the period / year	284,737	261,880
<u>Add</u> : Expense during the period / year	-	130,012
<u>Less</u> : Paid during the period / year	-	(98,900)
<u>Less</u> : Foreign currencies translation	-	(8,255)
Balance – End of the Period / Year	<u>284,737</u>	<u>284,737</u>

## 11. Borrowed Fund

This item consists of following:

	March 31, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
	JD	JD
Overdraft	15,694,573	10,403,305
Revolving Loans	4,972,544	7,219,358
Bank Loans	35,527,068	36,859,660
	<u>56,194,185</u>	<u>54,482,323</u>
<u>Analysis of Borrowed Funds Maturity:</u>		
Due Within one year	29,745,651	26,962,832
Due within more than one year and less than five years	26,448,534	27,519,491
	<u>56,194,185</u>	<u>54,482,323</u>
<u>Analysis of Borrowed Funds Interest:</u>		
Fixed rate	20,362,717	18,023,221
Variable rate	35,831,468	36,459,102
	<u>56,194,185</u>	<u>54,482,323</u>

The movement on borrowed funds as follows:

	For the three- Months Ended March 31, 2023 (Reviewed not Audited)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance - Beginning of the period / year	54,482,323	40,200,025
Borrowed and paid funds – net	1,940,282	15,515,464
Foreign currency translation differences	<u>(228,420)</u>	<u>(1,233,166)</u>
Balance - End of the Year	<u>56,194,185</u>	<u>54,482,323</u>

The interest rate on borrowed funds as follows:

	For the three Months Ended March 31, 2023 (Reviewed)	For the Year Ended December 31, 2022 (Audited)
	%	%
Overdraft	From 4.75% To 19%	From 4.75% To 19%
Revolving loans	From 4.54% To 31%	From 4.54% To 31%
Bank loans	From 3.02% To 26%	From 3.02% To 26%

### Collateral for borrowed funds:

The Company provide first-degree mortgage by the amount of JD 12,111,480 and possessory mortgage on machinery and equipment by the amount of JD 10,713,368 and endorsement of the mortgaged machinery and equipment insurance policy by the amount of USD 22 million as guarantees against some of the loans above.

## 12. Income Tax

### a. Income Tax Provision

The movement on the income tax provision is as follows:

	March 31, 2023 (Reviewed not Audited) JD	December 31, 2022 (Audited) JD
Balance - Beginning of the period / year	470,778	611,493
Income tax paid	(124,691)	(1,336,419)
Accrued income tax on current profit period / year	291,500	1,181,525
Foreign currency translation	(1,116)	14,179
Balance – End of the Period / Year	<u>636,471</u>	<u>470,778</u>

### b. The income tax expense shown in the condensed consolidated interim statement of profit or loss represent the following:

	For the Three Months Ended March 31,	
	2023 (Reviewed not Audited) JD	2022 (Reviewed not Audited) JD
Accrued income tax on current period profit	291,500	402,488
Deferred tax assets for the period	(23,710)	(119,241)
Deferred tax liabilities for the period	(111,291)	
	<u>156,499</u>	<u>283,247</u>

- Siniora Food Industries - Jordan has reached a final settlement for its income tax up to the end of the year 2018. The Company has submitted its tax return for the years of 2019, 2020, and 2021 and paid the declared tax. While a decision has not yet been issued by the Income and Sales Tax Department. In the opinion of the Company's managements and its tax advisor, the income tax provision booked in the condensed consolidated interim financial statements is sufficient to meet any future tax liabilities as at March 31, 2023.
- On February 9, 2012, Siniora Food Industries Company – Palestine (Subsidiary Company) obtained from Palestine Investment Promotion Agency a full exemption from income tax for five years from January 1, 2010 to December 31, 2014, in addition to a nominal exemption of 50% of income tax starting from January 1, 2015 to December 31, 2029 in which the company will pay taxes at a rate of 7.5%.

Siniora Food Industries Company - Palestine (Subsidiary Company) has reached a final settlement up to the end of the year 2020. The Company has submitted its tax return for the year 2020 and 2021 and paid the declared tax. While a decision has not yet been issued by the Income and Sales Tax Department. In the opinion of the Company's managements and its tax advisor, the income tax provision booked in the condensed consolidated interim financial statements is sufficient to meet any future tax liabilities.

- Siniora Food Holding Limited and its subsidiaries are not subject to income tax due to the fact that there is no income tax in the countries in which they operate.
- Tarakya for manufacture and Trade of Meat and Dairy Products (Subsidiary Company) has reached a final settlement up to the end of the year 2021.
- Income tax was calculated for the 3 months ended March 31, 2023 in accordance with the effective income tax law in Jordan and other locations, and in the opinion of the management and the tax consultant of the Company, the provision allocated is sufficient to meet any tax obligations and there is no need to an additional provision for the period ended March 31, 2023.

### 13. Earnings per Share for the Period

This item consists of the following:

	For the Three-Months Ended March 31,	
	2023 (Reviewed not Audited)	2022 (Reviewed not Audited)
	JD	JD
Profit for the period	1,797,554	2,368,360
Weighted average number of shares	28,000,000	28,000,000
Earnings per share / basic and diluted	0.064	0.085

### 14. Contingent Liabilities

- a. There are several lawsuits filed against Siniora Food Industries Company – Palestine as of March 31, 2023 equivalent to JD 118,726 to cancel the Company's claims against others and labor claims. In the opinion of the Company's legal advisor and its management, no obligations will arise from these lawsuits. (JD 120,755 as of 31 December 2022).
- b. During the year 2021, the Siniora Food Industries Company – Kingdom of Saudi Arabia (subsidiary company) was subject to an audit by Zakat, Tax and Customs Authority in Kingdom of Saudi Arabia in respect of its customs information. The Authority has issued its final audit report claiming additional customs on imports and VAT differences amounting to SAR 4.89 (which equal to JD 923 thousand). On March 15, 2022, a collection and payment request was issued by the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia, noting that the subsidiary company has the right to object within 30 days from the date of issuing the decision. On June 22, 2022, an objection was submitted, and the Authority issued a notice accepting the objection and acknowledging the re-examination of the customs data subject to the objection. On January 23, 2023, a collection and payment request were issued by the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia claiming additional customs on imports and VAT differences on the same products amounting to SAR 4.89 (which equivalent to JD 923 thousand). On February 6, 2023, an objection was submitted by the Company, the subsidiary company provided a guarantee which represents a bank guarantee equivalent to JD 923 thousand against 100% cash margin, and in the opinion of the legal advisor and the tax consultant and the Group's management, it is reasonably possible to issue a decision in favor of the Company to collection decision in the future and in the opinion of the Company's management, this matter does not affect the Company's position. Accordingly, no provision for the additional customs claim was booked for the period ended March 31, 2023, and the year ended December 31, 2022.
- c. There are several lawsuits filed against Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (subsidiary Company) equivalent to JD 91,518 as at March 31, 2023. In the opinion of the Company's legal advisor and its management, no obligations will arise from these lawsuits. (JD 93,718 as at December 31, 2022).
- d. The Parent Company had contingent liabilities represented in bank guarantees equivalent to JD 224,008 and bills of collection amounted to JD 180,879 as at March 31, 2023. (Bank guarantees amounted to JD 115,023 and bills of collections amounted to 236,093 and letter of credit equivalent 82,013 as at December 31, 2022).
- e. Siniora Food Industries Company – Palestine (subsidiary company) had contingent liabilities, represented in bank guarantees equivalent to JD 574,474 as at March 31, 2023. (Bank guarantees equivalent to JD 584,285 in addition to bills of collection equivalent to JD 48,042).
- f. Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (subsidiary company) had contingent liabilities, represented in bank guarantees equivalent to JD 26,921 as at March 31, 2023. (The Company had contingent liabilities as December 31, 2022 bank guarantees equivalent to JD 30,745).
- g. The Group had unutilized overdraft and revolving loans limits amounted to JD 8,235,207 as at March 31, 2023 (JD 14,733,356 as of December 31, 2022).
- h. As of March 31, 2023, the value of projects in progress amounted to JD 3,849,934 and the remaining cost of completion to complete the implementation of these projects is estimated to be amounted to JD 6,433,427 and is expected to be completed and to be ready for use by the Group during the year of 2023. (The estimated completion to complete the implementation of these projects to be amounted to JD 4,623,933 and is expected to be completed during the year of 2022).

## 15. Balances and Transactions with Related Parties

The Company enters into transactions with companies that fall within the definition of a related party as stated in International Accounting Standard No. 24: "Related Party Disclosures". Related parties consist of companies under common ownership and/or joint management and control and key management personnel. Transactions with these related parties were made on substantially the same terms that prevailed at the same time for similar transactions with customers and third parties. Balances and transactions between the Company and its subsidiaries, which are related parties, are eliminated on consolidation and are not disclosed in this note.

### Condensed Consolidated Interim Statement of Financial Position:

	Relationship Status	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)	
		Receivables	Payables	Receivables	Payables
		JD	JD	JD	JD
Unipal General Trading Company	Sister Company	2,092,512	-	914,951	-
Arab Palestinian Shopping Centers Company	Sister Company	-	-	757	-
Medical Supplies and Services Company	Sister Company	-	19	84	-
Palestinian Automobile Company	Sister Company	-	-	2,492	-
Employees receivables		167,019	-	106,363	-
SKY Advertising, Publication and Promotion Company	Sister Company	-	158,664	-	94,516
National Aluminum and Profile Company	Sister Company	887	-	-	-
Arab Palestinian Investment Company	Holding Company	-	73,630	-	35,531
Arab Financial Leasing Company	Sister Company	-	27,864	-	20,875
Total		2,260,418	260,177	1,024,647	150,922

### Condensed Consolidated Interim Statement of Profit or Loss

	Relationship Status	For the Three Months Ended March 31,			
		2023 (Reviewed)		2022 (Reviewed)	
		Purchases	Sales	Purchases	Sales
		JD	JD	JD	JD
Unipal General Trading Company	Sister Company	-	2,704,811	-	4,889,618
National Aluminum and Profile Company	Sister Company	755	-	-	-
SKY Advertising, Publication, and Promotion Company	Sister Company	91,965	-	78,169	-
Arab Palestinian Investment Company	Holding company	40,200	-	40,200	-
Arab Financial Leasing Company	Sister Company	18,015	-	16,527	-

- b. The salaries of executive management amounted to JD 435,846 for the three-months ended March 31, 2023 (JD 415,092 as of March 31, 2022).

## 16. Non-controlling interests

This item represents the non-controlling interests of net assets of Trakia Meat and Dairy Products Company (Subsidiary Company) amounted to 19%. (23 % as of 31 December 2022).

## 17. Geographical Distribution Analysis

The following is information on the Company's activities inside and outside the Kingdom:

	Total		
	For the three-months		
	Ended March 31,		
	Inside the Kingdom		
	Inside the Kingdom Excluding Aqaba	Aqaba Branch	Outside the Kingdom
	JD	JD	JD
Net sales	9,238,331	359,008	27,065,019
Cost of sales	(6,241,121)	(239,573)	(19,757,110)
Gross Profit	2,997,210	119,435	7,307,909
Selling and distribution expenses			
General and administrative expenses			
Provision for end of service indemnity			
Provision for expected credit losses			
Provision for slow-moving inventory			
Provision for lawsuits and other commitments			
Income from operations			
Financing expenses			
Other revenue – net			
Profit for the Period before Income Tax and Monetary Gain Arising from Hyperinflation			
Income tax expenses for the period			
Net Monetary gain from hyperinflation			
Profit for the Period			

## 18. Fair Value Hierarchy

We believe that the carrying amount of financial assets and liabilities shown in the condensed consolidated interim financial information of the group approximate their fair value, due to the fact that its balances are due on short-term basis or the interest rates will be repriced during the year.

## 19. Approval of interim condensed financial information

This condensed consolidated interim financial information was approved by the Board of Directors and authorized for issue on April 30, 2023.

## 20. Subsequent events

The General Assembly approved in their ordinary meeting held on April 19, 2023 to distribute cash dividends by 15% of the Company's paid in capital which is equivalent to JD 4.2 million.