

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

CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR
THE NINE MONTHS
ENDED SEPTEMBER 30, 2022
TOGETHER WITH THE REVIEW REPORT

SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
SEPTEMBER 30, 2022

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Review Report

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 September 30, 2022 and the related condensed consolidated interim statements of profit or loss, other comprehensive income for three and nine months ended September 30, 2022, and changes in owner's equity and cash flows for nine-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 (A Public Shareholding Limited 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
October 30, 2022


Deloitte & Touche (M.E.) – Jordan
Deloitte & Touche (M.E.)
ديلويت آند 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

		September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	ASSETS		
Current Assets:		JD	JD
Cash on hand and at banks		4,906,212	3,028,541
Accounts receivable - net	5	23,528,262	19,997,744
Inventory – net	6	24,052,213	15,723,829
Due from related parties	16	1,930,415	983,304
Other debit balances	7	5,421,153	3,665,876
Total Current Assets		59,838,255	43,399,294
Non-Current Assets:			
Deferred tax assets		592,059	400,656
Intangible assets	8	16,505,423	13,397,450
Property and equipment – net	9	49,121,744	43,261,665
Right-of-use assets		1,258,740	922,802
Total Non-Current Assets		67,477,966	57,982,573
TOTAL ASSETS		127,316,221	101,381,867
	LIABILITIES		
Current Liabilities:			
Due to banks	10	8,117,359	4,485,436
Notes payable		1,859,446	1,599,043
Accounts payable		9,595,617	8,346,915
Due to related parties	16	269,798	269,425
Deposits and accrued expenses	11	7,177,617	7,130,320
Lease liabilities due within one year		701,718	488,922
Loans installments due within one year	12	21,119,202	11,547,310
Income tax provision	13	500,394	611,493
Total Current Liabilities		49,341,151	34,478,864
Non-Current Liabilities:			
Loans installments due within more than one year	12	29,021,382	24,167,279
Lease liabilities due within more than one year		943,819	678,367
Provision for end-of-service indemnity		3,862,596	3,651,637
Deferred tax liabilities	3	1,750,961	-
Total Non-Current liabilities		35,578,758	28,497,283
TOTAL LIABILITIES		84,919,909	62,976,147
	OWNERS' EQUITY		
Paid-up capital	1	28,000,000	28,000,000
Statutory reserve		5,992,223	5,992,223
Retained earnings		8,444,094	13,204,094
Effect of the purchase of non-controlling interest shares		(2,463,786)	(2,463,786)
Foreign currencies translation		(6,766,958)	(9,665,196)
Actuarial (losses) arising from the end of service indemnity		(508)	(5,749)
Profit for the period		5,085,125	-
TOTAL SHAREHOLDERS' EQUITY		38,290,190	35,061,586
Non-controlling interest	17	4,106,122	3,344,134
TOTAL OWNERS' EQUITY		42,396,312	38,405,720
TOTAL LIABILITIES AND OWNERS' EQUITY		127,316,221	101,381,867

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

SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	Note	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)
		JD	JD	JD	JD
Net Sales		33,092,867	30,928,435	98,557,544	80,787,010
Cost of sales		<u>(23,994,981)</u>	<u>(21,376,557)</u>	<u>(70,244,079)</u>	<u>(54,417,986)</u>
Gross Profit		9,097,886	9,551,878	28,313,465	26,369,024
<u>Less:</u> Selling and distribution expenses		(3,674,351)	(3,465,331)	(10,626,589)	(9,194,361)
General and administrative expenses		(2,657,019)	(2,357,463)	(8,054,529)	(7,064,659)
Financing expenses		(1,538,016)	(853,930)	(3,350,537)	(1,983,955)
Provision for end of service indemnity		(222,382)	(218,538)	(726,454)	(504,026)
Amortization of right of use		(81,911)	(187,554)	(378,044)	(310,510)
Provision for expected credit losses	5	(45,997)	(10,982)	(130,884)	(113,552)
Provision for slow-moving inventory	6	(40,479)	1,059	(126,558)	(84,165)
Reversal (provision) for lawsuits and other commitments	11	188,748	6,605	(36,852)	6,605
Interest revenue and others - net		<u>16,337</u>	<u>228,166</u>	<u>317,926</u>	<u>283,189</u>
Profit for the period before taxes and monetary gain as a result of hyperinflation		1,042,816	2,693,910	5,200,944	7,403,590
<u>Less:</u> Income tax expense	13	<u>(20,080)</u>	<u>(352,239)</u>	<u>(579,931)</u>	<u>(1,013,592)</u>
Profit for the period before monetary gain as a result of hyperinflation		1,022,736	2,341,671	4,621,013	6,389,998
Net (loss) gain from hyperinflation		<u>(70,281)</u>	<u>-</u>	<u>352,325</u>	<u>-</u>
Profit for the Period		<u>952,455</u>	<u>2,341,671</u>	<u>4,973,338</u>	<u>6,389,998</u>
Attributable to:					
Company's shareholders		1,071,213	2,259,583	5,085,125	6,148,388
Non-Controlling Interest		<u>(118,758)</u>	<u>82,088</u>	<u>(111,787)</u>	<u>241,610</u>
		<u>952,455</u>	<u>2,341,671</u>	<u>4,973,338</u>	<u>6,389,998</u>
Earning Per Share for the Period "Company's shareholders"	14	<u>0.03</u>	<u>0.08</u>	<u>0.18</u>	<u>0.22</u>

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SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF COMPREHENSIVE INCOME

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)
Profit for the period	JD 952,455	JD 2,341,671	JD 4,973,338	JD 6,389,998
<u>Other comprehensive income items which may be reclassified to profit or loss in the subsequent period</u>				
Foreign currencies translation differences	(861,290)	(178,715)	3,770,448	(1,625,083)
<u>Other comprehensive income items that will not be reclassified to profit or loss in the subsequent period</u>				
Actuarial gain (losses) arising from the end of service indemnity	(443)	(39)	6,806	(8,270)
Total other comprehensive income items for the period after tax	(861,733)	(178,754)	3,777,254	(1,633,353)
Total Comprehensive Income for the Period	90,722	2,162,917	8,750,592	4,756,645
Attributable to:				
Company's shareholders	407,678	2,122,003	7,988,604	4,890,706
Non-controlling interest	(316,956)	40,914	761,988	(134,061)
	90,722	2,162,917	8,750,592	4,756,645

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FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM.

SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

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SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	For the Nine Months Ended September 30,	
		2022 (Reviewed)	2021 (Reviewed)
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		5,200,944	7,403,590
Adjustments:			
Depreciation of property and equipment		3,086,503	2,826,189
Amortization of right of use		461,126	310,510
Amortization of intangible assets		15,070	118,773
Provision for expected credit losses	5	130,884	113,552
Provision for end of service indemnity	6	726,454	240,762
Provision for slow-moving inventory		126,558	84,165
Provision (reversal) for lawsuits and other commitments		36,852	(6,605)
(Gain) from sale of property and equipment	11	(4,190)	(67,865)
Financing expenses		3,350,537	1,983,955
Losses of foreign currency differences		505,956	452,687
Cash Flows from Operations before Changes in Working Capital items		13,636,694	13,459,713
(Increase) in accounts receivable		(3,661,402)	(3,117,082)
(Increase) in due from related parties		(947,111)	(125,696)
(Increase) decrease in inventory		(8,454,942)	1,506,981
(Increase) in other debit balances		(1,755,277)	(965,574)
Increase in notes payable		260,403	754,801
Increase (decrease) in accounts payable		1,248,702	(3,738,563)
Increase in due to related parties		373	145,668
Increase in deposits and accrued expenses		10,445	1,144,727
Cash Flows from Operating Activities before Tax and Provision of End of Service Indemnity Paid		337,885	9,064,975
Income tax paid	13	(1,174,022)	(664,393)
Provision for lawsuits and other commitments paid		(620)	-
Provision of end-of-service indemnity paid		(413,451)	(272,862)
Net Cash Flows (used in) from Operating Activities		(1,250,208)	8,127,720
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment	9	(7,740,191)	(6,462,111)
(Payments) to purchase subsidiary	2	-	(16,348,787)
Proceeds from sale activities of property and equipment		77,742	209,825
(Purchase) of intangible assets		(25,385)	(12,769)
Net Cash Flows (used in) Investing Activities		(7,687,834)	(22,613,842)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowed fund during the period	12	21,282,684	22,135,201
Loans installments paid during the period	12	(5,653,195)	(2,871,628)
Increase in due to banks		3,631,923	3,329,166
(Paid) from financing expenses		(3,350,537)	(168,493)
Distributed dividends	21	(4,760,000)	(4,050,000)
Lease liabilities payments		(335,162)	(1,983,955)
Net Cash Flows from Financing Activities		10,815,713	16,390,291
Net increase in Cash		1,877,671	1,904,169
Cash on hand and at banks – Beginning of the Year		3,028,541	1,327,662
Increase in cash as a result of the subsidiary acquisition		-	131,781
Cash on Hand and at Banks - End of the Period		4,906,212	3,363,612
<u>Non – Cash transactions</u>			
Increase in paid-up capital through distributing free shares	1	-	1,000,000

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SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.
- 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 September 30, 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 condensed consolidated interim financial information are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities which are stated at fair value at the date of the condensed consolidated interim financial information.

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, 2021. The results of the nine months ended September 30, 2022 do not indicate the expected results for the year ending December 31, 2022. Also, the Group did not deduct the legal reserves as stated in the Companies Law and the instructions issued on profit of the nine months ended September 30, 2022 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 affects 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 September 30, 2022:

Name of Company	Paid-up Capital	Percentage of Ownership	Business Nature of the Company	Location	Acquisition / Inception Date
Siniora Food Industries Company- Palestine	USD 5,206,791	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 *	231.17 million Turkish Liras	77%	Manufacturing	Turkey	March 1, 2021

- Siniora Food Holding Limited company owns the following subsidiaries as of September 30, 2022 directly or indirectly:

Name of Company	Paid-up Capital	Percentage of Ownership	Business Nature of the Company	Location	Acquisition / Inception Date
Saudi Siniora Trading Company	SAR 10,000,000	100%	Trading	Saudi Arabia	August 17, 2009
Diamond Meat Processing Company	AED 300,000	100%	Manufacturing	United Arab Emirates	April 5, 2016
Siniora Gulf General Trading Company	AED 1,000,000	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.

- * On first of March 2021, the Group completed all legal procedures to purchase 77% of Tarakya Meat Industry Company shares in the Republic of Turkey, with a total value of 165.4 million Turkish Liras equivalent to JD 16.35 million as that date, accordingly, the Group assumed control of Tarakya Company for the Manufacture and Trade of Meat and Dairy Products and consolidate its net assets up to date. The invested Company's capital was also increased by 50 million Turkish liras, the Group's share of this increase was about JD 38.5 million Turkish liras, which is equivalent to about JD 3.8 million as of that date.

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on September 30, 2022 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021. Except for the following amendments and interpretations which have not materially affected the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, except the effect of adopting International Accounting Standard (29) "Financial Reporting in hyperinflationary economies" as follows:

IFRS Standards that have Financial Effect on Condensed Consolidated Interim Financial Information: Classification of Turkey as a hyperinflationary economy

From April 1, 2022, the Turkish economy has been considered hyperinflationary based on the criteria established by International Accounting Standard 29, '*Financial Reporting in Hyperinflationary Economies*' ('IAS 29'). This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of accumulative inflation rate of more than 100% over the previous three years.

IAS 29 requires that financial information are stated in terms of the measuring unit current at the statement of financial position date which requires restatement of non-monetary assets and liabilities to reflect the changes in the general purchasing power of the Turkish Lira. The restatements were calculated using the consumer price index in the local currency of the reporting entity before converting it to the presentation currency of the Group's financial statements.

As of September 30, 2022 the three-years cumulative index was 145% based on the Turkish Consumer Price Index (the "Consumer Price Index"). The Consumer Price Index at the beginning of the reporting period was 687 and closed at 1,047 , resulting in an increase of 52%.

The following are summarized for the basic principles in relation to the financial information applied in the interim condensed consolidated financial information:

- Adjustment of the historical carrying values of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the reporting period to reflect the changes in purchasing power of the currency caused by inflation, according to the indices published by the Turkish Statistical Institute. The cumulative impact for previous years amounting to approximately JD 7.7 million has been reflected in equity through other comprehensive income. The Group comparative amounts are not restated since its presented in a stable currency.
- Monetary assets and liabilities, which are carried at amounts current at the date of statement of financial position, are not restated because they are already expressed in terms of the monetary unit current at the date of statement of financial position.
- Non-monetary assets and liabilities, which are not carried at amounts current at the date of statement of financial position, and components of shareholders' equity are restated by applying the relevant conversion factors.
- All items in the statement of profit or loss are restated by applying the average conversion factors during the nine months period ended September 30,2022 except for those amounts deriving from non-monetary items, which are calculated based on the restated values of the related items.
- The effect of application indices on the Group's net monetary position is included in the statement of profit or loss as monetary gain or loss.
- Hyperinflation adjustments considered as a temporary tax differences, accordingly, deferred tax liabilities were calculated on these differences and recorded around JD 1.75 million shown within non-current liabilities.

New Amended IFRS Standards that are Effective for the Current Period that have no Financial effect on Condensed Consolidated Interim Financial Information

The Group has adopted the following amendments and interpretations that apply for the first time in 2022 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.

Amendments to IAS 1 – 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 IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 “Inventories”.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

IFRS Financial Enhancements 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

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 2021.

5. Accounts Receivable - Net

a. This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Trade receivables	22,222,370	19,705,316
Cheques under collection maturing within 3 months	3,292,888	2,226,978
	25,515,258	21,932,294
<u>Less: Provision for expected credit losses</u>	<u>(1,986,996)</u>	<u>(1,934,550)</u>
Net Accounts Receivables	23,528,262	19,997,744

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

As of September 30, 2022

	Current receivables (not past due) *	Receivables are past due				Total
		Less than 90 days	From 91 days to 180 days	From 181 days to 365 days	More than 365 days	
	JD	JD	JD	JD	JD	JD
Total trade receivables	18,829,710	4,723,260	469,487	131,318	1,361,483	25,515,258
Expected credit loss	111,602	321,547	139,579	52,785	1,361,483	1,986,996
Expected credit loss rate	0.6%	7%	30%	40%	100%	8%

As of December 31, 2021

	Current receivables (not past due) *	Receivables are past due				Total
		Less than 90 days	From 90 days to 180 days	From 181 days to 365 days	More than 365 days	
	JD	JD	JD	JD	JD	JD
Total trade receivables	14,706,084	5,212,855	635,048	418,121	960,186	21,932,294
Expected credit loss	115,725	469,124	222,267	167,248	960,186	1,934,550
Expected credit loss rate	0.8%	9%	35%	40%	100%	9%

* 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 period ended September 30, 2022 (Reviewed)			
	Stage 2	Stage 3	Total
	JD	JD	JD
Balance – beginning of the period	974,364	960,186	1,934,550
Provision booked during the period	(343,999)	474,883	130,884
Foreign currencies translation	(4,852)	(73,586)	(78,438)
Balance – End of the Period	<u>625,513</u>	<u>1,361,483</u>	<u>1,986,996</u>

For the year ended December 31, 2021 (Audited)			
	Stage 2	Stage 3	Total
	JD	JD	JD
Balance – beginning of the year	496,190	1,053,890	1,550,080
Increase in provision due to acquisition of a subsidiary	412,667	23,716	436,383
Provision booked during the year	124,190	18,102	142,292
Foreign currencies translation	(58,683)	(135,522)	(194,205)
Balance – End of the Year	<u>974,364</u>	<u>960,186</u>	<u>1,934,550</u>

6. Inventory - Net

- a. This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Raw materials	15,997,435	8,992,977
Finished products	6,186,444	4,446,468
Detergents and uniforms	280,625	770,976
Spare parts	<u>2,316,184</u>	<u>2,300,019</u>
	24,780,688	16,510,440
<u>Less:</u> Provision for slow-moving items	<u>(1,170,182)</u>	<u>(1,070,914)</u>
	23,610,506	15,439,526
Goods in transit	<u>441,707</u>	<u>284,303</u>
	<u>24,052,213</u>	<u>15,723,829</u>

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

	For the Nine Months Ended September 30, 2022 (Reviewed)	For the Year Ended December 31, 2021 (Audited)
	JD	JD
Balance - beginning of the period /year	1,070,914	963,945
Add: Provision booked during the period / year	135,930	111,120
Less: Recovered from provision during the period / year	(9,372)	(4,151)
Less: Written off inventory during the period / year	(27,290)	-
Balance - End of the Period / Year	<u>1,170,182</u>	<u>1,070,914</u>

7. Other Debit Balances

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Advances to suppliers	2,557,558	2,034,750
Prepayments	1,146,171	1,274,658
Refundable deposits	526,763	193,214
Sales tax deposits related to foreign subsidiaries	1,025,960	-
Others	164,701	163,254
	<u>5,421,153</u>	<u>3,665,876</u>

8. Intangible Assets

There were no material additions or disposals during the nine-month period ended September 30, 2022, while the adoption of International Accounting Standard No. (29) related to hyperinflation (Note 3) lead to an increase of intangible assets by around JD 3.1 million after the effect of foreign currency exchange difference.

9. Property and Equipment – Net

During the nine-month period ended September 30, 2022 the Group acquired property and equipment with a total cost of JD 7,740,191 which mainly as result of additions to project under constructions from Siniora Food Industries – Jordan with an amount of JD 5,059,687 (JD 6,462,111 acquired property and equipment during the nine months period ended September 30, 2021).

Property and equipment at net book value of JD 73,552 were disposed by the Group resulting in a net gain of JD 4,190 during the nine months ended September 30, 2022 (Disposal of net book value with an amount of JD 1 during the nine months ended September 30, 2021 resulting in a net gain amounted to JD 141,960 during the nine months period ended September 30, 2021).

The value of depreciation on property and equipment at the Group level during the nine – months period ended September 30, 2022 amounted to JD 3,086,503 (JD 2,826,189 depreciation of property and equipment at the Group level during the nine-month period ending on September 30, 2021).

The effect of the adoption of International Accounting Standard No. (29) related to hyperinflation lead to an increase in property and equipment by around JD 2.9 million net of accumulated depreciation and the effect of foreign currency exchange difference.

10. Due to Banks

This item consists of credit facilities/ overdraft as the following:

	Utilized Balance		Limit	Annual Interest Rate	Maturity Date
	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)			
	JD	JD	JD	%	
Arab Bank – Palestine	97,926	-	1,418,000	SOFR 1 month + 2.66%	June 30, 2023
Cairo Amman Bank – Palestine	1,292,450	1,017,742	1,418,000	Standard 1.75% + (Minimum limit	May 31, 2023
Bank of Palestine – Palestine	1,807,676	766,592	2,127,000	4% up to 10%) 4.75%	October 23, 2022
Bank of Jordan – Palestine	630,066	569,313	709,000	Libor 3 months + 3.75%	September 23, 2023
National Bank – Palestine	290,492	1,783	354,500	5%	October 12, 2022
Soiciate General – Jordan	913,997	585,937	1,000,000	8.65%	July 31, 2023
Jordan Kuwait Bank – Jordan	479,118	240,377	500,000	8.75%	October 9, 2022
Capital Bank – Jordan (1)	880,574	281,726	1,000,000	8.25%	August 18, 2023
Capital Bank – Jordan (2)	594,815	606,731	709,000	Libor month + 2.25%	August 18, 2023
Invest Bank– Jordan (1)	110,143	17,425	250,000	8%	April 30, 2023
Invest Bank– Jordan (2)	24,787	-	150,600	Libor year + 2.25%(minimum limit of 4.5%)	April 30, 2023
Bank of Jordan – Jordan	333,655	397,810	800,000	7.25%	July 30, 2023
Housing Bank for Trade and Finance – Jordan (1)	355,060	-	500,000	7.2%	February 1, 2023
Housing Bank for Trade and Finance – Jordan (2)	306,600	-	354,500	5.25%	February 1, 2023
	<u>8,117,359</u>	<u>4,485,436</u>	<u>11,290,600</u>		

- These facilities were granted to finance the working capital for the Group and are guaranteed by the Siniora Food Industries Company / Jordan.

11. Deposits and Accrued Expenses

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Remunerations and accrued salaries	1,696,478	1,626,819
Income tax deposits	499,726	647,191
Provision for lawsuits and other commitments *	298,112	261,880
Accrued customer's sales commissions	654,995	355,192
Accrued insurance expenses	74,019	418,862
Provision for paid leaves	668,768	580,048
Sales return provision	428,564	398,985
Customer's incentives provision	564,868	-
Credit cards	122,592	130,394
Accrued utilities and phone expenses	29,998	5,087
Professional fees	105,148	137,704
Social security deposits	144,228	120,252
Media and advertising	188,701	166,209
Accrued interest expenses	336,013	371,505
Advanced payment from customers	93,591	801,166
Accrued rent	130,560	57,900
Board of directors' remuneration	45,000	45,000
Board members transportation and representation of committees	135,897	170,500
Other	960,359	835,626
	<u>7,177,617</u>	<u>7,130,320</u>

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

	For the Nine Months Ended September 30, 2022 (Reviewed)	For the Year Ended December 31, 2021 (Audited)
	JD	JD
Balance – beginning of the period / year	261,880	564,255
<u>Add:</u> Increase in provision due to acquisition of a subsidiary company	-	56,817
<u>Add:</u> Expense during the period / year	225,600	118,232
<u>Less:</u> Released from provision during the period / year	(188,748)	(285,389)
<u>Less:</u> Paid during the period / year	(620)	(166,549)
<u>Less:</u> Foreign currencies translation	-	(25,486)
Balance – End of the Period / Year	<u>298,112</u>	<u>261,880</u>

12. Loans

This item consists of the following:

	September 30, 2022 (Reviewed)			December 31, 2021 (Audited)		
	Loans			Loans		
	Loans installment due within one year	installment due within more than year	Total	Loans installment due within one year	installment due within more than year	Total
	JD	JD	JD	JD	JD	JD
Arab Bank-First Loan (a)	-	-	-	283,600	-	283,600
Arab Bank-Second Loan (b)	-	-	-	1,134,400	1,421,600	2,556,000
Arab Bank-Third Loan (c)	-	-	-	636,900	-	636,900
Arab Bank-Fourth Loan (d)	136,455	68,227	204,682	220,893	170,569	391,462
Arab Bank-Fifth Loan (e)	255,240	191,430	446,670	255,240	382,860	638,100
Arab Bank-Sixth Loan (f)	496,300	868,525	1,364,825	496,300	1,240,750	1,737,050
Bank of Jordan-First Loan (g)	700,000	2,355,776	3,055,776	350,000	1,560,601	1,910,601
Bank of Jordan-Second Loan (h)	709,000	1,957,469	2,666,469	354,500	1,681,269	2,035,769
Bank of Jordan-Third Loan (i)	100,000	-	100,000	66,368	-	66,368
Capital Bank-First Loan (j)	326,760	-	326,760	275,073	-	275,073
Capital Bank-Second Loan (k)	529,260	-	529,260	416,463	-	416,463
Sociate General-First Loan (l)	199,976	-	199,976	46,706	-	46,706
Sociate General-Second Loan (m)	442,292	-	442,292	425,856	-	425,856
Cairo Amman Bank-First Loan (n)	2,500,000	11,429,091	13,929,091	1,875,000	13,125,000	15,000,000
Safa Bank-First Loan (o)	833,333	3,811,316	4,644,649	625,000	4,375,000	5,000,000
Jordan Kuwait Bank-First Loan (p)	872,070	3,334,680	4,206,750	-	-	-
Jordan Kuwait Bank- Second Loan (q)	1,001,100	4,004,400	5,005,500	-	-	-
Loans granted to the subsidiary in Turkey (r)	8,870,700	222,842	9,093,542	4,085,011	209,630	4,294,641
Invest Bank-First loan (s)	355,000	-	355,000	-	-	-
The Housing Bank for Trade and Finance-First loan (t)	403,293	-	403,293	-	-	-
The Housing Bank for Trade and Finance-Second loan (u)	1,526,372	-	1,526,372	-	-	-
The Housing Bank for Trade and Finance-Third loan (v)	806,744	-	806,744	-	-	-
Bank of Palestine - First Loan (w)	55,307	777,626	832,933	-	-	-
	<u>21,119,202</u>	<u>29,021,382</u>	<u>50,140,584</u>	<u>11,547,310</u>	<u>24,167,279</u>	<u>35,714,589</u>

- a. Siniora Food Industries Company – Jordan signed a loan agreement with the Arab Bank for USD 2 million in order to complete various capital expansions during the year 2018, at an interest rate of 2.25% + three months LIBOR with a minimum limit of 3.25%. The loan is guaranteed by Siniora Food Industries Company – Jordan. The loan is to be repaid in 20 quarterly installments, the first installment is due on June 4, 2018. The Company paid the full amount of the remaining loan during the nine-month period ended September 30, 2022.
- b. Siniora Food Industries Company – Jordan signed a loan agreement with Arab Bank for USD 6 million in order to re-finance the properties and equipment's of the Company, in addition to financing the permanent working capital needs of the Company at an interest rate of three months LIBOR + margin rate of 2.5% annually. The loan is guaranteed by Siniora Food Industries Company – Jordan. The loan is to be repaid in 20 quarterly installments. During 2019 the Company has raised the loan ceiling during the period by an amount of USD 2 million to become USD 8 million. The first installment to be due on June 30, 2019, with the rest of the loan terms remain unchanged. The Company paid the full amount of the remaining loan during the nine-month period ended September 30, 2022.

- c. Siniora Food Holding Limited - United Arab Emirates have signed a credit facility agreement with Arab Bank – United Arab Emirates for AED 33 million, (which is equivalent to JD 6.369 million), in order to finance 75% of the purchase deal for a factory located in Dubai - UAE, with an annual interest rate of 3% + three months EIBOR with a minimum limit of 4%. The facilities are guaranteed by the mortgage of Siniora Food Holding Limited shares, in additions to a bank guarantee from Arab Bank –Jordan amounted USD 2.25 million renewed annually until the full payment of facilities. Moreover, the facilities are to be repaid in 20 quarterly installments, the first installment was due on March 28, 2017. During the year 2020, two installments were postponed in March and September 2020 to be due in March and September 2022. The Company paid the full amount of the remaining loan during the nine-month period ended September 30, 2022
- d. Diamond Meat Processing Company – United Arab of Emirates signed an overdraft agreement with Arab Bank – Dubai for AED 3.5 million (equivalent to JD 675,500) to finance 80% of the value of the purchase of some property and equipment for the factory and the renovation of the factory and furniture, with an interest rate of six-month EIBOR + 4%. The loan is guaranteed by Siniora Food Industries Company – Jordan. The loan is to be repaid in 16 quarterly installments. The first installment is due one month after the grant date of the overdraft or the full withdrawal, whichever is earlier.
- e. Siniora Food Industries Company - Palestine signed a loan agreement with Arab Bank for USD 1.8 million to finance 85% of the cost of purchasing a plot of land that will be exploited in the with an interest rate of 3 months LIBOR + 2.75% annually and a once commission of 0.5%, this loan was granted on the bail of Siniora Company Jordan's food industry is to be repaid in 20 quarterly installments. The first installment was due on May 21, 2019. During the year 2020, an installment was postponed in May 2020 to be due in May 2024.
- f. Siniora Food Industries Company - Palestine signed a loan agreement with Arab Bank for USD 3.5 million to finance 100% of the cost of processing and preparing the factory building and importing modern production lines with an interest rate of 3 months LIBOR + 2.75% and a once commission of 0.5%, this loan was granted on the bail of a company Siniora Food Industries Jordan to be repaid in 20 quarterly installments. The first installment was due on April 30, 2020. During the year 2020, an installment was postponed in April 2020 to be due in April 2025.
- g. Siniora Food Industries Company - Jordan signed a loan agreement with Bank of Jordan for JD 3.5 million to finance the Company's Property, Plants and Equipment's with an annual interest rate of 7%. This loan was granted by Siniora Food Industries Company – Jordan to be repaid in 20 equal quarterly installments, amount of each installment JD 175 thousand for 5 years. The payment of first installment will start after 12 months from the loan execution date on June 30,2022 which interest is paid monthly.
- h. Siniora Food Industries Company - Jordan signed a loan agreement with Bank of Jordan for USD 5 million to complete the Company's several Capital expenditure with an interest rate of three months LIBOR + 3% minimum limit of 3.25%. This loan was granted by Siniora Food Industries Company – Jordan to be repaid in 20 equal quarterly installments amount of each installment USD 250 thousand for 5 years. The payment of first installment will start after 12 months from the loan execution date on June 30,2022 which interest is paid monthly.
- i. The Company signed a revolving loan agreement with Bank of Jordan for JD 300 thousand to finance the working capital for Company with an interest rate 8.25%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 150 days from the date of the withdrawal transaction.
- j. The Company signed a revolving loan agreement with Capital Bank for JD 1 million to finance the working capital for Company with an interest rate 7%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 150 days from the date of the withdrawal transaction.
- k. The Company signed a revolving loan agreement with Capital Bank for USD 1 million to finance the working capital for Company with an interest rate of six months LIBOR + 2.25%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 150 days from the date of the withdrawal transaction.
- l. The Company signed a revolving loan agreement with Société General for JD 1.3 million to finance the working capital for Company with an interest rate 7.25%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 150 days from the date of the withdrawal transaction.

- m. The Company signed a revolving loan agreement with Société General for USD 1 million to finance the working capital for Company with an interest rate six months LIBOR + 3%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 150 days from the date of the withdrawal transaction.
- n. Siniora Food Industries Company - Palestine signed a loan agreement with Cairo Amman Bank for JD 15 million during the first half of year 2021 to finance acquisition deal of Tarakya Meat Industry Company shares located in Republic of Turkey through Siniora Food Industries - Jordan with an interest rate of (JD Monthly CAB Prime + 1%). The loan is guaranteed by the mortgage of the factory's land, and by the possessory mortgage on the machinery and equipment related to the Company's factory in Palestine in additions to guaranteed by Siniora Food Industries Company – Jordan. The loan is to be repaid in 24 quarterly installments after a grace period of 15 months during which interest is paid, noted that the first installment is due on May 15, 2022.
- o. Siniora Food Industries Company - Palestine signed a loan agreement with Safa Bank (Palestine) for JD 5 million during the first half of year 2021 to finance acquisition deal of Tarakya Meat Industry Company shares located in Republic of Turkey through Siniora Food Industries - Jordan with Morabaha 5.5%. The loan is guaranteed by the mortgage of the factory's land, and by the possessory mortgage on the machinery and equipment related to the Company's factory in Palestine in additions to guaranteed by Siniora Food Industries Company – Jordan. The loan is to be repaid in 24 quarterly installments after a grace period of 15 months during which Morabaha is paid, noted that the first installment is due in May 15, 2022.
- p. Siniora Food Industries Company – Jordan signed a loan agreement with Jordan Kuwait Bank for USD 6.150 million with an interest rate of three months LIBOR + 2.25% minimum limit of 3.25%. The loan is guaranteed by the mortgage of the factory's land. The loan is to be repaid in 20 quarterly installments for 5 years, noted that the first installment is due in September 30, 2022.
- q. - The company obtained a reducing loan from the Jordan Kuwait Bank (Cyprus) in the amount of USD 7,050 million at an interest rate of 3 months LIBOR + 2.25% with a minimum of 3.25%. To and endorsement of the mortgaged machinery and equipment insurance policy in favor of the bank, bearing in mind that the mortgage on the factory land and the possession mortgage on the machinery and equipment of the company's factory in Jordan and set up by the Arab Bank in return for the loans granted to the company have been released. The loan is repayable in 20 equal quarterly installments for a period of 5 years. Note that the first installment is due on September 30, 2022.
- r. Tarakya for the Manufacture and Trade of Meat and Dairy Products (Subsidiary Company) obtained several loans totaling 65 loans from several banks in the Republic of Turkey with total value 238 million Turkish Liras (Equivalent to JD 9.09 million as of September 30, 2022) to finance working capital of the Company. Interest rates range from 7.8% to 48% and the due installment range from July 1, 2022 to January 21, 2024.
- s. Siniora Food Industries Company – Jordan signed a revolving loan agreement with Invest Bank for JD 800 thousand to finance the working capital for Company with an interest rate of 8.5%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 6 months from the date of the withdrawal transaction.
- t. Siniora Food Industries Company – Jordan signed a revolving loan agreement with The Housing Bank for Trade and Finance for JD 1.015 million to finance letter of credits with an interest rate of 4.5% + % Window rate, The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 6 months from the date of the withdrawal transaction provided that the withdrawn balance should not exceed the letter of credits ceiling.
- u. Siniora Food Industries Company – Jordan signed a revolving loan agreement with The Housing Bank for Trade and Finance for USD 8.4 million to finance Letter of credits with an interest rate of three months SOFR + margin rate of 3.25% with a minimum limit of 3.25%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 6 months from the date of the withdrawal transaction provided that the withdrawn balance should not exceed the guarantees ceiling.

- v. Siniora Food Industries Company - Jordan signed a loan agreement with The Housing Bank for Trade and Finance for JD 1 million to finance several purchases for the company with an interest rate of 4%. The loan is guaranteed by Siniora Food Industries Company – Jordan to be repaid in 6 equal monthly installments, where the amount of each installment is JD 166,67 thousand. The payment of first installment will start after 6 months from the loan execution date on November 15, 2022 which interest is paid monthly.
- w. Siniora Food Industries - Palestine obtained a reducing loan from Bank of Palestine, amounting to USD 1,700,000 during the third quarter of 2022, to finance 85% of the cost of installing a solar power plant that will be exploited in the future, at an interest rate of SOFR 3 months + 2.5% annually. The loan was granted under the guarantee of the Siniora Food Industries Company, Jordan to be paid on a monthly basis for a period of 52 months, knowing that the first installment is due on June 14, 2023.

The movement for loans during the period/ year were as follows:

	September 30, 2022 (Reviewed)	December 31,2021 (Audited)
	JD	JD
Beginning balance period/ year	35,714,589	11,216,383
Additions due to acquisition of a subsidiary company	-	6,054,632
Borrowed funds during the period / year	21,282,684	25,314,986
Loans installments paid during the period / year	(5,653,195)	(5,111,421)
Foreign currencies translation	(1,203,494)	(1,759,991)
Ending Balance for the Period/ Year	50,140,584	35,714,589

13. Income Tax Provision

a. Income Tax Provision

The movement on the income tax provision is as follows:

	September 30, 2022 (Reviewed)	December 31,2021 (Audited)
	JD	JD
Balance - beginning of the period / year	611,493	606,634
Increase in provision due to acquisition of a subsidiary company	-	65,405
Income tax paid	(1,174,022)	(1,345,755)
Accrued income tax on current period / year profit	1,048,521	1,265,742
Foreign currency translation	14,402	19,467
Balance – End of the Period / Year	500,394	611,493

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

	For the Nine Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Accrued income tax on current period profit	1,048,521	1,156,174
Deferred tax assets for the period	(211,142)	(142,582)
Deferred tax liabilities for the period	(257,448)	-
	579,931	1,013,592

- 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 September 30, 2022.
- 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 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 September 30, 2022.

- 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 period ended September 30, 2022 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 September 30, 2022.

14. Earnings per Share for the Period

This item consists of the following:

	For the Nine-Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Profit for the period	5,085,125	6,148,388
Weighted average number of shares	28,000,000	28,000,000
Earnings per share / basic and diluted	0.18	0.22

15. Contingent Liabilities

- There are several lawsuits filed against Siniora Food Industries Company – Palestine equivalent to JD 121,126 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 125,350 as of 31 December 2021).

- 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 million and SAR 0.25 million, respectively. (Which equal to JD 923 thousand and JD 47 thousand respectively). As at December 31, 2021, on March 15, 2022 a collection and payment order was issued by the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia with an amount of SAR 4.89 million (equivalent to JD 923 thousand), noting that the subsidiary company has the right to object within 30 days from the date of issuing the decision and in the event of the objection, the subsidiary company have to provide a cash or bank guarantee. On April 10, 2022, an objection was submitted with guarantee which represents a bank guarantee. On June 22, 2022, the Authority issued a notice accepting the objection and acknowledging the re-examination of the customs data subject to the objection. 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 September 30, 2022 and the year ended December 31, 2021. The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia issued a decision to release the guarantee amount due to end of it specific purpose.
- c. There are several lawsuits filed against Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (subsidiary Company) equivalent to JD 97,193. In the opinion of the Company's legal advisor and its management, no obligations will arise from these lawsuits. (JD 152,443 as at December 31, 2021).
- d. The Parent Company had contingent liabilities at the date of condensed consolidated interim statement of financial position, represented in bank guarantees equivalent to JD 140,477 and unguaranteed bank withdrawals equivalent to JD 234,495 and letter of credit equivalent to JD 76,538. (Bank guarantees equivalent to JD 118,175 and guaranteed bank withdrawals equivalent to JD 383,641 and unguaranteed bank withdrawals equivalent to JD 445,108 and bills of collection equivalent to JD 729,183 and letter of credit equivalent to JD 86,563 as at December 31, 2021).
- e. Siniora Food Industries Company – Palestine (subsidiary company) had contingent liabilities at the date of the condensed consolidated interim statement of financial position, represented in bank guarantees equivalent to JD 586,092 and bills of collection equivalent to JD 22,764. (The Company had contingent liabilities as December 31, 2021 bank guarantees equivalent to JD 432,205 in addition to bills of collection equivalent to JD 109,965).
- f. Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (subsidiary company) had contingent liabilities at the date of the condensed consolidated interim statement of financial position, represented in bank guarantees equivalent to JD 436,496. (The Company had contingent liabilities as December 31, 2021 bank guarantees equivalent to JD 569,605 and letter of credit equivalent to JD 882,812).
- g. The Group had unutilized overdraft and revolving loans limits at the date of the condensed consolidated interim statement of financial position amounted to JD 12,637,900 (As December 31, 2021, the unutilized overdraft ceiling was JD 13,743,165).
- h. As of September 30, 2022, the value of projects in progress amounted to JD 6,463,367 and the remaining cost of completion to complete the implementation of these projects is estimated to be amounted to JD 2,417,206 and is expected to be completed and to be ready for use by the Group during the year of 2022. (The estimated completion to complete the implementation of these projects to be amounted to JD 4,649,282 and is expected to be completed during the year of 2021).

16. 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	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)	
		Receivables	Payables	Receivables	Payables
		JD	JD	JD	JD
Unipal General Trading Company	Sister company	1,789,481	-	875,453	-
Medical Supplies and Services Company	Sister Company	-	60	-	-
Palestinian Automobile Company	Sister Company	1,527	-	-	-
Employee's receivables		138,648	-	107,851	-
SKY Advertising, Publication and Promotion Company	Sister Company	-	96,193	-	25,540
National Aluminum Industry Company	Sister Company	759	-	-	-
Arab Palestinian Investment Company	Holding Company	-	80,861	-	111,564
Arab financial leasing Company	Sister Company	-	20,898	-	6,391
Al Jihan General Trading	Sister Company	-	71,786	-	125,930
Total		<u>1,930,415</u>	<u>269,798</u>	<u>983,304</u>	<u>269,425</u>

Condensed Consolidated Interim Statement of profit or loss

	Relationship Status	For the Nine Months Ended September 30			
		2022 (Reviewed)		2021 (Reviewed)	
		Purchases	Sales	Purchases	Sales
		JD	JD	JD	JD
Unipal General Trading Company	Sister Company	-	9,788,774	-	4,642,591
Arab Palestinian Shopping Centers Company	Sister Company	-	723	-	-
SKY Advertising, Publication, and Promotion Company	Sister Company	302,863	-	174,364	-
Arab Palestinian Investment Company	Holding company	120,601	-	120,601	-
Arab Financial Leasing Company	Sister Company	51,069	-	50,544	-
Al Jihan General Trading	Sister Company	16,481	-	-	-

- b. The salaries of executive management amounted to JD 907,420 for the nine-months ended September 30, 2022 (JD 865,428 as of September 30, 2021).

17. Non-controlling interests

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

18. Geographical Distribution Analysis

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

	Total			For the Nine Months Ended September 30,	
	Inside the Kingdom			2021	
	Inside the Kingdom		Outside the Kingdom	2022 (Reviewed)	
	Inside the Kingdom Excluding Aqaba	Aqaba Branch		2022 (Reviewed)	(Reviewed)
	JD	JD	JD	JD	JD
Net sales	27,951,115	974,422	69,632,007	98,557,544	80,787,010
Cost of sales	(18,709,746)	(697,026)	(50,837,307)	(70,244,079)	(54,417,986)
Gross Profit	9,241,369	277,396	18,794,700	28,313,465	26,369,024
Selling and distribution expenses	(3,694,542)	(170,461)	(6,761,586)	(10,626,589)	(9,194,361)
General and administrative expenses	(2,807,083)	(15,848)	(5,231,598)	(8,054,529)	(7,064,659)
Provision for end of service indemnity	-	-	(726,454)	(726,454)	(504,026)
Amortization of right of use	(52,449)	-	(325,595)	(378,044)	(310,510)
Provision for expected credit losses	(117,144)	-	(13,740)	(130,884)	(113,552)
Provision for slow-moving inventory	(85,194)	-	(41,364)	(126,558)	(84,165)
Reversal provision for lawsuits and other commitments	(36,852)	-	-	(36,852)	6,605
Income from operations	2,448,105	91,087	5,694,363	8,233,555	9,104,356
Financing expenses	(1,214,668)	-	(2,135,869)	(3,350,537)	(1,983,955)
Interest revenue and other- net	30,071	-	287,855	317,926	283,189
Profit for the Period before Income Tax and Monetary Gains Arising from Hyperinflation	1,263,508	91,087	3,846,349	5,200,944	7,403,590
Income tax expenses for the period	(208,406)	(5,465)	(366,060)	(579,931)	(1,013,592)
Net Monetary gain from hyperinflation	-	-	352,325	352,325	-
Profit for the Period	1,055,102	85,622	3,832,614	4,973,338	6,389,998

	Inside the Kingdom	Outside the Kingdom	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD	JD	JD
Total Assets	51,930,245	75,504,534	75,385,976	100,739,686
Total Liabilities	36,144,407	48,799,214	48,775,502	62,333,966

19. 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.

20. Approval of interim condensed financial information

This condensed consolidated interim financial information was approved by the Board of Directors and authorized for issue on October 30, 2022.

21. Dividend

The General Assembly approved in their ordinary meeting held on April 20, 2022 to distribute cash dividends by 17% of the Company's paid in capital which is equivalent to JD 4.760 million (The general assembly approved in their meeting held on April 21, 2021 to distribute cash dividends by 15% from Company paid-up capital which equivalent to JD 4.050 million) and the general assembly approved to increase the Company's paid up capital from JD 27 million to JD 28 million through transferring the amount from retained earnings and distributed as free shares to shareholders based on their share percentages of the paid-up capital.