



Ref: 648/2017
Date: 11/05/2017

To: Jordan Securities Commission
Amman stock exchange

Subject: The Financial Statements for the first quarter as of 31/03/2017

After Greetings,

With reference to the above subject and accordance with the laws and the instructions of the issuing company, accounting and auditing standards for the year 2004, please find attached the Financial Statements for the first quarter as of 31/03/2017.

Kindly accept our highly appreciation and respect,

CFO
Hatem Al-Afifi

المندوب المالي

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٤ إلى ٢٠١٧
الرقم المتسلسل: ٢٠١٧
رقم الملف: ٤٠٢٣٧٢
الجهة المختصة: المدير العام

CC: Amman Stock Exchange fax no: 5564071
CC: Security Depository Center fax no: 5672590

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

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR
THE THREE MONTHS
ENDED MARCH 31, 2017
TOGETHER WITH THE REVIEW REPORT

SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
MARCH 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
Review Report	
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Income and Comprehensive Income	3
Condensed Consolidated Interim Statement of Changes in Owners' Equity	4
Condensed Consolidated Interim Statement of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6 - 15

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Review Report

AM/ 30334

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statement of Sinlora Food Industries Company (A Public Shareholding Limited Company) as of March 31, 2017 and the related condensed consolidated interim statements of financial position, income and comprehensive income changes in Owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statement in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 statements are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Explanatory Paragraphs

1. The Company's fiscal year ends on December 31 of each year. However, the condensed consolidated interim financial statements have been prepared for management purposes and for the Jordan Securities Commission requirements only.
2. The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements in the Arabic language to which reference is to be made.

Amman - Jordan
April 27, 2017

Deloitte & Touche
Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

SINORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2017 (Reviewed not Audited) JD	December 31, 2016 (Audited) JD
ASSETS			
Current Assets:			
Cash on hand and at banks		3,670,257	1,622,833
Cheques under collection		568,241	524,804
Accounts receivable - net	5	9,616,397	9,859,737
Inventory - net		7,507,536	8,141,116
Due from related parties	14	790,469	2,170,144
Loans for sister companies	6	488,292	460,868
Other debt balances		2,024,575	1,978,916
Total Current Assets		<u>24,665,767</u>	<u>24,758,418</u>
Non-Current Assets:			
Investment in a non-consolidated subsidiary Company		1	1
Deferred tax assets	14	164,871	154,396
Intangible assets - net	7	6,410,595	6,382,099
Property and equipment - net		<u>28,981,170</u>	<u>27,957,224</u>
Total Non-Current Assets		<u>35,556,637</u>	<u>34,493,720</u>
TOTAL ASSETS		<u>60,222,404</u>	<u>59,252,138</u>
LIABILITIES			
Current Liabilities:			
Notes payable		593,532	360,675
Accounts payable		3,558,317	4,825,875
Due to related parties		745,004	740,780
Loans from sister companies	8	374,173	374,173
Deposits and accrued expenses		3,126,366	2,738,295
Short-term loans	9	3,716,200	3,644,800
Income tax provision	10	170,060	324,346
Total Current Liabilities		<u>12,283,652</u>	<u>13,008,944</u>
Non-Current Liabilities:			
Long-term loans	9	13,570,100	13,132,800
Provision for employees end-of-service indemnity		1,690,541	1,560,780
Total Non-Current liabilities		<u>15,260,641</u>	<u>14,693,580</u>
Total liabilities		<u>27,544,293</u>	<u>27,702,524</u>
OWNERS' EQUITY			
Paid-up capital	11	18,000,000	18,000,000
Statutory reserve		3,201,725	3,201,725
Retained earnings		8,957,685	8,957,685
Income for the period		1,052,085	-
Total Shareholders' Equity		<u>31,211,495</u>	<u>30,159,410</u>
Non-controlling interest		1,466,616	1,390,204
Total Owners' Equity		<u>32,678,111</u>	<u>31,549,614</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>60,222,404</u>	<u>59,252,138</u>

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

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

	Note	For the Three Months Ended March 31 ,	
		2017	2016
		JD	JD
Net Sales	15	14,092,486	9,578,825
Cost of sales	15	8,779,696	6,107,644
Gross Profit		5,312,790	3,471,181
Less: Selling and distribution expenses		(2,790,977)	(1,508,600)
General and administrative expenses		(989,281)	(907,414)
Provision for end of service Indemnity		(82,267)	(78,924)
Provision for doubtful debts	5	(43,178)	(60,000)
Provision for slow-moving inventory		(21,300)	(21,300)
Operating Income		1,385,787	894,943
Financing expenses		(207,921)	(123,815)
Other revenue - Net		37,353	4,452
Net Profit for the Period before Income Tax		1,215,219	775,580
Income tax expense for the period	10	(86,722)	(54,989)
Profit for the Period		1,128,497	720,591
Attributable to:			
Shareholder's		1,052,085	720,591
Non-Controlling Interests		76,412	-
		1,128,497	720,591
Earnings Per Share for the Period (Company's Shareholder)	12	0.06	0.04

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

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

	Paid-up Capital	Statutory Reserve	Retained Earnings	Profit for the period	Total Shareholders' Equity	Non-Controlling Interest	Total Owners' Equity
	JD	JD	JD	JD	JD	JD	JD
For the Three Months Ended March 31, 2017							
Balance at the beginning of the period	18,000,000	3,201,725	8,957,685	-	30,159,410	1,390,204	31,549,614
Profit / Comprehensive Income for the Period	-	-	-	1,052,085	1,052,085	76,412	1,128,497
Balance at the end of the Period	18,000,000	3,201,725	8,957,685	1,052,085	31,211,495	1,466,616	32,678,111
For the Three Months Ended March 31, 2016							
Balance at the beginning of the period	15,000,000	2,933,589	10,783,986	-	28,717,575	-	28,717,575
Profit / Comprehensive Income for the Period	-	-	-	720,591	720,591	-	720,591
Balance at the end of the Period	15,000,000	2,933,589	10,783,986	720,591	29,438,166	-	29,438,166

Retained earnings include an amount of JD 164,871 that is restricted against deferred tax assets as of March 31, 2017, which cannot be utilized through capitalization or distribution unless actually realized (JD 154,396 as of 31 December, 2016).

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 CASH FLOWS
(REVIEWED NOT AUDITED)

		For the Three Months Ended March 31,	
	Note	2017	2016
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the period before tax		1,215,219	775,580
Adjustments:			
Depreciation of property and equipment		706,335	628,230
Amortization of intangible assets		6,541	20,644
Provision for doubtful debts	5	43,178	60,000
Provision for end-of-service indemnity		82,267	78,924
Provision for slow-moving inventory		21,300	21,300
Foreign currency differences		63,388	-
(Gain) from the sale of property and equipment		-	(3,802)
Net Cash Flow from Operating Activities Before Changes in Working Capital		2,138,228	1,580,876
(Increase) Decrease in cheques under collection		(43,437)	310,608
Decrease (Increase) in accounts receivable		200,162	(487,078)
Decrease (Increase) in due from related parties		1,379,675	(159,404)
Decrease (Increase) in inventory		612,280	(382,240)
(Increase) in other debit balances		(45,659)	(656,750)
Increase in Notes Payable		232,857	311,981
(Decrease) Increase in accounts payable		(1,267,558)	13,985
Increase (Decrease) in due to related parties		4,224	(64,620)
Increase in deposits and accrued expenses		388,071	346,245
Net Cash Flows from Operating Activities before Income Tax and Employees End-of-Service Indemnity Paid		3,598,843	813,603
Income tax paid		(15,894)	(956)
Provision for end-of-service indemnity paid	10	(251,483)	(322,522)
Net Cash Flows from Operating Activities		<u>3,331,466</u>	<u>490,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of Property and equipment - net		(1,730,281)	(780,526)
(Purchase) of intangible assets		(35,037)	-
Proceeds from the sale of property and equipment		-	5,802
Payments on purchasing a plant		-	(8,116,104)
Loans for sister companies		(27,424)	(13,926)
Net Cash Flows (used in) Investing Activities		<u>(1,792,742)</u>	<u>(8,904,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in loans		508,700	6,087,750
Net Cash Flows from Financing Activities		<u>508,700</u>	<u>6,087,750</u>
Net Increase (Decrease) in Cash		2,047,424	(2,326,879)
Cash on hand and at banks - beginning of the period		<u>1,622,833</u>	<u>6,216,172</u>
Cash on Hand and at Banks - End of the Period		<u>3,670,257</u>	<u>3,889,293</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(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 400,000. The Company's paid-up capital has been increased several times the last increase was in the extraordinary meeting held on April 13, 2016, whereby the General Assembly decided to approve the increase of the Company's capital by JD 3,000,000 to become JD 18,000,000. The Company has completed the legal procedures related to the capital increase with the regulatory authorities on May 29, 2016.
- b. Following 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 transforming 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 transform the Company's legal form from a limited liability company to a public shareholding limited company. 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 is 61/2% owned by Arab Palestinian Investment Company, which is considered the main shareholder of the Company.
- d. 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 in them.
- e. The accompanying condensed consolidated interim financial statements were approved by the Board of Directors on April 27, 2017.

2. Basis of Consolidation of the Condensed Interim Financial Statements

- The condensed consolidated interim financial statements include the financial statements of the Company and the subsidiaries controlled by it. Control is achieved when the Company has the power to govern the financial and operating policies of the subsidiary company so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses 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.

- As of March 31, 2017 the Company owns the following subsidiary companies:

Name of Company	Paid-up Capital	Percentage of Ownership	Industry of the Company	Location	Acquisition / Inception Date
Sinlora Food Industries Company- Palestine	USD 5,206,791	100%	Manufacturing	Palestine	January 25, 2006
Sinlora Food Industries Company- Algeria *	DZD 10 Million	94%	Under Liquidation	Algeria	February 8, 2009
Sinlora Food Holding Limited **	AED 1,000	100%	Holding	United Arab Emirates	February 25, 2016

- As of March 31, 2017 Sinlora Food Holding Limited owns the following subsidiary companies:

Name of Company	Paid-up Capital	Percentage of Ownership	Industry of the Company	Location	Acquisition / Inception Date
Saudi Sinlora Trading Company	SAR 500,000	100%	Trading	Saudi Arabia	August 17, 2009
Diamond Meat Processing Company ***	AED 300,000	70%	Manufacturing	United Arab Emirates	April 5, 2016
Sinlora Gulf General Trading Company	AED 1,000,000	100%	Trading	United Arab Emirates	August 6, 2014

- * The Board of Directors resolved in the meeting held on September 5, 2012 to liquidate Sinlora Food Industries Company - Algeria, accordingly, the financial statements of the Company were not consolidated within the condensed consolidated interim financial statements.
- ** On February 25, 2016, the Company has established Sinlora Food Holding Limited (A limited liability Company) in Dubai - United Arab Emirates, the Company has completed the registration procedures with the regulatory authorities on February 25, 2016.
- *** On April 5, 2016, the company has completed the legal procedure related to the acquisition of 70% of Diamond Meat Processing Company which is located in Dubai - United Arab Emirates, the Company's share of the acquisition amounted to AED 44,817,109 (Equivalent to JD 8,649,702).
- The Board of Directors resolved in the meeting held on December 29, 2016 to unify the subordination of the subsidiary companies in United Arab Emirates and Saudi Arabia to Sinlora Food Holding Limited, accordingly, the Company transferred the ownership of Diamond Meat Processing Company, Sinlora Gulf for General Trading Company and Saudi Sinlora Trading Company to Sinlora Food Holding Limited.
- The results of operations of the subsidiary companies are consolidated into the accompanying consolidated statement of 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 of subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal which is the date on which the Company loses control over the subsidiary companies.
- The non-controlling interest represents the portion of equity ownership in a subsidiary not attributable to the parent company.

3. Significant Accounting Policies**Basis of Preparation of the Consolidated Financial Statements**

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting.
- The condensed consolidated interim financial statements of the Company are presented in Jordanian Dinar, which is also its functional currency.
- The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and must be read with the consolidated financial statements of the Company as of December 31, 2016. In addition, the results of the Company's operations for the three months ended March 31, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017.
- The Company did not deduct any statutory reserve for the profit of the three months period ended March 31, 2017 in accordance with the Companies Laws and the Regulations issued, as these financial statements are interim statements and the deduction is made at the end of the fiscal year.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2016 except for the following:
 - Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS (12).
 - Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.
 - Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Adoption of the above new standards had no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

4. Use of Estimates

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets and financial liabilities and to disclose all contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, and provisions. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the mentioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future. In addition, we believe that the estimates adopted in the condensed consolidated interim financial statements are reasonable and consistent with the estimates adopted in the consolidated financial statements for the year ended December 31, 2016.

5. Account Receivable - Net

A. This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Trade receivables	10,903,865	11,104,027
Less: Provision for doubtful debts	(1,287,468)	(1,244,290)
	<u>9,616,397</u>	<u>9,859,737</u>

The Company adopts the policy of dealing with creditworthy parties in addition to obtaining sufficient guarantees (where appropriate) to mitigate the financial loss of other party's resulted from the inability to settle their obligations. The Company books a provision for uncollected debts for a period exceeding 365 days in case there are no movements or related settlements during the year. The due and impaired receivables amounted to JD 1,287,468 as of March 31, 2017 (JD 1,244,290 as of December 31, 2016).

The ageing of these receivables is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Less than 90 days	8,675,005	8,828,152
91 days - 180 days	807,200	666,708
181 days - 270 days	119,963	206,343
271 days - 365 days	139,454	179,333
More than 365 days	<u>1,162,243</u>	<u>1,223,491</u>
	<u>10,903,865</u>	<u>11,104,027</u>

b. The movement on the provision for doubtful debts during the year is as follows:

	For the Three Months Ended at March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Balance - beginning of the period/year	1,244,290	535,301
Add: Provision booked during the period/year	43,178	720,492
Foreign currencies translation	-	1,053
Effect of the acquisition of a subsidiary	-	3,865
Less: Written-off debts	-	(16,421)
Balance - End of the Period/Year	<u>1,287,468</u>	<u>1,244,290</u>

6. Loans for Sister Companies

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Medical Services and Supplies Company*	<u>488,292</u>	<u>460,868</u>
	<u>488,292</u>	<u>460,868</u>

- * Siniora Food Industries Company - Palestine (a subsidiary company) during 2009 and 2011 has entered into agreements with the Medical Services and Supplies Company (MSS) (a sister company) for amounts equivalent to JD 488,292 as of March 31, 2017. In return, MSS granted Siniora Food Industries Company - Palestine USD loans similar to the loans granted to MSS, for the purpose of providing the necessary foreign currency to run the Company's operations. Moreover, these loans bear no interest and have no repayment schedule.

7. Intangible Assets - net

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Goodwill (A)	4,704,010	4,704,010
Trademarks (B)	1,611,147	1,611,147
Software and programs - net	95,438	66,942
	<u>6,410,595</u>	<u>6,382,099</u>

A - The movement on the goodwill was as follow:

	For the Three Months ended March 31, 2017	For the year ended December 31, 2016
	JD	JD
Balance - beginning of the period / year	4,704,010	311,530
Additions during the period / year	-	4,392,480
Balance - Ending of the Period / Year	<u>4,704,010</u>	<u>4,704,010</u>

Goodwill resulted from the acquisition of shares that exceeds the book value of some of the subsidiaries. The management believes that there is no impairment in their value.

B- This item represents the value of the trademarks purchased from Food Quality Co. Ltd. at an amount of JD 1,543,970, in addition to the costs of transferring its ownership.

8. Loans from Sister Companies

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Medical Supplies and Services Company (Note 6)	374,173	374,173
	<u>374,173</u>	<u>374,173</u>

9. Loans

This item consists of the following:

	March 31, 2017		December 31, 2016	
	Short-Term Loans	Long-Term Loans	Short-Term Loans	Long-Term Loans
	JD	JD	JD	JD
Jordan Ahli bank (a)	525,400	1,444,850	525,000	1,576,600
Arab Bank (b) - First Loan	1,846,000	5,999,500	1,846,000	6,461,000
Arab Bank (c) - Second Loan	1,273,800	4,776,750	1,273,800	5,095,200
Arab Bank (d) - Third Loan	71,000	1,349,000	-	-
	<u>3,716,200</u>	<u>13,570,100</u>	<u>3,644,800</u>	<u>13,132,800</u>

a- Sinjora Food Industries Company - Jordan obtained credit facilities from Jordan Ahli Bank for USD 3.7 million in order to finance the new production lines, at an interest rate of three months LIBOR + 2.25% with a minimum limit of 3.2 %. The facilities are guaranteed by the mortgage of the new production lines. Moreover, the credit facilities are to be repaid in 20 quarterly installments, with a grace period of 15 months from the granting date of the credit facilities.

- b- Sinlora Food Industries Company - Jordan signed a loan agreement with Arab Bank for USD 13 million in order to pay the company's obligations to Cairo Amman Bank and to finance the new production lines at an interest rate of 2.25 % + three months LIBOR with a minimum limit of 3.25%. 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 Jordan, in addition to the endorsement of an insurance policy on the mortgaged machinery and equipment to the banks' benefit, as well as the guarantee of Sinlora Food Industries Company - Jordan. The loan is to be repaid in 20 quarterly installments, the first installment is due on September 4, 2016.
- c - Sinlora Food Holding Limited - United Arab Emirates have signed a loan agreement with Arab Bank - United Arab Emirates for AED 33 million, which is equivalent to JD 6,369,000, 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 Sinlora Food Holding Limited shares, in additions to a bank guarantee from Arab Bank -Jordan amounted USD 9 million renewed annually until the full payment of facilities. Moreover, the facilities are to be repaid in 20 quarterly installments, with a grace period of 12 months from the withdrawal date of the credit facilities.
- d- Sinlora Food Industries Company - Jordan signed a loan agreement with the Arab Bank for USD 2 million in order to complete various capital expansions which are expected during the year 2017, at an interest rate of 2.25% + three months LIBOR with a minimum limit of 3.25% . The loan is guaranteed by Sinlora Food Industries Company - Jordan. The loan is to be repaid in 20 quarterly installments, the first installment is due on March 4, 2018.

10. Income Tax

a. Income Tax Provision

The movement on the income tax provision is as follows:

	March 31, 2017	December31, 2016
	JD	JD
Balance - beginning of the period/year	324,346	564,490
Income tax paid	(251,483)	(475,774)
Accrued income tax on current period/year profit	97,197	235,630
Balance - End of the Period/Year	170,060	324,346

- b. The income tax expense in the condensed consolidated interim statement of income consists of the following:

	For the period ended March 31,	
	2017	2016
	JD	JD
Income tax expense for the period	97,197	61,593
Deferred tax assets for the period	(10,475)	(6,604)
	86,722	54,989

- Sinlora Food Industries - Jordan has reached a final settlement for its income tax up to the end of the year 2014. The company has submitted its tax return for the year of 2015 and paid the declared tax while it has not been reviewed by the Income Tax and Sales Department yet. In the opinion of the Company's managements and its tax advisor, the income tax provision booked in the financial statements is sufficient to meet any future tax liabilities.

- On February 9, 2012, Sinlora Food Industries Company - Palestine 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 for 12 years starting from January 1, 2015 to December 31, 2026 in which the Company will pay taxes at a rate of 7.5%.
- Sinlora Food Industries Company - Palestine (a subsidiary company) has reached a final settlement up to the end of the year 2015. In the opinion of the Company's managements and its tax advisor, the income tax provision taken in the financial statements is sufficient to meet any future tax liabilities.

11. Paid up Capital

The company's registered paid up capital is JD 18,000,000 distributed over 18,000,000 share as of March 31, 2017 and December 31, 2016, the par value per share is JD 1.

12. Earnings per Share for the Period

This item consists of the following:

	For the period ended March 31,	
	2017	2016
	JD	JD
Profit for the period	1,052,085	720,591
Weighted average number of shares	18,000,000	18,000,000
Earnings per share for the period relating to the Company's shareholders / basic and diluted	0.06	0.04

13. Contingent Liabilities

- a. There are several lawsuits filed against Sinlora Food Industries Company - Palestine equivalent to JD 70,063 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.
- b. The Company had contingent liabilities at the date of condensed consolidated interim statement of financial position, represented in bank guarantees equivalent to JD 131,361.
- c. Sinlora 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 312,507, and bills of collection equivalent to JD 5,965.

14. Balances and Transactions with Related Parties

a. The Company entered into transactions with related parties as follows:

	Related party					Total	
	Holding Company	Subsidiary Company	Sister Companies	Employees	Other*	2017	2016
	JD	JD	JD	JD		JD	JD
Condensed Consolidated Interim Statement of Financial Position							
Due from related parties	-	173,314	581,051	36,104	-	790,469	2,170,144
Due to related parties	51,272	-	89,949	-	603,783	745,004	740,780
Loans for sister companies	-	-	488,292	-	-	488,292	460,868
Loans from sister companies	-	-	374,173	-	-	374,173	374,173

* This item represents the amount due to a Partner in Diamond Meat Processing Company - Subsidiary Company.

	For the Three Months Ended March 31.			
	2017		2016	
	Purchases	Sales	Purchases	Sales
Condensed Consolidated Interim Statement of Income	JD	JD	JD	JD
Unipol General Trading Company (sister Company)	-	884,774	-	823,457
Arab Palestinian Shopping Centers Company (sister Company)	-	43,162	-	80,030
SKY Advertising, Publication, and Promotion Company (sister Company)	39,016	-	48,567	-
Palestine Automobile Company (sister Company)	1,361	-	1,361	-
Arab Palestinian Investment Company (holding Company)	40,200	-	40,200	-
Arab Financial Leasing Company	10,284	-	9,903	-

- b. The loans and credit facilities as at March 31, 2017 are guaranteed by the Company and the mortgage on the Company's factory land as well as the possessory mortgage on the machinery and equipment of the Company's factory in Jordan.
- c. The salaries of executive management amounted to JD 238,228 for the Period ended March 31, 2017 (JD 226,884 for the period ended March 31, 2016).

15. Comparative figures

The Company has completed the acquisition of 70% of Diamond Meat Processing Company in Dubai United Arab Emirates on April 5, 2016, accordingly the Company's financial results for the three months ended March 31, 2016 were not disclosed, where the results of the subsidiaries are consolidated from the date on which the control is transferred to the Company which is the date of acquisition. This has resulted in a variance between the results of the condensed consolidated interim statement of income and comprehensive income between the three months ended March 31, 2017 and March 31, 2016.

16. Segmental and Geographical Analysis

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

	Inside the Kingdom	Outside the Kingdom	Total	
			For the Three Months Ended March 31,	
			2017	2016
	JD	JD	JD	JD
Net sales	5,137,107	8,955,379	14,092,486	9,578,825
Cost of sales	(3,514,778)	(5,264,918)	(8,779,696)	(6,107,644)
Gross profit	1,662,329	3,690,461	5,312,790	3,471,181
Selling and distribution expenses	(953,735)	(1,837,242)	(2,790,977)	(1,508,600)
General and administrative expenses	(251,297)	(768,027)	(1,019,324)	(907,414)
Provision for end-of-service indemnity	-	(52,224)	(52,224)	(78,924)
Provision for doubtful debts	(31,950)	(11,228)	(43,178)	(60,000)
Provision for slow-moving inventory	(21,300)	-	(21,300)	(21,300)
Income from operations	364,047	1,021,740	1,385,787	894,943
Financing expenses	(119,973)	(87,948)	(207,921)	(123,815)
Other (expenses) revenue - net	24,022	13,331	37,353	4,452
Net profit for the period before income tax	268,096	947,123	1,215,219	775,580
Income tax expenses for the period	(53,085)	(33,664)	(86,722)	(54,989)
Profit for the period	215,038	913,459	1,128,497	720,591
			March 31,	December 31,
			2017	2016
			JD	JD
Total Assets			60,222,404	59,252,138
Total Liabilities			27,544,293	27,702,524

17. Subsequent events

- The General Assembly approved in its ordinary meeting held on April 19, 2017 to distribute cash dividends amounting to JD 1,080,000 which is equivalent to 6% of the paid-up capital.
- Subsequent to the date of the condensed consolidated interim financial statements, the General Assembly approved in its extraordinary meeting held on April 19, 2017 to increase the paid-up capital from 18 million to become 20 million, through allocating JD 4 million from retained earnings to paid-up capital and distributing it as free shares to the shareholders based on their share in the current paid-up capital. The capital increase procedures have not been completed by the regulatory authorities till the date of this condensed consolidated interim financial statements.

18. Fair Value Hierarchy**A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:**

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period, the following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value as at		The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the
	March 31, December 31, 2017 2016					
	ID	ID				
Financial Assets at Fair Value						
Investment in a subsidiary company	1	1	Level II	Financial Statements	N/A	N/A
Loans to sister companies	488,292	460,868	Level I	Foreign Exchange Rates	N/A	N/A
Total	488,292	460,868				
Financial Liabilities at Fair Value						
Loans from sister companies	374,173	374,173	Level I	Foreign Exchange Rates	N/A	N/A
Total Financial Liabilities at Fair Value	374,173	374,173				

N/A: Not Applicable

There were no transfers between level I and level II during the three month ended March 31, 2017 and year ended December 31, 2016.

B -The fair value of financial assets and financial liabilities of the bank (non-specific fair value on an ongoing basis):

We believe that the carrying amount of financial assets and liabilities shown in the consolidated financial statements of the Company approximate their fair value.

We believe that the book value of the items is equivalent to the fair value. That is, it will be due on short-term basis or the interest rates will be reprised during the year.