

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

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION FOR  
THE NINE MONTHS  
ENDED SEPTEMBER 30, 2021  
TOGETHER WITH THE REVIEW REPORT

SINIORA FOOD INDUSTRIES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
SEPTEMBER 30, 2021

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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, 2021 and the related condensed consolidated interim statements of profit or loss, and comprehensive income for the three and nine months ended on September 30, 2021, 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 Group (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 statements are a translation of the condensed consolidated interim financial information in the Arabic language to which reference is to be made.

Amman - Jordan  
October 28, 2021

  
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<br>30, 2021<br>(Reviewed) | December<br>31, 2020<br>(Audited) |
|--|------|-------------------------------------|-----------------------------------|
|  | Note | JD                                  | JD                                |
| <b>ASSETS</b>  |      |                                     |                                   |
| Current Assets:  |      |                                     |                                   |
| Cash on hand and at banks                                    |      | 3,363,612                           | 1,327,662                         |
| Accounts receivable - net                                    | 5    | 23,861,281                          | 10,757,841                        |
| Inventory - net  | 6    | 13,661,112                          | 11,239,407                        |
| Due from related parties                                     | 13   | 654,243                             | 528,547                           |
| Other debit balances   |      | 3,479,822                           | 2,119,544                         |
| Total Current Assets   |      | 45,020,070                          | 25,973,001                        |
| Non-Current Assets:  |      |                                     |                                   |
| Deferred tax assets  |      | 430,260                             | 287,678                           |
| Intangible assets  | 2    | 20,237,232                          | 6,358,736                         |
| Property and equipment - net                                 | 7    | 40,480,384                          | 35,154,044                        |
| Right-of-use assets  |      | 914,357                             | 801,473                           |
| Total Non-Current Assets                                     |      | 62,062,233                          | 42,601,931                        |
| <b>TOTAL ASSETS</b>  |      | <b>107,082,303</b>                  | <b>68,574,932</b>                 |
| <b>LIABILITIES</b>   |      |                                     |                                   |
| Current Liabilities:   |      |                                     |                                   |
| Due to banks   | 8    | 4,440,553                           | 1,111,387                         |
| Notes payable  |      | 1,643,262                           | 888,461                           |
| Accounts payable   |      | 7,585,610                           | 5,083,085                         |
| Due to related parties                                       | 13   | 174,324                             | 28,656                            |
| Deposits and accrued expenses                                |      | 6,738,058                           | 4,934,414                         |
| Lease liabilities due within one year                        |      | 766,865                             | 277,553                           |
| Loans installments due within one year                       | 9    | 11,211,492                          | 4,979,965                         |
| Income tax provision   | 10   | 1,163,820                           | 606,634                           |
| Total Current Liabilities                                    |      | 33,723,984                          | 17,910,155                        |
| Non-Current Liabilities:                                     |      |                                     |                                   |
| Loans installments due within more than one year             | 9    | 25,305,123                          | 6,237,218                         |
| Lease liabilities due within more than one year              |      | 854,468                             | 476,534                           |
| Provision for end-of-service indemnity                       |      | 3,650,562                           | 2,987,130                         |
| Total Non-Current liabilities                                |      | 29,810,153                          | 9,700,882                         |
| <b>Total liabilities</b>                                     |      | <b>63,534,137</b>                   | <b>27,611,037</b>                 |
| <b>OWNERS' EQUITY</b>  |      |                                     |                                   |
| Paid-up capital  | 1    | 28,000,000                          | 27,000,000                        |
| Statutory reserve  |      | 5,254,021                           | 5,254,021                         |
| Retained earnings  |      | 6,123,660                           | 11,173,660                        |
| Effect of the purchase of non-controlling interest shares    |      | (2,463,786)                         | (2,463,786)                       |
| Foreign currencies translation differences                   | 2    | (1,251,314)                         | -                                 |
| Actuarial (losses) arising from the end of service indemnity |      | (6,368)                             | -                                 |
| Profit for the period  |      | 6,148,388                           | -                                 |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                            |      | <b>41,804,601</b>                   | <b>40,963,895</b>                 |
| Non-controlling interest                                     | 14   | 1,743,565                           | -                                 |
| <b>TOTAL OWNERS' EQUITY</b>                                  |      | <b>43,548,166</b>                   | <b>40,963,895</b>                 |
| <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>                  |      | <b>107,082,303</b>                  | <b>68,574,932</b>                 |

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



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

|   |      | For the Three Months<br>Ended September 30, |                    | For the Nine Months<br>Ended September 30, |                    |
|---|------|---|--------------------|--|--------------------|
|   | Note | 2021<br>(Reviewed)                          | 2020<br>(Reviewed) | 2021<br>(Reviewed)                         | 2020<br>(Reviewed) |
|   |      | JD  | JD                 | JD   | JD                 |
| Net Sales   |      | 30,928,435                                  | 18,928,782         | 80,787,010                                 | 52,288,659         |
| Cost of sales   |      | (21,376,557)                                | (11,403,154)       | (54,417,986)                               | (32,914,906)       |
| Gross Profit  |      | 9,551,878                                   | 7,525,628          | 26,369,024                                 | 19,373,753         |
| Less: Selling and distribution expenses                   |      | (3,465,331)                                 | (2,621,519)        | (9,194,361)                                | (7,576,214)        |
| General and administrative expenses                       |      | (2,357,463)                                 | (1,735,581)        | (7,064,659)                                | (4,746,253)        |
| Financing expenses  |      | (853,930)                                   | (246,611)          | (1,983,955)                                | (751,881)          |
| Provision for end of service indemnity                    |      | (218,538)                                   | (118,293)          | (504,026)                                  | (369,907)          |
| Amortization of Right of use                              |      | (187,554)                                   | (42,444)           | (310,510)                                  | (115,695)          |
| Provision for expected credit losses                      | 5    | (10,982)                                    | (59,061)           | (113,552)                                  | (159,577)          |
| Provision for slow-moving inventory                       | 6    | 1,059                                       | (41,327)           | (84,165)                                   | (122,316)          |
| Reversal (provision) for lawsuits and other commitments   |      | 6,605                                       | (40,000)           | 6,605                                      | (109,820)          |
| Interest revenue and others, Net                          |      | 228,166                                     | 2,448              | 283,189                                    | 85,730             |
| Profit for the Period before Income Tax                   |      | 2,693,910                                   | 2,623,240          | 7,403,590                                  | 5,507,820          |
| Less: Income tax expense                                  | 10   | (352,239)                                   | (243,159)          | (1,013,592)                                | (451,712)          |
| Profit for the Period                                     |      | 2,341,671                                   | 2,380,081          | 6,389,998                                  | 5,056,108          |
| Attributable to:  |      |   |                    |  |                    |
| Company's shareholders                                    |      | 2,259,583                                   | 2,380,081          | 6,148,388                                  | 5,056,108          |
| Non-Controlling Interest                                  |      | 82,088                                      | -                  | 241,610                                    | -                  |
|   |      | 2,341,671                                   | 2,380,081          | 6,389,998                                  | 5,056,108          |
| Earning Per Share for The Period "Company's shareholders" | 11   | 0.08  | 0.09               | 0.22                                       | 0.18               |

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 COMPREHENSIVE INCOME

|  | <b>For the Three Months<br/>Ended September 30,</b> |                   | <b>For the Nine Months<br/>Ended September 30,</b> |                   |
|--|---|-------------------|--|-------------------|
|  | <b>2021</b>   | <b>2020</b>       | <b>2021</b>  | <b>2020</b>       |
|  | <b>(Reviewed)</b>                                   | <b>(Reviewed)</b> | <b>(Reviewed)</b>                                  | <b>(Reviewed)</b> |
|  | <b>JD</b>   | <b>JD</b>         | <b>JD</b>  | <b>JD</b>         |
| Profit for the period  | 2,341,671   | 2,380,081         | 6,389,998  | 5,056,108         |
| <u>Other comprehensive income items which may be<br/>reclassified to profit or loss in the subsequent period</u>     |   |                   |  |                   |
| Foreign currencies translation differences   | (178,715)   | -                 | (1,625,083)  | -                 |
| <u>Other comprehensive income items that will not be<br/>reclassified to profit or loss in the subsequent period</u> |   |                   |  |                   |
| Actuarial (losses) arising from the end of<br>service indemnity  | (39)  | -                 | (8,270)  | -                 |
| Total other comprehensive income items for<br>the period after tax   | (178,754)   | -                 | (1,633,353)  | -                 |
| Total Comprehensive Income for the Period  | <u>2,162,917</u>                                    | <u>2,380,081</u>  | <u>4,756,645</u>                                   | <u>5,056,108</u>  |
| Attributable to:   |   |                   |  |                   |
| Company's shareholders   | 2,122,003   | 2,380,081         | 4,890,706  | 5,056,108         |
| Non-controlling interest   | 40,914  | -                 | (134,061)  | -                 |
|  | <u>2,162,917</u>                                    | <u>2,380,081</u>  | <u>4,756,645</u>                                   | <u>5,056,108</u>  |

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

**SINJORA FOOD INDUSTRIES COMPANY**  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – JORDAN

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

| Note   | Paid-up Capital | Statutory Reserve | Retained Earnings | Effect of the Purchase of Non-controlling Interest Shares | Foreign Currency Translation Differences | Actuarial (losses) arising from the end of service indemnity | Profit for the Period | Shareholders' Equity | Non-controlling Interest | Total Owners' Equity |
|--|-----------------|-------------------|-------------------|---|--|--|-----------------------|----------------------|--------------------------|----------------------|
|  | JD              | JD                | JD                | JD  | JD                                       | JD   | JD                    | JD                   | JD                       | JD                   |
| <b>For the Nine Months Ended September 30, 2021</b>              |                 |                   |                   |   |  |  |                       |                      |                          |                      |
| Balance at the beginning of the period (Audited)                 | 27,000,000      | 5,254,021         | 11,173,660        | (2,463,786)   | -  | -  | -                     | 40,963,895           | -                        | 40,963,895           |
| Profit for the period  | -               | -                 | -                 | -   | -  | -  | 6,148,388             | 6,148,388            | 241,610                  | 6,389,998            |
| Other comprehensive income for the period                        | -               | -                 | -                 | -   | (1,251,314)                              | (6,368)  | -                     | (1,257,682)          | (375,671)                | (1,633,353)          |
| Total comprehensive income for the period                        | -               | -                 | -                 | -   | (1,251,314)                              | (6,368)  | 6,148,388             | 4,890,706            | (134,061)                | 4,756,645            |
| Increase in paid up capital                                      | 1,000,000       | -                 | (1,000,000)       | -   | -  | -  | -                     | -                    | -                        | -                    |
| Non-controlling interest   | -               | -                 | -                 | -   | -  | -  | -                     | -                    | 1,877,626                | 1,877,626            |
| Distributed dividends  | -               | -                 | (4,050,000)       | -   | -  | -  | -                     | (4,050,000)          | -                        | (4,050,000)          |
| Balance at the End of the Period (Reviewed)                      | 28,000,000      | 5,254,021         | 6,123,660         | (2,463,786)   | (1,251,314)                              | (6,368)  | 6,148,388             | 41,804,601           | 1,743,565                | 43,548,166           |
| <b>For the Nine Months Ended September 30, 2020</b>              |                 |                   |                   |   |  |  |                       |                      |                          |                      |
| Balance at the beginning of the period (Audited)                 | 25,000,000      | 4,634,738         | 9,234,813         | (2,463,786)   | -  | -  | -                     | 36,405,765           | -                        | 36,405,765           |
| Profit for the period/ other comprehensive income for the period | -               | -                 | -                 | -   | -  | -  | 5,056,108             | 5,056,108            | -                        | 5,056,108            |
| Increase in Paid-up capital                                      | 2,000,000       | -                 | (2,000,000)       | -   | -  | -  | -                     | -                    | -                        | -                    |
| Distributed dividends  | -               | -                 | (2,500,000)       | -   | -  | -  | -                     | (2,500,000)          | -                        | (2,500,000)          |
| Balance at the End of the Period (Reviewed)                      | 27,000,000      | 4,634,738         | 4,734,813         | (2,463,786)   | -  | -  | 5,056,108             | 38,961,873           | -                        | 38,961,873           |

- Retained earnings include an amount of JD 430,260 that is restricted as of September 30, 2020, (JD 287,678 as of 31 December 2019) which cannot be used to be capitalized or distributed unless actually realized.

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



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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

|   | Note | For the Nine Months<br>Ended September 30, |                  |
|---|------|--|------------------|
|   |      | 2021                                       | 2020             |
|   |      | (Reviewed)<br>JD                           | (Reviewed)<br>JD |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |      |  |                  |
| Profit for the period before tax  |      | 7,403,590                                  | 5,507,820        |
| Adjustments:  |      |  |                  |
| Depreciation of property and equipment  |      | 2,826,189                                  | 2,944,245        |
| Amortization of right of use  |      | 310,510                                    | 115,695          |
| Amortization of intangible assets   |      | 118,773                                    | 38,729           |
| Provision for expected credit losses  | 5    | 113,552                                    | 159,577          |
| Provision for end of service indemnity  |      | 240,762                                    | 369,907          |
| Provision for slow-moving inventory   |      | 84,165                                     | 122,316          |
| (Reversal) provision for lawsuits and other commitments   |      | (6,605)                                    | 109,820          |
| (Gain) from sale of property and equipment  | 7    | (67,865)                                   | (12,937)         |
| Financing expenses  |      | 1,983,955                                  | 751,881          |
| Losses of foreign currency differences  |      | 452,687                                    | 28,521           |
| Cash Flows from Operations before Changes in Working Capital Items                                |      | 13,459,713                                 | 10,135,574       |
| (Increase) in accounts receivable   |      | (3,117,082)                                | (1,897,214)      |
| (Increase) in due from related parties  |      | (125,696)                                  | (243,445)        |
| Decrease (increase) in inventory  |      | 1,506,981                                  | (717,358)        |
| (Increase) in other debit balances  |      | (965,574)                                  | (80,405)         |
| Increase (decrease) in notes payable  |      | 754,801                                    | (237,308)        |
| (Decrease) in accounts payable  |      | (3,738,563)                                | (920,009)        |
| Increase (decrease) in due to related parties   |      | 145,668                                    | (171,620)        |
| Increase in deposits and accrued expenses   |      | 1,144,727                                  | 1,064,059        |
| Cash Flows from Operating Activities before Tax<br>and Provision of End of Service Indemnity Paid |      | 9,064,975                                  | 6,932,274        |
| Income tax paid   | 10   | (664,393)                                  | (474,365)        |
| Provision of end-of-service indemnity paid  |      | (272,862)                                  | (147,107)        |
| Net Cash Flows from Operating Activities  |      | 8,127,720                                  | 6,310,802        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |      |  |                  |
| (Purchase) of property and equipment  | 7    | (6,462,111)                                | (2,788,806)      |
| Payments to purchase subsidiary   | 2    | (16,348,787)                               | -                |
| Proceeds from sale activities of property and equipment   |      | 209,825                                    | 17,466           |
| (Purchase) of intangible assets   |      | (12,769)                                   | (27,620)         |
| Net Cash Flows (used in) Investing Activities   |      | (22,613,842)                               | (2,798,960)      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |      |  |                  |
| Increase (decrease) in loans - net  | 9    | 19,263,573                                 | (3,438,035)      |
| Increase in due to banks  | 8    | 3,329,166                                  | 3,281,922        |
| (Paid) from financing expenses  |      | (168,493)                                  | (751,881)        |
| Distributed dividends   | 19   | (4,050,000)                                | (2,500,000)      |
| Lease liabilities payments  |      | (1,983,955)                                | (231,250)        |
| Net Cash Flows from (used in) Financing Activities  |      | 16,390,291                                 | (3,639,244)      |
| Net Increase (Decrease) in Cash   |      | 1,904,169                                  | (127,402)        |
| Cash on hand and at banks - Beginning of the Year   |      | 1,327,662                                  | 1,385,585        |
| Increase in cash as a result of the subsidiary acquisition  |      | 131,781                                    | -                |
| Cash on Hand and at Banks - End of the Period   |      | 3,363,612                                  | 1,258,183        |
| <b>Non - Cash transactions</b>  |      |  |                  |
| Increase in paid-up capital through distributing free shares                                      | 1    | 1,000,000                                  | 2,000,000        |

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 INFORMATION

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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 March 17, 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.
- 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 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, 2021:

| <b>Name of Company</b>  | <b>Paid-up Capital</b> | <b>Percentage of Ownership</b> | <b>Business Nature of the Company</b> | <b>Location</b> | <b>Acquisition / Inception Date</b> |
|---|------------------------|--------------------------------|---------------------------------------|-----------------|-------------------------------------|
| Siniora Food Industries Company- Palestine                                | 5,206,791 US Dollars   | 100%                           | Industrial                            | Palestine       | 25 January 2006                     |
| Siniora Food Holding Limited Company                                      | 60 Million AED         | 100%                           | Holding                               | UAE             | 25 February 2016                    |
| Tarakya Company for the Manufacture and Trade of Meat and Dairy Products* | 71,4 Million TL        | 77%                            | Industrial                            | Turkey          | 1 March 2021                        |

- Siniora Food Holding Limited company owns the following subsidiaries as of September 30, 2021 directly or indirectly:

| <b>Name of Company</b>               | <b>Paid-up Capital</b> | <b>Percentage of Ownership</b> | <b>Business Nature of the Company</b> | <b>Location</b> | <b>Acquisition / Inception Date</b> |
|--------------------------------------|------------------------|--------------------------------|---------------------------------------|-----------------|-------------------------------------|
| Saudi Siniora Trading Company        | 10,000,000 SAR         | %100                           | Commercial                            | KSA             | 17 August 2009                      |
| Diamond Meat Processing Company      | 300,000 AED            | %100                           | Industrial                            | UAE             | 5 April 2016                        |
| Siniora Gulf General Trading Company | 1,000,000 AED          | %100                           | Commercial                            | UAE             | 6 August 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 203.9 million Turkish Liras equivalent to JD 20.2 million including the Group's shares of the capital increase of the invested company which is approximately 38.5 million Turkish Liras (equivalent to approximately to JD 3.8 million)

The accounting of the initial purchases is based on the temporary fair value of the assets and liabilities acquired by the Company. A study of the distribution of the purchase price on the assets purchased by the management will be completed during the 12 months following the date of acquisition. The completion of this study may lead to a change in the fair value of the acquired assets and resulting liabilities, and thus to a change in the intangible assets.



The net assets directly attributable to the acquisition of the 77% was as follows on the date of acquisition, noting that management will perform a purchase price allocation study on the acquired assets during a year from the acquisition date:

|   | <u>Assets</u>      | <u>March 1, 2021</u> |
|---|--------------------|----------------------|
| Current Assets:                                   |                    | JD                   |
| Cash on hand and at banks                         |                    | 101,472              |
| Accounts receivable - net                         |                    | 7,776,931            |
| Inventory - net                                   |                    | 3,089,895            |
| Other debit balances                              |                    | 303,922              |
| Total Current Assets                              |                    | <u>11,272,220</u>    |
| Non-Current Assets:                               |                    |                      |
| Deferred tax assets                               |                    | 152,973              |
| Property and equipment - net                      |                    | 1,759,500            |
| Right-of-use assets                               |                    | 216,875              |
| Total Non-Current Assets                          |                    | <u>2,129,348</u>     |
| TOTAL ASSETS                                      |                    | <u>13,401,568</u>    |
|   | <u>Liabilities</u> |                      |
| Current Liabilities:                              |                    |                      |
| Accounts payable                                  |                    | 4,805,638            |
| Deposits and accrued expenses                     |                    | 809,841              |
| Lease liabilities due within one year             |                    | 156,586              |
| Loans installments due within one year            |                    | 4,192,179            |
| Total Current Liabilities                         |                    | <u>9,964,244</u>     |
| Non-Current Liabilities:                          |                    |                      |
| Loans installments due within more than one year  |                    | 455,433              |
| Lease liabilities due within more than one year   |                    | 82,044               |
| Provision for end-of-service indemnity            |                    | 535,560              |
| Total Non-Current liabilities                     |                    | <u>1,073,037</u>     |
| Total liabilities                                 |                    | <u>11,037,281</u>    |
| Net Assets Acquired                               |                    | 2,364,287            |
| <u>Less:</u> the agreed value (transaction value) |                    | <u>16,348,787</u>    |
| Other assets arising from the acquisition         |                    | <u>13,984,500</u>    |

Other assets arising from the acquisition transaction are presented under intangible assets item including the goodwill as of September 30, 2021, noting that the above balances represent the equivalent value in Jordanian dinars as of the date of acquisition, a translation difference in an amount of JD 1,625,083 resulted from the translation as of September 30, 2021. The Company share from translation difference amounted to JD 1,251,314 which was recorded in the statement of comprehensive income for the period.



The following is the most important financial information for Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (the Subsidiary Company) according to condensed interim financial information as of September 30, 2021 reviewed by the independent auditor:

The interim Statement of financial position:

| <u>Assets</u>                               | September 30,<br>2021 |
|---|-----------------------|
|   | JD                    |
| Cash on hand and at banks                   | 2,601,175             |
| Accounts receivable - net                   | 10,598,312            |
| Inventory - net                             | 2,987,194             |
| Other debit balances                        | 593,238               |
| Due from related parties                    | 38,856                |
| Deferred tax assets                         | 114,178               |
| Property and equipment - net                | 2,147,497             |
| Intangible Assets - net                     | 8,586                 |
| Right-of-use assets                         | 246,245               |
| <b>TOTAL ASSETS</b>                         | <b>19,335,281</b>     |
|   |                       |
| <u>Liabilities</u>                          |                       |
| Accounts payable                            | 3,962,625             |
| Deposits and accrued expenses               | 708,359               |
| Lease liabilities                           | 985,196               |
| Bank's loans                                | 5,585,969             |
| Income tax provision                        | 121,728               |
| Provision for end-of-service indemnity      | 374,168               |
| <b>Total liabilities</b>                    | <b>11,738,045</b>     |
| <b>TOTAL OWNERS' EQUITY</b>                 | <b>7,597,236</b>      |
| <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b> | <b>19,335,281</b>     |

INTERIM STATEMENT OF PROFIT OR LOSS

|                                     | September 30,<br>2021 |
|-------------------------------------|-----------------------|
|                                     | JD                    |
| Net Sales                           | 20,204,390            |
| Cost of sales                       | (16,278,683)          |
| <b>Gross Profit</b>                 | <b>3,925,707</b>      |
| Selling and distribution expenses   | (979,781)             |
| General and administrative expenses | (702,553)             |
| Other revenues - net                | 109,214               |
| Financing expenses                  | (743,450)             |
| End of services indemnity           | (156,034)             |
| Income tax expense                  | (402,624)             |
| <b>Profit for the Period</b>        | <b>1,050,479</b>      |

### **3. Significant Accounting Policies**

#### **Basis of Preparation of the Condensed Consolidated Interim Financial Statements**

- The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting."
- The condensed consolidated interim financial information are presented in Jordanian Dinar, which is also its functional currency.
- The condensed consolidated interim financial information have been prepared on the historical cost basis, except for financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information.
- The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and should be read with the annual report of the Company as of December 31, 2020. In addition, the results of the Company's operations for the nine months ended September 30, 2021 do not necessarily represent indications of the expected results for the year ending December 31, 2021. The Company did not deduct any statutory reserves from the profit of the nine months period ended September 30, 2021 in accordance with the Companies Laws and Regulations issued, as these financial information are an interim statements and the deductions are made at the end of the fiscal year.
- The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on September 30, 2021 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2020. However, the Group has adopted the following amendments and interpretations that apply for the first time in 2021 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.

#### **Interest Rate Benchmark Reform - Phase 2 amendments**

Effective from January 1, 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements.

### **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 2020.



5. Accounts Receivable - Net

a. This item consists of the following:

|   | September 30,<br>2021<br>(Reviewed) | December 31,<br>2020<br>(Audited) |
|---|-------------------------------------|-----------------------------------|
|   | JD                                  | JD                                |
| Trade receivables                                 | 23,146,872                          | 11,454,446                        |
| <u>Less: Provision for expected credit losses</u> | <u>(1,924,718)</u>                  | <u>(1,550,080)</u>                |
| Net Trade Receivables                             | 21,222,154                          | 9,904,366                         |
| Cheques under collection maturing within 3 months | 2,639,127                           | 853,475                           |
| Net Accounts Receivables                          | <u>23,861,281</u>                   | <u>10,757,841</u>                 |

The ageing of these receivables are as follows:

|                    | September 30,<br>2021<br>(Reviewed) | December 31,<br>2020<br>(Audited) |
|--------------------|-------------------------------------|-----------------------------------|
|                    | JD                                  | JD                                |
| Less than 90 days  | 19,387,907                          | 8,167,923                         |
| 91 – 180 day       | 2,275,439                           | 2,040,904                         |
| 181 – 270 day      | 61,080                              | 244,920                           |
| 271 – 365 day      | 38,291                              | 107,355                           |
| More than 365 days | 1,384,155                           | 893,344                           |
|                    | <u>23,146,872</u>                   | <u>11,454,446</u>                 |

b. The movement on the provision for expected credit losses is as follows:

|  | For the Nine<br>Months Ended<br>September 30,<br>2021<br>(Reviewed) | For the Year<br>Ended<br>December 31,<br>2020<br>(Audited) |
|--|---|--|
|  | JD  | JD   |
| Balance – beginning of the period/year                               | 1,550,080   | 1,404,306  |
| <u>Add: Increase in provision due to acquisition of a subsidiary</u> | <u>282,651</u>  | <u>-</u>   |
| <u>Add: Provision booked during the period / year</u>                | <u>113,552</u>  | <u>245,678</u>   |
| Foreign currencies translation                                       | (39)  | 2,885  |
| <u>Less: Written-off debts *</u>                                     | <u>(21,526)</u>   | <u>(102,789)</u>   |
| Balance – End of the Period/Year                                     | <u>1,924,718</u>  | <u>1,550,080</u>   |

\* During the period ended September 30, 2021 trade receivables were written-off by amount JD 21,526, in accordance with the board of directors approval. (JD 102,789 as of December 31, 2020).



6. Inventory - Net

a. This item consists of the following:

|  | September 30,<br>2021<br>(Reviewed) | December 31,<br>2020<br>(Audited) |
|--|-------------------------------------|-----------------------------------|
|  | JD                                  | JD                                |
| Raw materials                                | 6,536,431                           | 6,348,974                         |
| Finished products                            | 5,950,312                           | 3,831,190                         |
| Detergents and uniforms                      | 34,524                              | 31,519                            |
| Spare parts                                  | 2,023,292                           | 1,909,571                         |
|  | <u>14,544,559</u>                   | <u>12,121,254</u>                 |
| <u>Less: Provision for slow-moving items</u> | <u>(1,055,851)</u>                  | <u>(963,945)</u>                  |
|  | <u>13,488,708</u>                   | <u>11,157,309</u>                 |
| Goods in transit                             | 172,404                             | 82,098                            |
|  | <u>13,661,112</u>                   | <u>11,239,407</u>                 |

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

|  | For the Nine<br>Months Ended<br>September<br>30, 2021<br>(Reviewed) | For the Year<br>Ended<br>December 31,<br>2020<br>(Audited) |
|--|---|--|
|  | JD  | JD   |
| Balance - beginning of the period / year       | 963,945   | 863,276  |
| Add: Provision booked during the period / year | 84,165  | 100,669  |
| <u>Less: Written off inventory *</u>           | <u>(25,325)</u>   | -  |
| Foreign currencies exchange                    | 33,066  | -  |
| Balance - End of the Period / Year             | <u>1,055,851</u>  | <u>963,945</u>   |

\* During the period ended September 30, 2021 damaged and slow moving items amounted to JD 25,325 were written off in accordance with board of directors approval.

7. Property and Equipment - Net

During the nine-month period ended September 30, 2021 the Group acquired property and equipment with a total cost of JD 6,462,111 (JD 2,788,806 during the Nine months period ended September 30, 2020).

Assets at net book value of JD 141,960 were disposed by the Group during the nine months ended September 30, 2021 (JD 4,529 during the nine months ended September 30, 2020) resulting in a net gain on disposal of JD 67,865 (JD 12,937 during the Nine months period ended September 30, 2020).

## 8. Due to Banks

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

|                               | Utilized Balance                 |                                | Ceiling   | Annual Interest Rate               | Maturity Date |
|-------------------------------|----------------------------------|--------------------------------|-----------|------------------------------------|---------------|
|                               | September 30, 2021<br>(Reviewed) | December 31, 2020<br>(Audited) |           |                                    |               |
|                               | JD                               |                                | JD        | %                                  |               |
| Arab Bank – Palestine         | 963,388                          | 516,829                        | 1,418,000 | %3.35                              | 31 Dec 2022   |
| Cairo Amman Bank – Palestine  | 1,004,838                        | -                              | 1,418,000 | USD CAB Prime +1%                  | 31 May 2022   |
| Bank of Palestine – Palestine | 337,525                          | -                              | 709,000   | %4.75                              | 23 Oct 2022   |
| Arab Bank– Jordan             | 340,214                          | 306,506                        | 354,500   | LIBOR 3 Months + 2.25%             | 19 May 2022   |
| Arab Bank– Jordan             | 100,519                          | -                              | 500,000   | %3.25                              | 19 May 2022   |
| Investment Bank– Jordan       | 229,553                          | -                              | 250,000   | %8.25                              | 30 April 2022 |
| Investment Bank– Jordan       | 113,001                          | -                              | 211,000   | LIBOR 3 Months + margin rate 2.25% | 30 April 2022 |
| Investment Bank – Jordan      | 92,452                           | -                              | 800,000   | %8.25                              | 30 April 2022 |
| Capital Bank - Jordan         | 91,132                           | -                              | 709,000   | LIBOR 1 Months + 2.25%             | 30 April 2022 |
| Jordan Kuwait Bank - Jordan   | 268,334                          | -                              | 500,000   | %8.5                               | 30 April 2022 |
| Bank of Jordan – Jordan       | 899,597                          | 288,052                        | 900,000   | %8.25                              | 30 April 2022 |
|                               | <u>4,440,553</u>                 | <u>1,111,387</u>               |           |                                    |               |

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

## 9. Loans

This item consists of the following:

|   | September 30, 2021 (Reviewed)         |   |                   | December 31, 2020 (Audited)           |   |                   |
|---|---------------------------------------|---|-------------------|---------------------------------------|---|-------------------|
|   | Loans installment due within one year | Loans installment due within more than year | Total             | Loans installment due within one year | Loans installment due within more than year | Total             |
|   | JD                                    | JD  | JD                | JD                                    | JD  | JD                |
| Arab Bank First Loan (a)                      | -                                     | -   | -                 | 923,000                               | -   | 923,000           |
| Arab Bank Second Loan (b)                     | 955,350                               | -   | 955,350           | 1,273,800                             | 636,900                                     | 1,910,700         |
| Arab Bank Third Loan (c)                      | 283,600                               | 142,200                                     | 425,800           | 283,600                               | 284,400                                     | 568,000           |
| Arab Bank Fourth Loan (d)                     | 1,134,400                             | 1,989,600                                   | 3,124,000         | 1,134,400                             | 2,557,600                                   | 3,692,000         |
| Arab Bank Fifth Loan (e)                      | 126,656                               | 204,829                                     | 331,485           | 168,875                               | 84,437                                      | 253,312           |
| Arab Bank Sixth Loan (f)                      | 136,516                               | -   | 136,516           | 144,750                               | 298,731                                     | 443,481           |
| Arab Bank Seventh Loan (g)                    | 255,240                               | 446,670                                     | 701,910           | 255,240                               | 638,100                                     | 893,340           |
| Arab Bank Eighth Loan (h)                     | 496,300                               | 1,364,825                                   | 1,861,125         | 496,300                               | 1,737,050                                   | 2,233,350         |
| Arab Bank – Ninth loan (i)                    | -                                     | -   | -                 | 300,000                               | -   | 300,000           |
| Cairo Amman Bank- First Loan (j)              | 1,250,000                             | 13,750,000                                  | 15,000,000        | -                                     | -   | -                 |
| Safa Bank First Loan(k)                       | 416,667                               | 4,583,333                                   | 5,000,000         | -                                     | -   | -                 |
| Loans granted to the subsidiary in Turkey (l) | 5,452,263                             | 133,706                                     | 5,585,969         | -                                     | -   | -                 |
| Bank of Jordan – First Loan (m)               | 350,000                               | 1,138,346                                   | 1,488,346         | -                                     | -   | -                 |
| Bank of Jordan – Second Loan (n)              | 354,500                               | 1,551,614                                   | 1,906,114         | -                                     | -   | -                 |
|   | <u>11,211,492</u>                     | <u>25,305,123</u>                           | <u>36,516,615</u> | <u>4,979,965</u>                      | <u>6,237,218</u>                            | <u>11,217,183</u> |



- a. Siniora 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 Siniora Food Industries Company – Jordan. The loan is to be repaid in 20 quarterly installments, the first installment was due on September 4, 2016.
- b. 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 6,369,000), 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 Siniora Food Holding Limited shares, in additions to a bank guarantee from Arab Bank –Jordan amounted USD 5.4 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.
- c. 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 September 4, 2018.
- d. 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 September 30, 2019, with the rest of the loan terms remain unchanged.
- e. 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.
- f. During 2019, Diamond Meat Processing Company - United Arab of Emirates obtained a loan from Arab Bank- Dubai branch amounted to AED 3 million (Equivalent to JD 579,000) to finance 80% of the purchase value of some property and equipment with an interest rate of six months 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 six months after the date of the grant or full withdrawal, whichever is earlier.
- g. Siniora Food Industries Company - Palestine signed a loan agreement with Arab Bank for USD 1,800,000 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 commission of 0.5% for once, 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.



- h. Siniora Food Industries Company - Palestine signed a loan agreement with Arab Bank for USD 3,500,000 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 commission of 0.5% for one time, 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.
- i. Siniora Food Industries Company - Jordan signed a revolving loan agreement with Arab Bank for JD 400,000 to finance the working capital for Company with an interest rate 8.625%. The loan is guaranteed by Siniora Food Industries Company – Jordan. Each withdrawal from the revolving loan is to be paid by maximum of 100 days from the date of the withdrawal transaction.
- j. Siniora Food Industries Company - Palestine signed a loan agreement with Cairo Amman Bank for JD 15,000,000 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 (JOD 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 12 months during which interest is paid, noted that the first installment is due in May 15, 2022.
- k. Siniora Food Industries Company - Palestine signed a loan agreement with Safa Bank (Palestine) for JD 5,000,000 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 12 months during which Morabaha is paid, noted that the first installment is due in May 15, 2022.
- l. Tarakya for the Manufacture and Trade of Meat and Dairy Products (Subsidiary Company) obtained several loans totaling 24 loans from several banks in the Republic of Turkey with total value 74.93 million Turkish Liras (Equivalent to JD 5 million as of September 30, 2021) to finance working capital of the Company. Interest rates range from 7.5% to 23.1% and the due installment range from February 5, 2020 to April 17, 2023.
- m. Siniora Food Industries Company - Jordan signed a loan agreement with Bank of Jordan for JD 3,500,000 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 175,000 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.
- n. 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 250,000 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.



# 10. Income Tax Provision

## a. Income Tax Provision

The movement on the income tax provision is as follows:

|  | September<br>30,<br>2021<br>(Reviewed)<br>JD | December 31,<br>2020<br>(Audited)<br>JD |
|--|--|---|
| Balance - beginning of the period/year                             | 606,634                                      | 432,576                                 |
| Add: Increase in provision due to the acquisition<br>of subsidiary | 65,405                                       | -                                       |
| Income tax paid  | (664,393)                                    | (509,180)                               |
| Accrued income tax on current period/year profit                   | 1,156,174                                    | 683,238                                 |
| Balance - End of the Period/Year                                   | <u>1,163,820</u>                             | <u>606,634</u>                          |

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

|   | For the Nine Months Ended<br>September 30, |                          |
|---|--|--------------------------|
|   | 2021<br>(Reviewed)<br>JD                   | 2020<br>(Reviewed)<br>JD |
| Accrued income tax on current period profit | 1,156,174                                  | 475,921                  |
| Deferred tax assets for the period - Net    | (142,582)                                  | (24,209)                 |
|   | <u>1,013,592</u>                           | <u>451,712</u>           |

- Siniora Food Industries - Jordan has reached a final settlement for its income tax up to the end of the year 2018, The Company has submitted its tax return for the year of 2020 and paid the declared tax while it has not been reviewed by the Income Tax and Sales Department yet. Self-assessment statements for 2019 were accepted within the samples system. 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 as at September 30, 2021.
- On February 9, 2012, Siniora 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 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 (a subsidiary company) has reached a final settlement up to the end of the year 2018. The income tax report for 2019 and 2020 has been submitted and has not yet been audited. In the opinion of the Company's management and its tax advisor, the income tax provision booked in the financial statements is sufficient to meet any future tax liabilities.
- Siniora Food Holding Limited and its subsidiaries are not subject to income tax due to the fact that there is no income tax in the countries in which they operate.
- Tarakya for manufacture and Trade of Meat and Dairy Products (Subsidiary Company) has reached a final settlement up to the end of the year 2020.
- Income tax was calculated for the period ended September 30, 2021 in accordance with the effective income tax law, 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, 2021.

#### 11. Earnings per Share for the Period

This item consists of the following:

|  | For the Nine-Months ended<br>September 30, |                 |
|--|--|-----------------|
|  | 2021 (Reviewed)                            | 2020 (Reviewed) |
|  | JD   | JD              |
| Profit for the period                  | 6,148,388                                  | 5,056,108       |
| Weighted average number of shares *    | 28,000,000                                 | 28,000,000      |
| Earnings per share / basic and diluted | 0.22                                       | 0.18            |

- \* Weighted average has recalculated of shares number for the share portion from the prior period profit for the Company's shareholders on the basis of the number of authorized and paid-up capital shares for the period ended September 30, 2020, as the increase in paid-up capital was from distributing free shares in accordance with the requirements of IAS (33).

#### 12. Contingent Liabilities

- a. There are several lawsuits filed against Siniora Food Industries Company – Palestine equivalent to JD 122,253 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 121,840 as of 31 December 2020).
- b. The Parent Company had contingent liabilities at the date of condensed consolidated interim statement of financial position, represented in bank guarantees equivalent to JD 157,286 and letter of credits equivalent to JD 194,083. (The Parent Company had contingent liabilities at 31 December 2020 a bank guarantees equivalent to JD 123,566 and guaranteed bank withdrawals equivalent to JD 65,088 and unguaranteed bank withdrawals equivalent to JD 384,369).
- c. 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 439,779 (December 31, 2020: JD 46,076) and letter of credit equivalent to JD 50,925. (December 31, 2020: 0).
- d. As of September 30, 2021, the value of projects in progress amounted to JD 4,649,282 and the remaining cost of completion to complete the implementation of these projects is estimated to be amounted to JD 2,548,868 and is expected to be completed and to be ready for use by the group during the first half of 2022. (As of December 31, 2020, the value of projects in progress amounted to JD 1,082,154 and the remaining cost of completion to complete the implementation of these projects is estimated to be amounted to JD 9,591,507 and is expected to be completed and to be ready for use by the Group during the first half of 2022).
- e. The Group had unutilized overdraft limits at the date of the condensed consolidated interim statement of financial position amounted to JD 4,036,787 (As 31 December 2019, the unutilized overdraft ceiling was JD 8,263,138).
- f. There are several lawsuits filed against Tarakya Company for the Manufacture and Trade of Meat and Dairy Products (subsidiary Company) equivalent to JD 152,443. In the opinion of the Company's legal advisor and its management, no obligations will arise from these lawsuits.
- g. 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 84,278.



### 13. Balances and Transactions with Related Parties

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

|   | Relationship<br>Status | September 30, 2021<br>(Reviewed) |                | December 31, 2020<br>(Audited) |               |
|---|------------------------|----------------------------------|----------------|--------------------------------|---------------|
|   |                        | Receivables                      | Payables       | Receivables                    | Payables      |
| <u>Condensed Consolidated Interim<br/>Statement of Financial Position</u> |                        | JD                               | JD             | JD                             | JD            |
| Unipal General Trading Company  | Sister company         | 582,249                          | -              | 388,931                        | -             |
| Arab Shopping Centers Company   | Sister company         | -                                | -              | 23,932                         | -             |
| Medical Supplies and Services Company                                     | Sister company         | 219                              | -              | -                              | 1,063         |
| Palestinian Automobile Company  | Sister company         | -                                | 143            | -                              | 220           |
| Employees receivables   | Company's employees    | 71,775                           | -              | 108,015                        | -             |
| Sky Advertising, Publication and Promotion Company                        | Sister Company         | -                                | 39,084         | -                              | 20,826        |
| Arab Palestinian Investment Company                                       | Holding Company        | -                                | 122,292        | 7,669                          | -             |
| Arab Financial Leasing Company  | Sister Company         | -                                | 12,805         | -                              | 6,547         |
| Total   |                        | <u>654,243</u>                   | <u>174,324</u> | <u>528,547</u>                 | <u>28,656</u> |

### Condensed Consolidated Interim Statement of profit or loss

|   | Relationship<br>Status | For the Nine Months Ended September 30 |             |                 |             |
|---|------------------------|--|-------------|-----------------|-------------|
|   |                        | 2021 (Reviewed)                        |             | 2020 (Reviewed) |             |
|   |                        | Purchases<br>JD                        | Sales<br>JD | Purchases<br>JD | Sales<br>JD |
| Unipal General Trading Company                      | Sister Company         | -                                      | 4,642,591   | -               | 3,616,552   |
| Arab Palestinian Shopping Centers Company           | Sister Company         | -                                      | -           | 15,040          | 177,935     |
| Sky Advertising, Publication, and Promotion Company | Sister Company         | 174,364                                | -           | 286,763         | -           |
| Medical Supplies and Services Company               | Sister Company         | -                                      | -           | 12,822          | -           |
| Arab Palestinian Investment Company                 | Holding company        | 120,601                                | -           | 120,601         | -           |
| Arab Financial Leasing Company                      | Sister Company         | 50,544                                 | -           | 44,624          | -           |

b. The salaries of executive management amounted to JD 865,428 for the nine-months ended September 30, 2021 (JD 653,929 as of September 30, 2020).

### 14. Non-controlling interests

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

## 15. Geographical Distribution Analysis

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

|   | Inside the Kingdom                    |                    |                     | Total                            |                                |
|---|---------------------------------------|--------------------|---------------------|----------------------------------|--------------------------------|
|   |                                       |                    |                     | For the Nine Months              |                                |
|   |                                       |                    |                     | Ended September 30,              |                                |
|   | Inside the Kingdom<br>Excluding Aqaba | Aqaba Branch       | Outside the Kingdom | 2021<br>(Reviewed)               | 2020<br>(Reviewed)             |
|   | JD                                    | JD                 | JD                  | JD                               | JD                             |
| Net sales   | 22,905,340                            | 740,950            | 57,140,720          | 80,787,010                       | 52,288,659                     |
| Cost of sales   | (14,555,507)                          | (544,413)          | (39,318,066)        | (54,417,986)                     | (32,914,906)                   |
| Gross Profit  | 8,349,833                             | 196,537            | 17,822,654          | 26,369,024                       | 19,373,753                     |
| Selling and distribution expenses                       | (3,376,266)                           | (167,850)          | (5,650,245)         | (9,194,361)                      | (7,576,214)                    |
| General and administrative expenses                     | (2,366,212)                           | (14,981)           | (4,683,466)         | (7,064,659)                      | (4,746,253)                    |
| Provision for end of service indemnity                  | -                                     | -                  | (504,026)           | (504,026)                        | (369,907)                      |
| Amortization of right of use                            | (52,448)                              | -                  | (258,062)           | (310,510)                        | (115,695)                      |
| Provision for expected credit losses                    | (115,850)                             | -                  | 2,298               | (113,552)                        | (159,577)                      |
| Provision for slow-moving inventory                     | (63,900)                              | -                  | (20,265)            | (84,165)                         | (122,316)                      |
| Reversal (provision) for lawsuits and other commitments | -                                     | -                  | 6,605               | 6,605                            | (109,820)                      |
| Income from operations                                  | 2,375,157                             | 13,706             | 6,715,493           | 9,104,356                        | 6,173,971                      |
| Financing expenses                                      | (205,835)                             | -                  | (1,778,120)         | (1,983,955)                      | (751,881)                      |
| Other revenue – net                                     | 19,802                                | -                  | 263,387             | 283,189                          | 85,730                         |
| Profit for the Period before Income Tax                 | 2,189,124                             | 13,706             | 5,200,760           | 7,403,590                        | 5,507,820                      |
| Income tax expenses for the period                      | (318,247)                             | -                  | (695,345)           | (1,013,592)                      | (451,712)                      |
| Profit for the Period                                   | 1,870,877                             | 13,706             | 4,505,415           | 6,389,998                        | 5,056,108                      |
|   |                                       |                    |                     |                                  |                                |
|   |                                       | Inside the Kingdom | Outside the Kingdom | September 30, 2021<br>(Reviewed) | December 31, 2020<br>(Audited) |
|   |                                       | JD                 | JD                  | JD                               | JD                             |
| Total Assets  |                                       | 75,289,559         | 31,792,744          | 107,082,303                      | 68,574,932                     |
| Total Liabilities                                       |                                       | 38,459,163         | 25,074,974          | 63,534,137                       | 27,611,037                     |

## 16. 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.

## 17. Coronavirus Effect (Covid-19)

The spread of the corona virus (Covid-19) in the beginning of 2020 and it is spread in lots of geographical places around the world led to disturbances to the economic activities and business, also that this action is going through some continuously and accelerating developments which demanded the Group management to evaluate the expected effects on the Group's activities.

The Group made an study of the impact of the Corona Virus (Covid-19) pandemic, which led to changes in the expected credit loss methodology and assessment estimates and judgments for the year ended December 31, 2020, noting that there were no changes to the policies, estimates and judgments during the period ended September 30, 2021. The Group's management continued to follow up with collection department for customers who's receivables are due for the purposes of collecting them in all possible ways.

18. Approval of interim condensed financial information

These condensed consolidated interim financial information were approved by the Board of Directors and authorized for issue on October 28, 2021.

19. Dividend

The General Assembly approved in their ordinary meeting held on April 21, 2021 to distribute cash dividends by 15% of the Company paid in capital which is equivalent to JD 4,050,000 and the general assembly approved to increase the Company paid up capital from JD 27 million to JD 28 million i.e. 1 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.

The General Assembly approved in their ordinary meeting held on June 3, 2020 to distribute cash dividends by 10% of the Company paid in capital which is equivalent to JD 2,500,000 and the general assembly approved to increase the Company paid up capital from JD 25 million to JD 27 million i.e. 2 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.