هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٨ آذار ٢٠١٨
الرقم المتسلسل ......
الجهة المختصة ......

نموذج رقم (1-2) Form No. (1-2)	
للإيضاح	
Ref: 482/2018 Date: 27.03.2018	الإشارة: 2018/482 التاريخ: 2018/03/27
To: Jordan Securities Commission Amman Stock Exchange	* بورصة عمان * السيد صالح السيد عمر السيدة روان السيد عبدالله السادة هيئة الاوراق المالية السادة بورصة عمان
<u>**Subject: Audited Financial Statements for the fiscal year ended 31/12/2017**</u>	<u>**الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2017/12/31**</u>
Attached the Audited Financial Statements of (Siniora food industries P.L.C) in English version for the fiscal year ended 31/12/2017	مرفق طيه نسخة من البيانات المالية المدققة لشركة سنيورة للصناعات الغذائية م.ع.م باللغة الانجليزية عن السنة المالية المنتهية في 2017/12/31
Kindly accept our highly appreciation and respect,, **Siniora food industries P.L.C signature/ Secretary of the Board of Director's** **CFO** **Hatem Al- Afifi**	**وتفضلوا بقبول فائق الاحترام،،،** **شركة سنيورة للصناعات الغذائية م.ع.م** **التوقيع / امين سر مجلس الادارة** **رئيس الدائرة المالية** **حاتم العفيفي**

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

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

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Deloitte.

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Independent Auditor's Report

AM/ 30334

To the Shareholders of
Siniora Food Industries Company
(A Public Shareholding Limited Company)
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Siniora Food Industries Company (A Public Shareholding Limited Company) and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of income and other comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for Accounts Receivable

The provision for accounts receivable is a key audit matter. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of net accounts receivable amounted to JD 9,217,578, representing approximately 15% of the assets amount as of December 31, 2017.

The nature and characteristics of accounts receivable are varied. They include export, local receivables and other receivables. This requires making assumptions and using estimates to take the provision for the impairment in those receivables.

Scope of Audit to Address Risks

The followed audit procedures included understanding accounts receivable, As such, we have performed an understanding for the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, and discussed those factors with the Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to payment and guarantees. In addition, we discussed with management some receivables with regard to the customer's expected cash flows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables and related disclosure.

Evaluation Impairment of Intangible assets

The Company has made a number of acquisitions of companies and trademarks during previous periods, which has resulted in the recognition of a goodwill with the amount of JD 4,704,010 in addition to a trademark with the amount of JD 1,611,147. These intangible assets represent approximately 10% of the assets amount as of December 31, 2017.

Impairment of intangible assets is an important part of an audit, as it requires management to use assumptions and estimates to assess whether the continuing benefits provided by the intangible assets are greater than their present value or whether there is an indication of impairment.

Scope of Audit to Address Risks

Audit procedures in the valuation of intangible assets includes the review of the management's calculations to assess whether it meets the requirements of IAS 36 "Impairment of assets" and that the management's assumptions and estimates are reasonable.

Other Matters

The accompanying consolidated financial statements are a translation of the statutory financial statements which are in the Arabic Language to which references should be made.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Deloitte & Touche (M.E.) - Jordan
Amman - Jordan
March 12, 2018

ديلويت آند توش (الشرق الاوسط)
010101
Deloitte & Touche (M.E.)

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

	Note	December 31, 2017	December 31, 2016
ASSETS		JD	JD
Current Assets:			
Cash on hand and at banks	3	4,510,125	1,622,833
Cheques under collection	4	456,603	524,804
Accounts receivable - net	5	9,217,578	9,859,737
Inventory – net	6	7,588,805	8,141,116
Due from related parties	7	1,050,210	2,170,144
Loans for a sister company	8	509,339	460,868
Other debit balances	9	1,809,188	1,978,916
Total Current Assets		25,141,848	24,758,418
Non-Current Assets:			
Investment in a non-consolidated subsidiary Company	10	1	1
Deferred tax assets	26/d	190,781	154,396
Intangible assets - net	11	6,411,737	6,382,099
Property and equipment - net	12	29,727,841	27,957,224
Total Non-Current Assets		36,330,360	34,493,720
TOTAL ASSETS		61,472,208	59,252,138
LIABILITIES			
Current Liabilities:			
Notes payable	13	352,365	360,675
Accounts payable		4,938,960	4,825,875
Due to related parties	14	685,223	740,780
Loans from a sister company	15	374,173	374,173
Deposits and accrued expenses	16	3,280,762	2,738,295
Long-term loans – current portion	17	3,929,200	3,644,800
Income tax provision	26/a	447,489	324,346
Total Current Liabilities		14,008,172	13,008,944
Non-Current Liabilities :			
Long-term loans	17	10,623,200	13,132,800
Provision for employees end-of-service indemnity	18	1,896,091	1,560,780
Total Non-Current liabilities		12,519,291	14,693,580
Total liabilities		26,527,463	27,702,524
OWNERS' EQUITY			
Paid-up capital	19/a	22,000,000	18,000,000
Statutory reserve	19/b	3,708,277	3,201,725
Retained earnings	19/c	7,951,692	8,957,685
Total shareholders' equity		33,659,969	30,159,410
Non-controlling interest	20	1,284,776	1,390,204
Total Owners' Equity		34,944,745	31,549,614
TOTAL LIABILITIES AND OWNERS' EQUITY		61,472,208	59,252,138

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

SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF INCOME
AND COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2017	2016
		JD	JD
Net Sales		55,815,790	47,854,837
Cost of Sales	21	(35,618,916)	(30,646,853)
Gross Profit		20,196,874	17,207,984
Less: Selling and distribution expenses	22	(8,605,424)	(8,455,801)
General and administrative expenses	23	(4,881,979)	(4,755,956)
Financing expenses	24	(805,355)	(795,663)
Provision for end-of-service indemnity	18	(327,147)	(310,096)
Provision for doubtful debts	5/b	(236,142)	(720,492)
Provision for slow-moving inventory	6/b	(146,948)	(53,732)
Provision for lawsuits and other commitments	16	(459,387)	394,080
Other revenue - Net	25	331,030	171,040
Net Profit for the Year before Income Tax		5,065,522	2,681,364
Less: Income tax expense	26/b	(377,899)	(320,066)
Profit for the Year		4,687,623	2,361,298
Attributable to:			
Company's shareholder's		4,580,559	2,191,835
Non-Controlling interests		107,064	169,463
		4,687,623	2,361,298
Earnings Per Share for the Year (Company's Shareholder)	27	0,21	0,10

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

SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Note	Paid-up Capital	Statutory Reserve	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Owners' Equity
For the Year Ended December 31, 2017		JD	JD	JD	JD	JD	JD
Balance - beginning of the year		18,000,000	3,201,725	8,957,685	30,159,410	1,390,204	31,549,614
Profit for the year		-	-	4,580,559	4,580,559	107,064	4,687,623
Total Comprehensive Income		-	-	4,580,559	4,580,559	107,064	4,687,623
Increase in paid-up capital	19/a	4,000,000	-	(4,000,000)	-	-	-
Transferred to statutory reserve	19/b	-	506,552	(506,552)	-	-	-
Cash dividends	19/c	-	-	(1,080,000)	(1,080,000)	-	(1,080,000)
Non-controlling interest	20	-	-	-	-	(212,492)	(212,492)
Balance - End of the Year		22,000,000	3,708,277	7,951,692	33,659,969	1,284,776	34,944,745
For the Year Ended December 31, 2016							
Balance - beginning of the year		15,000,000	2,933,589	10,783,986	28,717,575	-	28,717,575
Profit for the year		-	-	2,191,835	2,191,835	169,463	2,361,298
Total Comprehensive Income		-	-	2,191,835	2,191,835	169,463	2,361,298
Increase in paid-up capital	19/a	3,000,000	-	(3,000,000)	-	-	-
Transferred to statutory reserve	19/b	-	268,136	(268,136)	-	-	-
Cash dividends	19/c	-	-	(750,000)	(750,000)	-	(750,000)
Non-controlling interest	20	-	-	-	-	1,220,741	1,220,741
Balance - End of the Year		18,000,000	3,201,725	8,957,685	30,159,410	1,390,204	31,549,614

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

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

	Note	For the Year Ended December 31, 2017	2016
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year before tax		5,065,522	2,681,364
Adjustments:			
Depreciation of property and equipment	12	2,930,930	2,680,437
Amortization of intangible assets	11	32,551	43,424
Provision for doubtful debts	5/b	236,142	720,492
Provision for end-of-service indemnity	18	327,147	310,096
Provision for slow-moving inventory	6/b	146,948	53,732
provision for lawsuits and other commitments	16	459,387	(394,080)
(Gain) from the sale of property and equipment	25	(38,469)	(9,822)
Foreign currency differences		123,035	-
Net Cash Flows From Operating Activities before Change in Working Capital		9,283,193	6,085,643
Decrease in cheques under collection		68,201	632,315
Decrease (Increase) in accounts receivable		398,154	(2,752,575)
Decrease (Increase) in due from related parties		1,119,934	(987,895)
Decrease in inventory		405,363	15,142
Decrease (Increase) in other debit balances		169,728	(471,330)
Increase in accounts payable		113,085	977,913
(Decrease) Increase in notes payable		(8,310)	95,327
(Decrease) Increase in due to related parties		(55,557)	626,413
Increase in deposits and accrued expenses		83,080	973,344
Net Cash Flows from Operating Activities before Income Tax and Employees End-of-Service Indemnity Paid		11,576,871	5,194,297
Income tax paid	26	(291,141)	(475,774)
Provision for end-of-service indemnity paid	18	(107,008)	(66,861)
Net Cash Flows from Operating Activities		11,178,722	4,651,662
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Acquisition) of subsidiary company	11/a	-	(8,649,702)
(Acquisition) of property and equipment	12	(4,791,355)	(3,350,854)
Proceeds from the sale of property and equipment		128,277	33,510
(Acquisition) of intangible assets	11/c	(62,189)	(53,145)
Loans for sister companies		(48,471)	(6,498)
Net Cash Flows (used in) Investing Activities		(4,773,738)	(12,026,689)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends Paid	19/C	(1,080,000)	(750,000)
Change In Non-Controlling Interest		(212,492)	(1,220,741)
Borrowed Loans During The Year	17	1,420,000	6,369,000
Loans Payments During	17	(3,645,200)	(1,939,034)
Foreign Exchange Rate		-	(7,239)
Net Cash Flows from Financing Activities		(3,517,692)	2,451,986
Net Increase (Decrease) Increase in Cash		2,887,292	(4,923,041)
Add: Cash on hand and at banks - beginning of the year		1,622,833	6,216,172
Cash on hand and at banks from the acquisition of a subsidiary		-	329,702
Cash on Hand and at Banks - End of the Year	3	4,510,125	1,622,833

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

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 19, 2017 whereby the General Assembly decided to approve the increase of the Company's capital by JD 4,000,000 to become JD 22,000,000, The Company has completed the legal procedures related to the capital increase with the regulatory authorities on June 5, 2017.

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 was registered under Number 07/6315110301 to practice industrial activity on the king Abdullah II Development Zone / Sahab.

d. The Company is 61.2% 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 in them.

f. The accompanying consolidated financial statements were approved by the Board of Directors on March 6, 2018.

Basis of Consolidation

- The consolidated 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 December 31, 2017 and 2016 the Company owns the following subsidiary companies:

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

The following most significant financial information for the subsidiary companies for the years 2017 and 2016:

Name of Company	December 31, 2017		For the year 2017	
	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Siniora Food Industries Company-Palestine	13,857,299	4,390,183	16,598,518	13,877,642
Siniora Food Industries Company-Algeria *	173,314	1,294,549	-	-
Siniora Food Holding Limited **	17,515,091	15,927,088	18,127,890	17,882,413

Name of Company	December 31, 2016		For the year 2016	
	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Siniora Food Industries Company-Palestine	12,247,967	5,501,726	14,554,581	12,317,708
Siniora Food Industries Company-Algeria *	173,314	1,294,549	-	-
Siniora Food Holding Limited **	16,485,048	14,930,030	14,166,015	14,160,923

- As of December 31, 2017 and 2016 Siniora 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 Siniora 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
Siniora Gulf General Trading Company	AED 1,000,000	100%	Trading	United Arab Emirates	August 6, 2014

* The Board of Directors resolved in their meeting held on September 5, 2012 to liquidate Siniora Food Industries Company - Algeria, accordingly, the financial statements of the Company were not consolidated within the consolidated financial statements.

** On February 25, 2016, the Company has established Siniora 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 their meeting held on December 29, 2016 to unify the subordination of the subsidiary companies in United Arab Emirates and Saudi Arabia to Siniora Food Holding Limited, accordingly, the Company transferred the ownership of Diamond Meat Processing Company, Siniora Gulf for General Trading Company and Saudi Siniora Trading Company to Siniora 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.

2. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and prevailing local laws.

- The consolidated financial statements of the Company are presented in Jordanian Dinar, which is also its functional currency.

- The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the year ended December 31, 2016 except for the effect of adopting the new and modified standards stated in Note (32-a), The following are the most significant accounting policies adopted by the Company:

a. Inventory

- Finished goods and work in process are stated at cost (using the first – in, first - out method) or net realizable value, whichever is lower, net of provision for expired and slow-moving items, Cost includes raw materials cost, direct labor and other manufacturing overheads.

- Consumables and packaging materials are stated at the lower of cost (using the first-in, first-out method) or net realizable value.

- Spare parts are valued at cost (using the first-in, first-out method) or net realizable value, whichever is lower. Spare parts are recognized in the consolidated statement of income when used.

b. Intangible Assets

1. Goodwill

- Goodwill is booked at cost, and represents the excess amount paid to acquire or purchase on investment in a subsidiary over the Company's share of the fair value of the net assets of the subsidiary at the acquisition date, Goodwill resulting from the investment in a subsidiary is booked as a separate item within intangible assets, and reduced subsequently for any impairment loss.

- Goodwill is distributed among cash generating unit(s) for the purpose of impairment test.

- The value of goodwill is reviewed on the date of the consolidated financial statements, Goodwill value is reduced when there is evidence that it is impaired or the recoverable value of the cash generating unit(s) is less than the book value of the cash generating unit(s), The decline in value is booked as an impairment loss and charged to the consolidated statement of income.

2. Other Intangible Assets (Trademarks)
- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

- Intangible assets are to be classified on the basis of either definite or indefinite useful life, Intangible assets with definite useful lives are amortized over their useful lives and charged to the consolidated statement of income, Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is charged to the consolidated statement of income.

- No capitalization of intangible assets resulting from the Company's operations is made, they are charged to the consolidated statement of income in the year incurred.

- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustments are made in the subsequent periods.

c. <u>Property and Equipment</u>
- Property and equipment are stated at cost and depreciated (except for land), using the straight-line method at annual rates ranging from 2% to 25%.

- When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is taken to the consolidated statement of income.

- Property and equipment's useful lives are reviewed at the end of each year and if the expected useful life differs from the previous estimate, the difference is recorded in subsequent years as a change in accounting estimates.

- Property and equipment are disposed of when there are no expected future benefits from its use or its disposal.

d. <u>Investment in a non-consolidated Subsidiary Company</u>
The investment in a non-consolidated subsidiary companies under liquidation is stated at net realizable value (fair value).

e. <u>Foreign Currencies Translation</u>
Assets and liabilities denominated in foreign currencies are translated at year end to Jordanian Dinar at the average exchange rates prevailing at year-end, Transactions in foreign currencies are translated to Jordanian Dinar using the prevailing rates at the date of the transaction, while exchange differences making profit or loss are taken to the consolidated statement of income.

f. Sales Revenues

Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

g. Accounts Receivable

Accounts receivable are stated at net realizable value after booking a provision for doubtful debts. The provision is taken in the consolidated statement of income according to management estimates of the recoverable amounts from these receivables. The provision is taken to the consolidated income statement for the year.

h. Interest Revenue and Expenses

Interest revenue and expense are taken to the consolidated statement of income using the accrual basis.

i. Provision for End-of-Service Indemnity

- Provision for contractual and legal commitments relating to employees' end-of-service is booked on the date of the consolidated statement of financial position according to the Company's internal regulations.
- End-of-service indemnity paid to terminated employees is charged to the end-of-service indemnity provision, Moreover, a provision booked for the end-of-service indemnity liability is recorded in the consolidated statement of income.

j. Vacations Provision

A provision is booked against accrued employees' vacations as of the date of the consolidated financial statements, Moreover, the provision booked is taken to the consolidated statement of income.

k. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income, Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations and instructions of the countries where the Company operates.
- Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated, Moreover, deferred taxes are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets.

- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case no benefit is expected to arise therefrom, partially or totally.

l. Provisions

Provisions are recognized when the Company has an obligation on the date of the consolidated financial statements arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

m. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

n. 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.

We believe that the estimates adopted in the consolidated financial statements are reasonable and detailed as follows:

- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs).

- The fiscal year is charged with its portion of income tax expense in accordance with the regulations, laws, and International Financial Reporting Standards, Moreover, deferred tax assets and liabilities and the income tax provision are booked.

- Management periodically reassesses the economic useful lives of tangible assets and intangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and the assessment of their useful economic lives expected in the future, Impairment loss is charged to the consolidated statement of income.

- A provision is taken for lawsuits raised against the Company. This provision is subject to an adequate legal study prepared by the Company's legal advisor, Moreover, the study highlights potential risks that the Company may encounter in the future. Such legal assessments are reviewed periodically.

- Provisions are recorded when there are liabilities on the Company as of the consolidated statement of financial position date due to past events, payment of the liabilities is probable, and the liabilities can be measured reliably.

3. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Cash on hand	22,161	50,837
Current accounts at banks	4,284,226	1,557,588
Time deposits *	203,738	14,408
	4,510,125	1,622,833

* Time deposits are held on monthly basis with a rate of 1% annually.

4. Cheques under Collection

Cheques under collection due date extends to April 30, 2018.

5. Accounts Receivable - Net

a. This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Trade receivables	10,641,505	11,104,027
Less: Provision for doubtful debts	(1,423,927)	(1,244,290)
	9,217,578	9,859,737

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 JD1,423,927 as of December 31, 2017 (JD 1,244,290 as of December 31, 2016).

The ageing of these receivables is as follows:

	December 31,	
	2017	2016
	JD	JD
Less than 90 days	7,395,743	8,828,152
90 days – 180 days	1,596,513	666,708
181 days - 270 days	302,415	206,343
271 days - 365 days	94,646	179,333
More than 365 days	1,252,188	1,223,491
	10,641,505	11,104,027

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

	2017	2016
	JD	JD
Balance – beginning of the year	1,244,290	535,301
Add: Provision booked during the year	236,142	720,492
Foreign currencies translation	7,863	1,053
Effect of the acquisition of a subsidiary	-	3,865
Less: Written-off debts during the year	(64,368)	(16,421)
Balance – End of the Year	1,423,927	1,244,290

6. Inventory - Net

a. This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Raw materials	4,655,274	4,979,930
Finished products	2,432,456	2,674,509
Detergents and uniforms	14,484	13,842
Spare parts	1,170,308	1,068,803
	8,272,522	8,737,084
Less: Provision for slow-moving items	(816,936)	(684,168)
	7,455,586	8,052,916
Goods in transit	133,219	88,200
	7,588,805	8,141,116

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

	2017	2016
	JD	JD
Balance - beginning of the year	684,168	616,776
Add: Provision booked during the year	146,948	53,732
Effect of the acquisition of a subsidiary	-	25,965
Less : Written-off inventory	(14,180)	(12,305)
Balance - End of the Year	816,936	684,168

7. Due from Related Parties

a. This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Siniora Food Industries Company (Algeria) - Subsidiary Company	1,294,549	1,294,549
Unipal General Trading Company – Sister Company	743,315	1,870,192
Arab Shopping Centers Company – Sister Company	13,506	41,431
Medical Supplies and Services Company	114	3,470
Employees receivables	119,961	81,737
	2,171,445	3,291,379
Less: Provision for doubtful debts *	(1,121,235)	(1,121,235)
	1,050,210	2,170,144

The above balances represent trade receivables with no interest bearing and have no repayment schedule.

* This item represents the provision booked as of December 31, 2017 and 2016 against the balance due from Siniora Food Industries Company – Algeria (a subsidiary company) in which the management believes it is uncollectable as the Company is under liquidation.

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

	2017	2016
	JD	JD
Balance – beginning of the year	1,121,235	1,282,676
Less : Written-off debts during the year	-	(161,441)
Balance – End of the Year	1,121,235	1,121,235

8. Loans for a Sister Company

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Medical Services and Supplies Company *	509,339	460,868
	509,339	460,868

* Siniora Food Industries Company - Palestine (a subsidiary company) during 2009 and 2011 has entered into two loan agreements with the Medical Services and Supplies Company (MSS) (a sister company) for amounts equivalent to JD 509,339 as of December 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, and the difference between the debit and credit balances of the exchanged loans represents currency differences, (Note 15).

9. Other Debit Balances

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Advances to suppliers	683,702	870,535
Prepayments - Insurance	516,391	462,476
Refundable deposits	343,526	314,214
Prepayments - Maintenance	47,612	36,160
Prepayments - Rent	42,035	87,848
Prepayments - Bank commissions	16,662	16,491
Prepayments - Media and advertising	11,306	11,483
Prepayments - Licenses and fees	1,261	1,210
Other	146,693	178,499
	1,809,188	1,978,916

10. Investment in a Non-Consolidated Subsidiary Company

This item represents the investment in Siniora Food Industries Company - Algeria, the financial statements of this Company were not consolidated for the years ended on December 31, 2017 and 2016 as the Company is under liquidation, And the Board of Directors resolved in their meeting held on September 5, 2012 to liquidate the Company, Accordingly, the Company has booked a full impairment provision against the investment value.

11. Intangible Assets – Net

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Goodwill (a)	4,704,010	4,704,010
Trademarks (b)	1,611,147	1,611,147
Software and programs (c)	96,580	66,942
	6,411,737	6,382,099

a - The movement on the goodwill was as follow:

	For the year ended December 31,	
	2017	2016
	JD	JD
Balance - beginning of the year	4,704,010	311,530
Additions during the year	-	4,392,480
Balance - Ending of the Year	4,704,010	4,704,010

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 as described in Note (2) to the consolidated financial statements, During the year ended December 31, 2016 the company acquired 70 % of the shares of Diamond Meat Processing Company, which has resulted in Goodwill amounted to JD 4,392,480, the following are the important information relating to the acquisition (at the date of acquisition):

	JD
Total Assets	6,915,197
Total Liabilities	(833,451)
Net assets	6,081,746
The Company's share in net assets	4,257,222
Amount paid for the acquisition	8,649,702
Goodwill	4,392,480

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.

c- The movement on the software and programs during the year was as follows:

	For the year ended December 31,	
	2017	2016
	JD	JD
Balance – beginning of the year	66,942	57,221
Additions	62,189	53,145
Amortization for the year	(32,551)	(43,424)
Balance – End of the Year	96,580	66,942
Annual amortization rate %	20 - 25	20 - 25

12 - Property and Equipment

This item consists of the following:

For the year ended December 31, 2017	Factory Land	Buildings and Constructions	Furniture and Fixtures	Vehicles	Machinery and Equipment	Tools and Equipment	Payments to Purchase Property and Equipment	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance - Beginning of the year	1,216,002	17,168,193	2,238,988	2,971,987	23,446,547	782,609	271,713	48,096,039
Additions	2,385,816	315,314	217,500	416,187	1,019,620	25,540	411,378	4,791,355
Disposals	-	-	(71,822)	(186,208)	(479,625)	-	-	(737,655)
Transfers	-	160,502	28,962	134,944	31,626	-	(356,034)	-
Balance - Ending of the Year	3,601,818	17,644,009	2,413,628	3,336,910	24,018,168	808,149	327,057	52,149,739
Accumulated Depreciation:								
Balance - Beginning of the year	-	4,492,333	1,310,419	1,611,986	12,126,100	597,977	-	20,138,815
Additions	-	697,480	369,719	356,149	1,469,104	38,478	-	2,930,930
Disposals	-	-	(71,217)	(167,105)	(409,525)	-	-	(647,847)
Balance - Ending of the Year	-	5,189,813	1,608,921	1,801,030	13,185,679	636,455	-	22,421,898
Net Book Value as of December 31, 2017	3,601,818	12,454,196	804,707	1,535,880	10,832,489	171,694	327,057	29,727,841
For the year ended December 31, 2016								
Cost:								
Balance - Beginning of the year	1,216,002	11,475,697	1,301,656	2,048,190	16,067,395	726,988	7,666,440	40,502,368
Additions	-	236,771	131,163	258,708	391,457	49,497	2,283,258	3,350,854
Disposals	-	(7,917)	(21,949)	(18,994)	(88,959)	(508)	-	(138,327)
Transfers	-	4,368,082	694,329	397,949	4,210,629	6,632	(9,677,985)	-
Effect of the acquisition of a subsidiary	-	1,095,560	133,789	266,134	2,865,661	-	-	4,381,144
Balance - Ending of the Year	1,216,002	17,168,193	2,238,988	2,971,987	23,446,547	782,609	271,713	48,096,039
Accumulated Depreciation:								
Balance - Beginning of the year	-	4,054,597	836,083	1,091,440	9,681,687	545,778	-	16,209,585
Additions	-	546,786	242,784	299,024	1,539,136	52,707	-	2,680,437
Disposals	-	(7,917)	(21,487)	(17,636)	(67,091)	(508)	-	(114,639)
Transfers	-	(158,469)	158,469	-	-	-	-	-
Effect of the acquisition of a subsidiary	-	57,336	94,570	239,158	972,368	-	-	1,363,432
Balance - Ending of the Year	-	4,492,333	1,310,419	1,611,986	12,126,100	597,977	-	20,138,815
Net Book Value as of December 31, 2016	1,216,002	12,675,860	928,569	1,360,001	11,320,447	184,632	271,713	27,957,224
Annual Depreciation Rates %	-	2 - 20	10 - 25	10 - 20	7 - 25	10 - 20	-	

- Fully depreciated assets amounted to JD 7,400,701 as of December 31, 2017 (JD 7,004,008 as of December 31, 2016)

13. Notes Payable

The maturity of notes payable extends to May 10, 2018.

14. Due to Related Parties

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
SKY Advertising, Publication and Promotion Company - Sister Company	43,004	92,790
Arab Palestinian Investment Company - Holding Company	24,462	39,770
Arab financial leasing Company - Sister Company	13,162	3,976
Palestinian Automobile Company - Sister Company	812	461
Partner in Diamond Meat Processing Company - Subsidiary	603,783	603,783
	685,223	740,780

- The above balances represent trade payables which bear no interest and have no repayment schedules.

15. Loans from a Sister Company

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Medical Supplies and Services Company (Note 8)	374,173	374,173
	374,173	374,173

16. Deposits and Accrued Expenses

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Remunerations and accrued salaries	1,017,160	975,852
Provision for lawsuits and other commitments *	459,387	-
Accrued insurance expenses	313,247	273,680
Accrued customer's sales commissions	225,908	249,356
Media and advertising	231,314	415,702
Provision for paid leaves	174,562	141,970
Income tax deposits	135,026	101,402
Professional fees	134,773	114,750
Advanced payment from customers	121,641	137,644
Accrued utilities and phone expenses	101,011	90,594
Social security deposits	54,642	45,455
Board of directors' remuneration	25,000	25,000
Accrued bank interests and commissions	5,867	29,556
Other credit balances	281,242	137,334
	3,280,762	2,738,295

* This item includes the provision booked by the Company to meet contingent liabilities that may arise, the movement on this provision during the year was as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	-	394,080
Add: Provision during the year	409,387	-
Less: Released from provision	-	(394,080)
Balance – End of the Year	409,387	-

17. Loans

This item consists of the following:

	December 31,			
	2017		2016	
	Short-Term Loans	Long-Term Loans	Short-Term Loans	Long-Term Loans
	JD	JD	JD	JD
Jordan Ahli bank (a)	525,400	1,050,800	525,000	1,576,600
Arab Bank (b) – First Loan	1,846,000	4,615,000	1,846,000	6,461,000
Arab Bank (c) – Second Loan	1,273,800	3,821,400	1,273,800	5,095,200
Bank of Palestine limited (d)	284,000	1,136,000	-	-
	3,929,200	10,623,200	3,644,800	13,132,800

a. Siniora 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. 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 is due on September 4, 2016.

c. Siniora 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 Siniora 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. Siniora 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 Siniora Food Industries Company – Jordan. The loan is to be repaid in 20 quarterly installments, the fist is due on March 4, 2018.

The movements on loans was as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	16,777,600	12,354,873
Add :Borrowed funds during the year	1,420,000	6,369,000
Less: Paid during the year	(3,645,200)	(1,939,034)
Foreign currency translation	-	(7,239)
Balance – End of the Year	14,552,400	16,777,600

18. Provision for Employees End-of-Service Indemnity

The provision balance relates to Sinlora Food Industries Company - Palestine and Sinlora Food Holding Limited Company (subsidiary companies), the movement on this provision is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	1,560,780	1,040,723
Add :Additions during the year	327,147	310,096
Effect of the acquisition of a subsidiary	-	276,822
Less: Paid from the provision	(107,008)	(66,861)
Foreign currency translation	115,172	-
Balance - End of the Year	1,896,091	1,560,780

19. Paid-up Capital and Reserves

a. Paid-up Capital

The Shareholders Generals Assembly agreed on its ordinary meeting dated in April 19, 2017 on the increase of Paid Up Capital from JD 18 million to JD 22 million by transferring JD 4 million from retained earnings to Paid Up Capital and distribute it as free dividends, The Company has completed the legal procedures related to the capital increase with the regulatory authorities on June 5, 2017.

The Shareholders Generals Assembly agreed on its ordinary meeting dated in April 13, 2016 on the increase of Paid Up Capital from JD 15 million to JD 18 million by transferring JD3 million from retained earnings to Paid Up Capital and distribute it as free dividends, The Company has completed the legal procedures related to the capital increase with the regulatory authorities on May 29, 2016.

b. Statutory Reserve

This item represents accumulated amounts transferred from the annual net income before tax at a rate of 10% during the year and prior years in Jordan according to the Jordanian Companies Law. The statutory reserve is deducted from the Company and subsidiary companies separately. This reserve cannot be distributed to shareholders.

c. Retained Earnings

Shareholders Generals Assembly agreed on its ordinary meeting dated in April 19, 2017 to distribute cash dividends amounted JD 1,080,000. Equivalent to 6% of Paid up Capital, (shareholders General Assembly agreed on its ordinary meeting dated April 13, 2016 to distribute JD 750,000).

Retained earnings include an amount of JD 190,781 that is restricted against deferred tax assets as of December 31, 2017, which cannot be utilized through capitalization or distribution unless actually realized, (JD 154,396 as of December 31, 2016).

20. Non-controlling Interest

This item represents the other partner's share as of December 31, 2017, which represent 30% from the net of owner's equity from Diamond Meat Processing Company (Subsidiary Company).

21. Cost of Sales

This item consists of the following:

	Note	2017	2016
		JD	JD
Finished Goods - beginning of the year	6	2,674,509	1,996,066
Cost of Production *		35,376,863	31,325,296
Cost of Good Available for Sale		38,051,372	33,321,362
Less: Finished Goods - end of the year	6	(2,432,456)	(2,674,509)
Cost of Sales		35,618,916	30,646,853

* Cost of Production represents the following:

	Note	2017	2016
		JD	JD
Raw materials - beginning of the year	6	4,979,930	4,159,629
Purchases of raw materials and finished inventory during the year		25,278,033	23,764,300
Raw materials available for production		30,257,963	27,923,929
Less: Raw materials - end of the year	6	(4,655,274)	(4,979,930)
Raw materials used in production		25,602,689	22,943,999
Salaries, wages and other employee benefits		3,287,486	2,624,631
Social security		165,771	153,978
Transportation		28,349	25,724
Training		12,526	5,107
Health insurance		151,575	145,172
		3,645,707	2,954,612
Indirect Industrial Expenses:			
Depreciation of property and equipment		2,191,522	2,074,077
Utilities		1,405,818	1,213,401
Maintenance		963,498	722,829
Storage and transportation of production supplies		283,643	366,396
Rents		247,439	296,417
Insurance expense		238,578	164,587
Tools, uniform and cleaning		170,987	152,802
Damaged goods		150,403	65,093
Staff meals		70,244	64,460
Laboratory tests		65,483	54,342
Security expenses		50,528	41,766
Research and development		4,850	9,867
Other		285,474	200,648
		6,128,467	5,426,685
Cost of Production		35,376,863	31,325,296

22. Selling and Distribution Expenses

This item consists of the following:

	2017	2016
	JD	JD
Salaries, wages, allowances and benefits	2,177,891	1,854,455
Vehicle expenses	1,568,105	1,272,431
Marketing expenses	1,138,608	1,499,726
Sales commission	981,620	728,634
Promotion and advertisement	882,706	1,583,877
Depreciation of property and equipment	493,421	417,922
Exports and tenders expenses	335,423	296,792
Social security	176,940	138,686
Insurance	159,531	134,401
Rent	108,248	96,515
Travel and accommodation expenses	83,147	85,715
Communications	73,179	56,023
Utilities	20,901	17,553
Stationary	8,295	6,566
Other	397,309	266,505
	8,605,424	8,455,801

23. General and Administrative Expenses

This item consists of the following:

	2017	2016
	JD	JD
Salaries, wages, allowances and benefits	2,591,029	2,458,657
Professional fees	417,995	309,663
Depreciation of property and equipment	245,987	200,324
Insurance	189,639	176,804
Travel, accommodation and transport	175,643	244,817
Utilities	172,747	142,984
APIC expenses *	160,801	160,801
Maintenance	123,922	113,676
Communications	104,358	166,149
Donations	95,643	103,295
Social security	81,984	78,508
Vehicle expenses	45,964	39,029
Memberships, subscriptions and licenses	36,637	84,389
Rent	36,634	57,660
Amortization of intangible assets	31,544	31,537
Printing, stationery and computer accessories	28,242	28,650
Hospitality	15,891	10,066
Other	327,319	348,947
	4,881,979	4,755,956

* This item represents the expenses paid by Siniora Food Industries Company – Palestine (a subsidiary company) to Arab Palestinian Investment Company (the Holding Company) for managerial services rendered by the Holding Company.

24. Financing Expenses

This item consists of the following:

	2017	2016
	JD	JD
Interest expense	654,740	619,574
Bank charges and commissions	150,615	176,089
	805,355	795,663

25. Other Revenue (Expenses) - Net

This item consists of the following:

	2017	2016
	JD	JD
Gain (loss) from foreign currency translations	159,202	48,051
Gain from the sale of property and equipment	38,469	9,822
Board of Directors' remunerations	(25,000)	(25,000)
Other	158,359	138,167
	331,030	171,040

26. Income Tax

a. Income Tax Provision

The movement on the income tax provision is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	324,346	564,490
Income tax paid	(291,141)	(475,774)
Accrued income tax on current year's profit	414,284	235,630
Balance - End of the Year	447,489	324,346

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

	2017	2016
	JD	JD
Income tax expense for the year	414,284	235,630
Deferred tax assets for the year	(40,279)	(27,683)
Amortization of deferred tax assets	3,894	16,974
The effect of the change in rate *	-	95,145
	377,899	320,066

* According to the income tax law for development zones No, (125) for the year 2016 issued on August 10, 2016 under articles No, (11) and (46) of the investment law No, (30) for the year 2014, the income tax rate of the Company in Jordan has been changed to 5% instead of 14% effective January 1, 2016, due to the fact that the Company is registered in King Abdullah II Development Zone / Sahab.

c. Tax Position

- Siniora 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 2016 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, 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 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%.

- Siniora Food Industries Company - Palestine (a subsidiary company) has reached a final settlement up to the end of the year 2016. 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.

d. Deferred tax assets

This item consists of the following:

	For the Year Ended December 31, 2017				December 31, 2017	December 31, 2016
	JD					JD
Included Items	Balance-Beginning of the Year	Released Amounts	Additional Amounts	Balance-End of the Year	Deferred Tax	Deferred Tax
Provision for doubtful debts	720,390	-	198,800	919,190	45,960	36,020
Provision for doubtful debts / Siniora Food Industries Company - Palestine	74,753	-	7,863	82,616	6,195	5,606
Provision for slow-moving inventory	661,976	-	85,200	747,176	37,359	33,099
Provision for end-of-service indemnity – Siniora Food Industries Company - Palestine	1,062,272	(51,914)	339,863	1,350,221	101,267	79,671
	2,519,391	(51,914)	631,726	3,099,203	190,781	154,396

- The movement on the deferred tax assets account is as follows:

	2017	2016
	JD	JD
Balance- beginning of the year	154,396	238,832
Additions during the year	40,279	27,683
Amortization of deferred tax assets	(3,894)	(16,974)
The effect of change in tax rate	-	(95,145)
Balance- End of the Year	190,781	154,396

27. Earnings per Share for the Company's Shareholders.

This item consists of the following:

	2017	2016
	JD	JD
Profit for the year	4,580,559	2,191,835
Weighted average number of shares	22,000,000	22,000,000
Earnings per share for the year relating to the Company's shareholders / basic and diluted	0,21	0,10

- The weighted average number of shares was calculated on the basic and diluted profit attributed to the shareholders of the Company based on the authorized number of shares for the years 2016 and 2017, The figures for the year 2016 were recalculated according to the capital after the increase, in accordance with the International Financial Reporting Standard No, (33).

28. Contingent Liabilities

a. There are several lawsuits filed against Siniora Food Industries Company – Palestine equivalent to JD 73,082 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 consolidated statement of financial position, represented in bank guarantees equivalent to JD 169,281 and Letters of credit equivalent to JD 119,310.

c. Siniora Food Industries Company – Palestine (subsidiary company) had contingent liabilities at the date of the statement of financial position, represented in bank guarantees equivalent to JD 407,472, and bills of collection equivalent to JD 23,478.

29. Balances and Transactions with Related Parties

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

Consolidated Statement of Financial Position:

	Related party					Total	
	Holding Company	Subsidiary Company	Sister Companies	Employees	Other*	2017	2016
	JD	JD	JD	JD		JD	JD
Due from related parties	-	173,314	756,935	119,961	-	1,050,210	2,170,144
Due to related parties	24,462	-	56,978	-	603,783	685,223	740,780
Loans for sister companies	-	-	509,339	-	-	509,339	460,868
Loans from sister companies	-	-	374,173	-	-	374,173	374,173

* This item represents the amount due to a Partner in Masa for Meet production - Subsidy Company.

Consolidated Statement of Income

	2017		2016	
	Purchases	Sales	Purchases	Sales
	JD	JD	JD	JD
Unipal General Trading Company (sister Company)	-	3,698,728	-	3,664,547
Arab Palestinian Shopping Centers Company (sister Company)	10,743	158,064	-	203,163
Palestine Automobile Company (sister Company)	5,445	-	5,453	-
SKY Advertising, Publication, and Promotion Company (sister	158,676	-	238,595	-
Arab Palestinian Investment Company (holding Company)	160,801	-	160,801	-
Arab financial leasing company	43,618	-	40,431	-

b. The loans and credit facilities as at December 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 1,113,908 for the year 2017 (JD 981,591 for the year 2016).

30. Risk Management

The Company is exposed to various financial risks related to its operations, Moreover, operating risks are inherent in business activities, As such, management endeavors to strike a proper balance between risks and rewards, and works to mitigate the risks probable adverse effects on the Company's financial performance, The most significant risks faced by the Company are credit risks resulting from credit sales, liquidity risks, market risks, and geographic risks, Moreover, the Company's Board of Directors is responsible for setting up the framework for monitoring and managing these risks, Accordingly, the Board of Directors together with executive management periodically follow up on the various risks to monitor and manage the financial risks related to the Company's operations and activities through preparing and issuing internal reports on risk management, thus analyzing the risks to which the Company is exposed.

Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and to maximize the return to stakeholders through achieving an optimal balance between equity and debts.

The Company has a strategy to maintain a reasonable debt-to-equity ratio.

- Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company, The Company has adopted a policy to support and guarantee the Company's position of late payment through proper documentation by possessing necessary documents, as appropriate, with the assistance of its legal advisor, Moreover, the Company monitors its credit risk through analysis of the debtors' level of solvency to mitigate the risk of financial loss from defaults, as well as checking that the total accumulated credit related to certain parties is approved by management, Review and approval of the credit limits are performed regularly.

The book value of the financial assets recorded in the Company's financial statements net after discounting the impairment losses represent the maximum risks to which the Company could be exposed.

- Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments, The Company mitigates liquidity risk by maintaining reserves and by continuously monitoring actual cash inflows as well as matching the maturities of current assets with current liabilities as follows:

	December 31,	
	2017	2016
	JD	JD
Current Assets	25,141,847	24,758,418
Less : Current Liabilities	14,008,172	13,008,944
Excess in Working Capital	11,133,675	11,749,474

The Company manages liquidity risk through diversifying its sources of finance, managing assets and liabilities and monitoring their maturities, securing a suitable source of finance at the proper time to match the liabilities and payment of operational and investment expenses.

- Foreign Currency Risk

  Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, The Jordanian Dinar is the Company's functional currency, and the Company also monitors foreign currency positions continually and follows certain strategies to mitigate the effects of these risks.

- Risk Concentration in Geographical Segments

  All of the Company's operations are conducted inside the Kingdom and represent local work, Moreover, the Company does not perform any work outside of Jordan. However, the subsidiary companies operate in the countries where they have been founded. As for Siniora Food Industries Company - Palestine (a subsidiary company), the instability of the political and economic situation in the region increases the operating risk and may negatively affect the Company's performance.

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 2017	Total 2016
	JD	JD	JD	JD
Net sales	21,715,084	34,100,706	55,815,790	47,854,837
Cost of sales	(14,934,161)	(20,684,755)	(35,618,916)	(30,646,853)
Gross profit	6,780,923	13,415,951	20,196,874	17,207,984
Selling and distribution expenses	(2,996,365)	(5,609,059)	(8,605,424)	(8,455,801)
General and administrative expenses	(1,102,627)	(3,779,352)	(4,881,979)	(4,755,956)
Financing expenses	(404,697)	(400,658)	(805,355)	(795,663)
Provision for end-of-service indemnity	-	(327,147)	(327,147)	(310,096)
Provision for doubtful debts	(198,800)	(37,342)	(236,142)	(720,492)
Provision for slow-moving inventory	(85,200)	(61,748)	(146,948)	(53,732)
(Booked) reversal of other commitment provision	(459,387)	-	(459,387)	394,080
Other (expenses) revenue - net	34,088	296,942	331,030	171,040
Net profit for the year before income tax	1,567,935	3,497,587	5,065,522	2,681,364
Income tax expenses	(150,424)	(227,475)	(377,899)	(320,066)
Profit for the year	1,417,511	3,270,112	4,687,623	2,361,298

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	December 31, 2017	December 31, 2016
	JD	JD
Total Assets	61,472,208	59,252,138
Total Liabilities	26,527,463	27,702,524

- The following is the concentration of assets and liabilities as of December 31, 2017 and 2016 according to the currency type:

	Jordanian Dinar / 2017 ‹31 December						
	JD	USD	EUR	SAR	AED	Other	Total
Assets:							
Cash on hand and at banks	1,688,345	714,725	772	164,097	952,952	989,234	4,510,125
Cheques under collection	174,126	-	-	-	39,884	242,593	456,603
Accounts receivable – net	3,492,348	975,147	-	1,707,241	2,863,283	179,559	9,217,578
Inventory – net	4,191,844	-	-	462,025	1,229,978	1,704,058	7,588,805
Due from related parties	-	720,288	-	-	-	329,922	1,050,210
Loans for sister companies	-	-	-	-	-	509,339	339,509
Other debit balances	455,415	7,622	141,568	161,113	382,041	661,429	1,809,188
Intangible assets	1,656,036	-	-	-	4,755,701	-	6,411,737
Investment in a subsidiary Company	1	-	-	-	-	-	1
Deferred tax assets	83,319	107,462	-	-	-	-	190,781
Property and equipment - net	18,471,566	6,319,139	-	1,639,661	3,297,475	-	29,727,841
	30,213,000	8,844,383	142,340	4,135,037	13,521,314	4,616,134	61,472,208
Liabilities							
Notes payable	151,924	-	-	-	-	200,441	352,265
Accounts payable	1,515,561	1,045,221	339,483	-	743,500	1,295,195	4,938,960
Due to related parties	-	644,264	-	-	7,420	33,539	685,223
Loans from sister companies	-	374,173	-	-	-	-	347,173
Deposits and accrued expenses	1,412,980	350,246	436,372	-	473,290	607,874	3,280,762
Income tax provision	196,868	250,621	-	-	-	-	447,489
Long - term loans	-	9,457,200	-	-	5,095,200	-	14,552,400
Provision for employees end- of-service	-	-	-	121,144	415,575	1,359,372	1,896,091
	3,277,333	12,121,725	775,855	121,144	6,734,985	3,496,421	26,527,463
Net Position	26,935,667	(3,277,342)	(633,515)	4,013,893	6,786,329	1,119,713	34,944,745

	Jordanian Dinar / 2016 ،31 December						
	JD	USD	EUR	SAR	AED	Other	Total
Assets:							
Cash on hand and at banks	643,148	62,859	1,232	148,439	497,103	270,052	1,622,833
Cheques under collection	216,649	-	-	-	69,099	239,056	524,804
Accounts receivable – net	3,924,850	517,837	-	1,459,713	3,798,103	159,234	9,859,737
Inventory – net	4,246,802	-	-	725,743	1,162,860	2,005,711	8,141,116
Due from related parties	-	1,205,300	-	-	-	964,844	2,170,144
Loans for sister companies	-	-	-	-	-	460,868	460,868
Other debit balances	827,133	91,320	22,343	131,987	829,529	76,604	1,978,916
Intangible assets	1,935,850	-	-	-	4,445,242	1,007	6,382,099
Investment in a subsidiary Company	1	-	-	-	-	-	1
Deferred tax assets	69,119	-	-	-	-	85,277	154,396
Property and equipment – net	17,941,683	6,845,442	-	253,298	2,916,801	-	27,957,224
	29,805,235	8,722,758	23,575	2,719,180	13,718,737	4,262,653	59,252,138
Liabilities							
Notes payable	-	124,550	-	-	-	236,125	360,675
Accounts payable	1,524,507	899,657	412,796	-	971,523	1,017,392	4,825,875
Due to related parties	-	119,958	-	-	603,783	17,039	740,780
Loans from sister companies	-	374,173	-	-	-	-	374,173
Deposits and accrued expenses	1,204,350	-	-	478,340	510,698	555,400	2,738,295
Income tax provision	289,327	-	-	-	-	35,019	324,346
Long - term loans	-	10,408,600	-	-	6,369,000	-	16,777,600
Provision for employees end- of-service	-	-	-	100,355	398,153	1,062,272	1,560,780
	3,018,184	11,926,938	412,796	578,695	8,853,157	2,923,247	27,702,524
Net Position	26,787,051	(3,204,180)	(389,221)	2,140,485	4,865,580	1,339,406	31,549,614

Interest Rate Risk

The sensitivity analysis for the accounts exposed to interest rate risk according to currency is as follows:

Sensitivity Analysis for the year 2017		Sensitivity Analysis for the year 2016	
Effect of the increase in interest rate by 1% on the Statement of Income	Effect of the decrease in interest rate by 1% on the Statement of Income	Effect of the increase in interest rate by 1% on the Statement of Income	Effect of the decrease in interest rate by 1% on the Statement of Income
JD	JD	JD	JD
(145,524)	145,524	(167,776)	167,776

Foreign Currency Risk

The sensitivity analysis for the year 2017 is as follows:

Currency	Effect of the Increase in the exchange Rate by 5% on the Statement of Income	Effect of the Decrease in the exchange Rate by 5% on the Statement of Income
	JD	JD
EURO – EUR	(31,676)	31,676
Saudi Riyal - SAR	200,695	(200,695)
AED	339,317	(339,317)
Other currencies	55,986	(55,986)

The sensitivity analysis for the year 2016 is as follows:

Currency	Effect of the Increase in the exchange Rate by 5% on the Statement of Income	Effect of the Decrease in the exchange Rate by 5% on the Statement of Income
	JD	JD
EURO – EUR	(19,461)	19,461
Saudi Riyal - SAR	107,024	(107,024)
AED	243,279	(243,279)
Other currencies	66,970	(66,970)

Regarding the risk of fluctuations in currency exchange rates which applies to payments the Company's management believes that the foreign currency risk is immaterial due to the Jordanian Dinar is pegged to the US.

31. 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 December 31st 2017	Fair Value as at December 31st 2016	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the Important Intangible inputs
	JD	JD				
Financial Assets at Fair Value						
Investment in a subsidiary company	1	1	Level II	Financial Statements	N/A	N/A
Loans to sister companies	509,339	460,868	Level I	Foreign Exchange Rates	N/A	N/A
Total	**509,340**	**460,869**				
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 year 2017.

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.

32. Application of new and revised International Financial Reporting Standards (IFRS)

a New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these consolidated financial statements.

Amendments to IAS 12 *Income Taxes* Recognition of Deferred Tax Assets for Unrealised Losses

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the Company's consolidated financial statements.

Amendments to IAS 7 *Disclosure Initiative*

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company's liabilities arising from financing activities consist of borrowings (note 17) and certain other financial liabilities (note 15). the Company has disclosed comparative information for the prior period. Apart from the additional disclosure in (note 15), the application of these amendments has had no impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2014-2016 Cycle - Amendments to IFRS 12

The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 32- b).

IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

b. New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to IFRS Standards 2015–2017

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 *Uncertainty over Income Tax Treatments*

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;'
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 2 *Share Based Payment*

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 *Investment Property*

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 28 Investment in Associates and Joint Ventures
The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 16 *Leases*
IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company will apply IFRS 16 in the effective date which is the annual periods beginning on or after January 1, 2019 The Company is in the process of evaluating the impact of IFRS 16 on the Company's consolidated financial statements.

Amendments to IFRS 9 *Financial Instruments*
The amendments are related to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Company adopted IFRS 9 (phase 1) that was issued in 2009 related to classification and measurement financial assets, the company will adopt the finalized version of IFRS 9 from the effective date of January 1, 2018; apply it retrospectively and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

The Company is continuing to analyze the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its first financial statements as on December31, 2018 that includes the effects of it application from the effective date.

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. - Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Company intends to adopt the standard using the cumulative effect approach, which means that the Company will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The Company is continuing to analyze the impact of the changes and its impact will be disclosed in the first consolidated financial statements as of December 31, 2018 that includes the effects of it application from the effective date.

Amendments to IFRS 15 *Revenue from Contracts* with Customers
The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 *Financial Instruments: Disclosures*
The amendments are related to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 7 Financial Instruments: Disclosures
The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 17 *Insurance Contracts*
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of January 1, 2021.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)
The amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

The Amendments effective date deferred indefinitely and the adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning January 1, 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning January 1, 2019.

33. <u>Proposed Dividends</u>

The Board of Directors recommended in their meeting held on March 6, 2018 to the General Assembly to distribute cash dividends by 10% of the Company paid-up capital which is equivalent to JD 2,200,000, in addition to increase the Company's paid up capital from 22 million shares / Jordanian Dinar to become 25 million shares / Jordanian Dinar, by increasing 3,000,000 shares, by distributing free shares, cash according to his share of the capital.