نموذج رقم (1-2)

Form No. (1-2)

Ref: 373/2019 Date: 21/03/2019	الإشارة: 2019/373 التاريخ: 2019/03/21
To: Jordan Securities Commission Amman Stock Exchange	السادة / هيئة الاوراق المالية المحترمين السادة / بورصة عمان المحترمين
Subject: Audited Financial Statements in English version for the fiscal year ended 31/12/2018	**الموضوع: البيانات المالية السنوية المدققة باللغة الانجليزية للسنة المنتهية في 2018/12/31**
Attached the Audited Financial Statements in English version of (Siniora food industries P.L.C) for the fiscal year ended 31/12/2018	مرفق طيه نسخة من البيانات المالية المدققة باللغة الانجليزية لشركة سنيورة للصناعات الغذائية م.ع.م عن السنة المالية المنتهية في 2018/12/31.
Kindly accept our highly appreciation and respect,,, Siniora Food Industries P.L.C. Secretary of the Board of Director's CFO Hatem Al-Afifi	وتفضلوا بقبول فائق الاحترام،،، شركة سنيورة للصناعات الغذائية م.ع.م أمين سر مجلس الإدارة 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, 2018
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

SINIORA FOOD INDUSTRIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2018

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Independent Auditor's Report

AM/ 006655

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

Audit Report on 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, 2018, 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 financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its financial performance and its 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 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.

Key audit matter	How our audit addressed the key audit matter
Implementation of IFRS 15 "Revenue from contracts with customers" The Company has adapted IFRS 15 "Revenue from contracts with customer" effective January 1st, 2018 and this new standard supersedes the requirements of IAS 18 "Revenue". We considered this as a key audit matter as revenue is a key item in the consolidated financial statements and the application of IFRS 15 requires the management to use significant assumptions and judgments. The Company performed a detailed analysis for each type of revenue contract to identify differences between the requirements of the two standards, identify the changes required to be made to existing accounting policies and determine the transition adjustments and the required consequential changes to processes and controls particularly in connection with the separation of different performance obligations that may be within a given contract. Management has also assessed the additional disclosures required to be made in the consolidated financial statement in accordance with the new standard.	We performed the following procedures in relation to the implementation of IFRS 15: • Gained an understanding of management's approach to the implementation of any changes to the accounting policy; • Reviewed management's detailed analysis of its various revenue streams and how the new accounting standard impacts the Company; • Obtained an understanding of the nature of revenue contracts used by the Group for each significant revenue stream; • Tested a sample of sales and their revenue recognition under the requirements of the International Financial Reporting Standard (15). • Tested relevant processes and controls established by management to ensure appropriate recognition of revenue; The important accounting policies and accounting estimates are presented in Notes (2), (3), and (4) in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of 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 about 10% of total assets as of December 31, 2018. 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.	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.

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Key audit matter	How our audit addressed the key audit matter
Implementation of IFRS 9 "Financial Instruments" The Company has adopted IFRS 9 "Financial Instruments" effective January 1st, 2018, this standard supersedes the requirements of IAS 39 "Financial instruments - recognition and measurement". We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. The Company's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivable. The ECL model involves the use of various assumptions, macro-economic factors and the study of historical trends relating to the Company's trade receivables collections experience. As of December 31, 2018, the carrying value of trade receivables amounted to approximately JD 10 million and the provision for expected credit loss amounted to approximately JD 1.2 million.	We performed the following procedures in relation to the implementation of IFRS 9: • Reviewed management's assessment of the impact of IFRS 9 in terms of the classification and measurement of its financial assets and liabilities, and understood the approach taken towards implementation. • Reviewed the expected credit losses model developed by management to that required by IFRS 9 and reviewed the reasonable of the methodology in comparison to accepted best practice. We also tested the arithmetical accuracy of the model; • Tested key assumptions, used by management, by comparing to historical data. We also considered the incorporation of forward looking factors (predominantly economic) to reflect the impact of future events on expected credit losses; • Review a sample of the receivables aging provided to us by the Company's management. • Involved our accounting subject matter specialists to review the methodology used in the expected credit losses model; and compared this against accepted best practice. The important accounting policies and accounting estimates are presented in Notes (2), (3), and (4) in the consolidated financial statements.

Other Information

Management is responsible for other information. Other information consist of information provided in the annual report other than the consolidated financial statements and the related auditor's report. We expect that the annual report will be provided to us at a later date of our report. Our opinion on the consolidated financial statements does not include other information and we do not express any type of assertion or conclusion about it.

Regarding the audit of the consolidated financial statements it is our responsibility to read the above mentioned information when it becomes available to us, assessing whether the other information is not materially consistent with the consolidated financial statements or information obtained through our audit or that other information includes material misstatement.

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Responsibilities of Management and Those Charged with Governance in the Preparation of the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 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.

Other Matter

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.

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

Deloitte & Touche (M.E.) – Jordan
Amman – Jordan
March 10, 2019

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

	Note	December 31, 2018	December 31, 2017
ASSETS		JD	JD
Current Assets:			
Cash on hand and at banks	5	3,177,170	4,510,125
Accounts receivable - net	6	9,715,712	9,674,181
Inventory - net	7	8,215,044	7,588,805
Due from related parties	24	773,481	1,050,210
Loans for sister companies	24	-	509,339
Other debit balances	8	2,251,686	1,809,188
Total Current Assets		24,133,093	25,141,848
Non-Current Assets:			
Investment in a non-consolidated subsidiary Company	2	-	1
Deferred tax assets	21/D	217,868	190,781
Intangible assets - net	9	6,384,438	6,411,737
Property and equipment - net	10	30,545,988	29,727,841
Total Non-Current Assets		37,148,294	36,330,360
TOTAL ASSETS		61,281,387	61,472,208
LIABILITIES			
Current Liabilities:			
Notes payable	11	845,931	352,365
Accounts payable		4,250,191	4,938,960
Due to related parties	24	100,771	685,223
Loans from sister companies	24	-	374,173
Deposits and accrued expenses	12	3,600,142	3,280,762
Short-term loans	13	4,950,075	3,929,200
Income tax provision	21/A	227,711	447,489
Total Current Liabilities		13,974,821	14,008,172
Non-Current Liabilities :			
Long-term loans	13	11,944,188	10,623,200
Provision for employees end-of-service indemnity	14	2,052,371	1,896,091
Total Non-Current liabilities		13,996,559	12,519,291
Total liabilities		27,971,380	26,527,463
OWNERS' EQUITY			
Paid-up capital	15/A	25,000,000	22,000,000
Statutory reserve	15/B	4,174,720	3,708,277
Retained earnings	15/C	6,599,073	7,951,692
Effect of the purchase of non-conrolling interest shares	2	(2,463,786)	-
Total shareholders' equity		33,310,007	33,659,969
Non-controlling interest	2	-	1,284,776
Total Owners' Equity		33,310,007	34,944,745
TOTAL LIABILITIES AND OWNERS' EQUITY		61,281,387	61,472,208

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

		For the Year Ended December 31,	
	Note	2018	2017
		JD	JD
Net sales		55,660,678	55,815,790
Cost of sales	16	(36,036,153)	(35,618,916)
Gross Profit		19,624,525	20,196,874
Less: Selling and distribution expenses	17	(8,498,240)	(8,605,424)
General and administrative expenses	18	(5,066,297)	(4,881,979)
Financing expenses	19	(1,049,566)	(805,355)
Provision for end-of-service indemnity	14	(475,137)	(327,147)
Provision for expected credit loss	24,6	19,885	(236,142)
Provision for slow-moving inventory	7/B	(64,411)	(146,948)
Lawsuits and other commitments provision	12	138,314	(459,387)
Other revenue - Net	20	35,452	331,030
Net Profit for the Year before Income Tax		4,664,425	5,065,522
Less: Income tax expense	21/B	(339,412)	(377,899)
Profit for the Year		4,325,013	4,687,623
Attributable to:			
Company's shareholder's		4,325,013	4,580,559
Non-Controlling interests		-	107,064
		4,325,013	4,687,623
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability		9,211	-
Total Comprehensive Income		4,334,224	-
Attributable to:			
Company's shareholder's		4,325,013	4,580,559
Non-Controlling interests		-	107,064
		4,325,013	4,687,623
Earnings Per Share for the Year (Company's Shareholder)	22	0,17	0,18

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	Effect of the Purchase of Non-Controlling Interest Shares	Total Shareholders' Equity	Non-Controlling Interest	Total Owners' Equity
For the Year Ended December 31, 2018		JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year		22,000,000	3,708,277	7,951,692	-	33,659,969	1,284,776	34,944,745
Impact of IFRS (9) implementation	3	-	-	(20,400)	-	(20,400)	-	(20,400)
Adjusted Beginning Balance of the Year		22,000,000	3,708,277	7,931,292	-	33,639,569	1,284,776	34,924,345
Profit for the year		-	-	4,325,013	-	4,325,013	-	4,325,013
Comprehensive income		-	-	9,211	-	9,211	-	9,211
Total Comprehensive Income		-	-	4,334,224	-	4,334,224	-	4,334,224
Capital increase	15/a	3,000,000	-	(3,000,000)	-	-	-	-
Transferred to statutory reserve	15/b	-	466,443	(466,443)	-	-	-	-
Distributed dividends	15/c	-	-	(2,200,000)	-	(2,200,000)	-	(2,200,000)
Non-controlling Interest	2	-	-	-	(2,463,786)	(2,463,786)	(1,284,776)	(3,748,562)
Balance at the End of the Year		25,000,000	4,174,720	6,599,073	(2,463,786)	33,310,007	-	33,310,007
For the Year Ended December 31, 2017								
Balance at the 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
Capital increase	15/a	4,000,000	-	(4,000,000)	-	-	-	-
Transferred to statutory reserve	15/b	-	506,552	(506,552)	-	-	-	-
Distributed dividends	15/c	-	-	(1,080,000)	-	(1,080,000)	-	(1,080,000)
Non-controlling interest	2	-	-	-	-	-	(212,492)	(212,492)
Balance at the End of the Year		22,000,000	3,708,277	7,951,692	-	33,659,969	1,284,776	34,944,745

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

		For the Year Ended December 31,	
	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Net profit for the year before tax		4,664,425	5,065,522
Adjustments:			
Depreciation of property and equipment	10	3,008,306	2,930,930
Amortization of intangible assets	9	35,271	32,551
Provision for expected credit loss	6	(19,885)	236,142
Provision for end-of-service indemnity	14	475,137	327,147
Provision for slow-moving inventory	7/b	64,411	146,948
Lawsuits and other commitments provision	12	(138,314)	459,387
(Gain) from the sale of property and equipment	20	(33,355)	(38,469)
Foreign currency differences		(115,026)	123,035
Net Cash Flows From Operating Activities before Change in Working Capital		7,940,970	9,283,193
Decrease in accounts receivable		136,807	466,355
Decrease in due from related parties		103,415	1,119,934
(Increase) decrease in inventory		(690,650)	405,363
(Increase) decrease in other debit balances		(442,498)	169,728
(Decrease) increase in accounts payable		(688,769)	113,085
Increase (decrease) in notes payable		493,566	(8,310)
(Decrease) in due to related parties		(449,286)	(55,557)
Increase in deposits and accrued expenses		457,694	83,080
Net Cash Flows from Operating Activities before Income Tax and Employees End-of-Service Indemnity Paid		6,861,249	11,576,871
Income tax paid	21	(585,812)	(291,141)
Provision for end-of-service indemnity paid	14	(200,623)	(107,008)
Net Cash Flows from Operating Activities		6,074,814	11,178,722
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment	10	(4,048,338)	(4,791,355)
Proceeds from the sale of property and equipment		255,240	128,277
(Purchase) of intangible assets	9/C	(7,972)	(62,189)
Loans for sister companies		-	(6,498)
Purchase of non-controlling interest shares	2	(3,752,466)	-
Net Cash Flows (used in) Investing Activities		(7,553,536)	(4,773,738)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	15/C	(2,200,000)	(1,080,000)
Change in non-controlling interest		3,904	(212,492)
Borrowed loans during the year	13	6,347,500	1,420,000
Loans payments during the year	13	(4,005,637)	(3,645,200)
Net Cash Flows from Financing Activities		145,767	(3,517,692)
Net (Decrease) Increase in Cash		(1,332,955)	2,887,292
Add: Cash on hand and at banks - beginning of the year		4,510,125	1,622,833
Cash on Hand and at Banks - End of the Year	5	3,177,170	4,510,125

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, 2018, whereby the General Assembly decided to approve the increase of the Company's capital by JD 3,000,000 to become JD 25,000,000. The Company has completed the legal procedures related to the capital increase with the regulatory authorities on June 13, 2018.

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 / 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 in them.

f. The accompanying consolidated financial statements were approved by the Board of Directors on February 27, 2019.

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, 2017 except for the effect of adopting the new and modified standards stated in Notes (3-a) and (3-b).

The following are the most significant accounting policies adopted by the Company:

Basis of Consolidation
The consolidated 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.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Company and its subsidiaries are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in income statement is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

- As of December 31, 2018 and 2017 the Company owns the following subsidiary companies:

Name of Company	Paid-up Capital	Percentage of Ownership	Industry of the Company	Location	Acquisition / Inception Date
Siniora Food Industries Company-Palestine	USD 5,206,791	100%	Manufacturing	Palestine	January 25, 2006
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 2018 and 2017:

	December 31, 2018		For the Year 2018	
Name of Company	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Siniora Food Industries Company-Palestine	11,386,751	4,027,948	16,856,893	14,356,708
Siniora Food Holding Limited	17,905,418	20,143,708	16,168,627	16,395,409

	December 31, 2017		For the Year 2017	
Name of Company	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 Holding Limited	17,515,091	15,927,088	18,127,890	17,882,413

- As of December 31, 2018, 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	100%	Manufacturing	United Arab Emirates	April 5, 2016
Siniora Gulf General Trading Company	AED 1,000,000	100%	Trading	United Arab Emirates	August 6, 2014

- On April 30, 2018, Siniora Food Holding Limited has signed an agreement to purchase the shares of the partner in Diamond Meat Processing Company for the amount of JD 3,752,466. The Company has completed the ownership transfer procedures with the legal authorities during the second half of the year 2018. The value of the agreement exceeds the carrying amount of the net non-controlling interest at the date of acquisition by JD 2,463,786. This amount has been booked within the shareholder's equity under "effect of the purchase of non-controlling interest shares".

- The following is the most key information of the company at the date of purchase of non-controlling interest shares:

	JD
Total assets	8,194,894
Total liabilities	(3,899,293)
Net assets	4,295,601
Non-controlling interest %	30%
Book value of non-controlling shares	1,288,680
Paid amount	(3,752,466)
Effect of the purchase of non-controlling Interest shares appearing within shareholders' equity	(2,463,786)

* The Board of Directors resolved in their meeting held on September 5, 2012 to liquidate Siniora Food Industries Company - Algeria, accordingly, an impairment against the entire investment was booked, and the financial statements of the company were not consolidated within the consolidated financial statements. The liquidation procedures were completed at the legal authorities in Algeria on May 16, 2018.

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. Net realizable value represents the estimated selling price less all estimated completion costs and costs to be incurred in marketing, selling and distribution.

- 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.

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.

Property and Equipment

- 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.

Foreign Currencies

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in the functional currency of the Company, and the presentation currency for the consolidated financial statements.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated statement of income in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to consolidated statement of income on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated statement of income.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in consolidated statement of income. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to consolidated statement of income.

Revenue recognition
The Company recognises revenue mainly from sale of goods (Cold Cuts, Frozen and Cans)

Revenue is measured based on the consideration to which the company expects to be entitled (net after returns and discounts) in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer, being when the goods have been shipped to the specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

If customers have a right of return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

For certain customers, the goods are sold with discounts retroactively on the basis of 12 months of total sales. Revenue of these sales is recognized based on the price specified in the contract less estimated discounts. The Company uses its accumulated historical experience to estimate discounts and the revenue is recognized to the extent that it is probable that there will be no material reversal. Liabilities for discounts on payments to customers are recovered in respect of sales made during the year.

The Company account for consideration payable to a customer (listing fee and promotional expenses) which occur in conjunction with purchase of goods from the Company as a reduction of the transaction, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

Interest income and expenses
Interest income and expense for all financial instruments are recognized in the statement of income using the effective interest method.The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Financial Instrument
Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets
Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Provision for expected credit loss
The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Write off
The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 24 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through statement of income.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised consolidated statement of income.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

Fair value measurement
Fair value is defined as the a price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to take these factors into account at the measurement date. The fair value of the measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement measures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1) or (2) or (3) based on the extent to which the inputs are clear to fair value measurements and the importance of inputs to the full fair value measurements, which are identified as follows:

Input Level (1)	inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that the enterprise can obtain on the measurement date;
Input level (2)	inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and;
Input level (3)	are inputs to assets or liabilities that are not based on quoted market prices.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Impairment of non-financial assets

At the reporting date, the Company assesses whether there is evidence that the asset has been impaired. If any evidence exists, or when an impairment test is required, the Company assesses the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset or cash-generating unit less cost of sales and value in use whichever is higher and is determined for the individual asset, unless the asset does not generate substantially independent internal cash flows from those arising from other assets or assets of the company. Where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing the fair value used, future cash flows are discounted to their present fair value using a pre-tax discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset. In determining fair value less cost of sales, recent transactions in the market are taken into consideration if available. If such transactions can not be identified, the appropriate valuation model is used.

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.

3. Application of new and revised International Financial Reporting Standards

A. Amendments with no material effect on the financial statements of the company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS (1) *"Application of International Standards for the First Time"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*. The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: *"Foreign currency transactions and advances".*	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance. This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • A consideration in foreign currency or priced in foreign currency exists; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and • Prepaid assets or deferred income liabilities are not cash.

New and revised standards	Amendments to new and revised IFRSs
Amendments to IAS 40: *"Investment properties"*.	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)
Amendments to IFRS 2 *"Share-based Payment"*.	These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following: 1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments. 2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net. 3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows: A. Abrogation of the original obligation; B. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and C. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income
Amendments to IFRS 4: *"Insurance contracts"*.	These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.
Amendments to IFRS 15 *"Revenue from Contracts with Customers"*.	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

B. Amendments with material effect on the financial statements of the company:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS 9 *"Financial Instruments"* issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements. Moreover, the Company has early adopted IFRS 9 (first phase), regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 *"Financial Instruments: Recognition and Measurement"*, concerning the application of IFRS 9.

IFRS 9 has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS 9 also modifies other standards that address financial instruments such as IFRS 7 *"Financial Instruments: Disclosures"*.

The final version of IFRS 9 includes the accounting requirements for financial instruments and supersedes IAS 39 *"Recognition and Measurement"*. The new version of the standard includes the following requirements:

Classification and Measurement:

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:

The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:

The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

Derecognition:

The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS 39.

The details of the accounting policies adopted by the Company and the significant estimates used by the Company's management in accordance with IFRS 9 as set out and applied in the current period are stated in Notes (2) and (4). The disclosure regarding the impact of the adoption of the IFRS 9 on the Company is as follows:

Item	Balance as December 31, 2017	Impact of expected credit loss	balance as December 31, 2018
	JD	JD	JD
Trade receivables	9,674,181	(20,865)	9,653,316
Deferred tax assets	190,781	465	191,246
Retained earnings	7,951,692	(20,400)	7,931,292

The following is the effect of application of IFRS 9 on the opening balance of provision:

	Provision balance as December 31, 2017	Impact of expected credit loss	Provision balance as January 1, 2018
	JD	JD	JD
Provision for expected credit loss	1,423,927	(20,865)	1,444,792

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 has adopted IFRS 15 using the cumulative effect approach. Accordingly, the Company did not adjust the comparative figures until December 31, 2017 as previously recorded, and did not have an impact on the opening balances of the current retained earnings. Details of the Company's accounting policies were disclosed in detail in note (2) above.

The effect of the adoption of IFRS 15 is as follows:

Item	The Balance Reported in the Statement of Income	Effect of Application of International Financial Reporting Standard (IFRS 15)	Balance without Application Effect
Sales revenue	55,660,678	(1,075,990)	56,736,668
Selling and distribution expenses	8,498,240	1,075,990	9,574,230

C. New and revised IFRS in issue but not yet effective and not early adopted

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements with its details as follows:

New and revised IFRS	Amendments to new and revised IFRSs
Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 *"Business Combinations"*, IFRS 11 *"Joint Arrangements"*, IAS 12 *"Income Taxes"* and IAS 23 *"Borrowing Costs."*
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses: • whether the tax treatment should be considered in aggregate; • assumptions regarding the procedures for the examination of tax authorities; • determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates; • The impact of changes in facts and circumstances.
IFRS 16 *"Leases"* (Effective form on January 1, 2019).	IFRS 16 defines how the preparer of the reports can recognize, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS 16 on accounting of lessors has not changed significantly from IAS 17.
Amendments in IFRS 9 *"Financial Instruments"* (Effective form on January 1, 2019).	These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Amendments to IAS 28 *"Investment in Associates and Joint Ventures"* (Effective form on January 1, 2019).	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 "Financial Instruments" to long-term shares in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.
Amendment to IAS 19 "Employee Benefits" (Effective form on January 1, 2019).	These amendments are related to amendment, curtailment or settlement of a defined benefit plan.

New and revised IFRS	Amendments to new and revised IFRSs
Amendment to IAS 1 *"Presentation of financial statement"* (Effective form on January 1,2020)	These amendments are related to definition of material.
Amendment to IFRS 3 *"Business Combinations"* (Effective form on January 1, 2020).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
IFRS 17 *"Insurance Contracts"* (Effective form on January 1, 2022).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 requires measurement of insurance liabilities at the present value of the liability.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 *"Investments in Associates and Joint Ventures* (2011)" **(Effective date deferred indefinitely. Adoption is still permitted.)**	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS 16, Shown below:

Management also expects that IFRS 16 will be applied for the financial period beginning on January 1, 2019. The application may have a material effect on the amounts recognized and disclosures in the Company's consolidated financial statements regarding its leases. However, it is not practicable to provide a reasonable estimate of the impact of the adoption of IFRS 16 until a detailed review by the Company.

4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the consolidated financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions in general and expected credit losses. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The key estimates used by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Useful life of tangible assets and intangible assets

The management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

Income tax

The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company's legal counsel that identifies potential risks in the future and periodically reviews the study.

Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the consolidated statement of income for the year.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

5. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	23,210	22,161
Current accounts at banks	2,869,494	4,284,226
Time deposits *	284,466	203,738
	3,177,170	4,510,125

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

6. Accounts Receivable - Net

a. This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Trade receivables	10,021,759	10,641,505
Less: Provision for expected credit loss	(1,178,547)	(1,423,927)
Trade receivables - Net	8,843,212	9,217,578
Short-term cheques are due within 3 months	872,500	456,603
Accounts Receivables - Net	9,715,712	9,674,181

The ageing of these receivables is as follows:

	December 31, 2018	December 31, 2017
	JD	JD
Less than 90 days	7,156,914	7,395,743
90 days – 180 days	1,724,044	1,596,513
181 days – 270 days	257,092	302,415
271 days – 365 days	109,742	94,646
More than 365 days	773,967	1,252,188
	10,021,759	10,641,505

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

	2018	2017
	JD	JD
Balance – beginning of the year	1,423,927	1,244,290
Impact of IFRS (9) application	20,865	-
Adjusted Beginning Balance of the Year	1,444,792	1,244,290
Add: Provision booked during the year	(193,199)	236,142
Foreign currencies translation	(6,005)	7,863
Less: Written-off debts during the year	(67,041)	(64,368)
Balance – End of the Year	1,178,547	1,423,927

6. Inventory - Net

a. This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Raw materials	4,988,140	4,655,274
Finished products	2,090,805	2,432,456
Detergents and uniforms	14,903	14,484
Spare parts	1,645,040	1,170,308
	8,738,888	8,272,522
Less: Provision for slow-moving items	(871,421)	(816,936)
	7,867,467	7,455,586
Goods in transit	347,577	133,219
	8,215,044	7,588,805

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

	2018	2017
	JD	JD
Balance - beginning of the year	816,936	684,168
Add: Provision booked during the year	64,411	146,948
Less : Written-off inventory	(9,926)	(14,180)
Balance - End of the Year	871,421	816,936

8. Other Debit Balances

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Advances to suppliers	916,698	683,702
Prepayments – insurance	530,663	516,391
Refundable deposits	332,056	343,526
Prepayments – rent	155,347	42,035
Prepayments – media and advertising	34,179	11,306
Prepayments – maintenance	12,828	47,612
Prepayments – bank commissions	14,271	16,662
Prepayments – licenses and fees	2,271	1,261
Others	253,373	146,693
	2,251,686	1,809,188

9. Intangible Assets – Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Goodwill (a)	4,704,010	4,704,010
Trademarks (b)	1,611,147	1,611,147
Software and programs (c)	69,281	96,580
	6,384,438	6,411,737

a. 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 its value.

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

c. The movement on the software and programs was as follow:

	For the year ended December 31, 2018	For the year ended December 31, 2017
	JD	JD
Balance - beginning of the year	96,580	66,942
Additions during the year	7,972	62,189
Amortization for the year	(35,271)	(32,551)
Balance - End of the Year	69,281	96,580
	20% - 25%	20% - 25%

10 - Property and Equipment

This item consists of the following:

For the year ended December 31, 2018	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	3,601,818	17,644,009	2,413,628	3,336,910	24,018,168	808,149	327,057	52,149,739
Additions	1,207,992	464,097	203,484	303,201	1,085,416	72,211	711,937	4,4048,338
Disposals	-	(2,992)	(4,565)	(122,619)	(420,175)	-	-	(550,351)
Transfers	-	262,376	122,400	-	249,722	29,922	(664,420)	-
Balance - End of the Year	4,809,810	18,367,490	2,734,947	3,517,492	24,933,131	910,282	374,574	55,647,726
Accumulated Depreciation:								
Balance - beginning of the year	-	15,189,813	1,608,921	1,801,030	13,185,679	636,455	-	22,421,898
Additions	-	720,625	342,845	394,367	1,509,439	41,030	-	3,008,306
Disposals	-	(880)	(4,564)	(101,002)	(222,020)	-	-	(328,466)
Balance - End of the Year	-	5,909,558	1,947,202	2,094,395	14,473,098	677,485	-	25,101,738
Net Book Value as of December 31, 2018	4,809,810	12,457,932	787,745	1,423,097	10,460,033	232,797	374,574	30,545,988
For the year ended December 31, 2017								
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 - End 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 - End 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
Annual Depreciation Rates %	-	2 - 20	10 - 25	10 - 20	7 - 25	10 - 20	-	

- Fully depreciated assets amounted to JD 8,216,367 as of December 31, 2018 (JD 7,400,701 as of December 31, 2017)

11. Notes Payable

The maturity of notes payable extends to May 15, 2019.

12. Deposits and Accrued Expenses

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Remunerations and accrued salaries	885,051	910,589
Income tax deposits	452,172	135,026
Accrued customer's sales commissions	327,948	225,908
Accrued insurance expenses	322,571	313,247
Provision for lawsuits and other commitments *	321,073	459,387
Provision for paid leaves	285,466	281,133
Sales return provision	166,023	-
Professional fees	108,256	134,773
Accrued utilities and phone expenses	101,636	101,011
Social security deposits	59,179	54,642
Media and advertising	56,367	231,314
Advanced payment from customers	56,241	121,641
Board of directors' remuneration	35,000	25,000
Accrued bank interests and commissions	-	5,867
Other credit balances	423,159	281,242
	3,600,142	3,280,762

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

	2018	2017
	JD	JD
Balance – beginning of the year	459,387	-
Add: Provision during the year	-	459,387
Less: Released from provision	(138,314)	-
Balance – End of the Year	321,073	459,387

13. Loans

This item consists of the following:

	December 31,			
	2018		2017	
	Short-Term Loans	Long-Term Loans	Short-Term Loans	Long-Term Loans
	JD	JD	JD	JD
Jordan Ahli bank (a)	525,400	525,400	525,400	1,050,800
Arab Bank – first loan (b)	1,846,000	2,769,000	1,846,000	4,615,000
Arab Bank – second loan (c)	1,273,800	2,547,600	1,273,800	3,821,400
Arab Bank – third loan (d)	248,000	852,000	284,000	1,136,000
Arab Bank – forth loan (e)	852,000	4,828,000	-	-
Arab Bank – fifth loan (f)	168,875	422,188	-	-
	4,950,075	11,944,188	3,929,200	10,623,200

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 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 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 first installment is due on March 4, 2018.

e- Siniora Food Industries Company – Jordan signed a loan agreement with Arab Bank for USD 6 million in order to 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. The Company has raised the loan ceiling during the period by an amount of USD 2 million to become USD 8 million. The first installment to be due on June 30, 2019, with the reset of the loan terms remain unchanged.

f- 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.

14. Provision for Employees End-of-Service Indemnity

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

	2018	2017
	JD	JD
Balance - beginning of the year	1,896,091	1,560,780
Add :Additions during the year	475,137	327,147
Less: Paid from the provision	(200,623)	(107,008)
Foreign currency translation	(109,023)	115,172
Actuarial gain	(9,211)	-
Balance – End of the Year	2,052,371	1,896,091

15. Paid-up Capital and Reserves

a. Paid-up Capital

The Generals Assembly approved in its extra ordinary meeting held on April 19, 2018 to increase the paid-up capital from JD 22 million to JD 25 million through transferring JD 3 million from retained earnings to paid-up capital, distributed as free shares to the shareholders based on their share percentage of the paid-up capital. The Company has completed the legal procedures related to the capital increase with the regulatory authorities on June 13, 2018.

The Generals Assembly approved in its extra ordinary meeting held on April 19, 2017 to increase the paid-up capital from JD 18 million to JD 22 million through transferring JD 4 million from retained earnings to paid-up capital, distributed as free shares to the shareholders based on their share percentage of the paid-up capital. The Company has completed the legal procedures related to the capital increase with the regulatory authorities on June 5, 2017.

b. Statutory Reserve

This item represents the accumulated amounts transferred from the annual net income before tax at a rate of 10% during the year and prior years in Jordan in accordance to the Jordanian Companies Law. This reserve cannot be distributed to shareholders.

c. Retained Earnings

The Generals Assembly approved in its ordinary meeting held on April 19, 2018 to distribute cash dividends amounting to JD 2,200,000, which is equivalent to 10% of the paid-up capital. (The General Assembly approved in its ordinary meeting held on April 19, 2017 to distribute JD 1,080,000).

Retained earnings include an amount of JD 217,868 that is restricted against deferred tax assets as on December 31, 2018, which cannot be utilized through capitalization or distribution unless actually realized, (JD 190,781 as of December 31, 2017).

16. Cost of Sales

This item consists of the following:

	Note	2018	2017
		JD	JD
Finished goods - beginning of the year	7	2,432,456	2,674,509
Cost of production *		35,694,502	35,376,863
Cost of Good Available for Sale		38,126,958	38,051,372
Less: Finished goods - end of the year	7	(2,090,805)	(2,432,456)
Cost of Sales		36,036,153	35,618,916

* Cost of production represents the following:

	Note	2018	2017
		JD	JD
Raw materials - beginning of the year	7	4,655,274	4,979,930
Purchases of raw materials and finished inventory during the year		24,867,064	25,278,033
Raw Materials Available for Production		29,522,338	30,257,963
Less: Raw materials - end of the year	7	(4,988,140)	(4,655,274)
Raw Materials Used in Production		24,534,198	25,602,689
Salaries, wages and other employee benefits		3,868,217	3,287,486
Social security		192,862	165,771
Transportation		37,874	28,349
Training		7,259	12,526
Health insurance		183,059	151,575
		4,289,271	3,645,707
Indirect Industrial Expenses:			
Depreciation of property and equipment		2,194,812	2,191,522
Utilities		1,652,394	1,405,818
Maintenance		1,277,835	963,498
Storage and transportation of production supplies		396,133	283,643
Rents		288,344	247,439
Insurance expense		243,606	238,578
Tools, uniform and cleaning		235,998	170,987
Damaged goods		143,813	150,403
Staff meals		71,240	70,244
Laboratory tests		61,765	65,483
Security expenses		66,241	50,528
Research and development		6,350	4,850
Others		232,502	285,474
		6,871,033	6,128,467
Cost of Production		35,694,502	35,376,863

17. Selling and Distribution Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries, wages, allowances and benefits	2,414,029	2,177,891
Vehicle expenses	1,832,695	1,568,105
Sales commission	1,063,294	981,620
Marketing expenses	573,949	1,138,608
Promotion and advertisement	775,228	882,706
Depreciation of property and equipment	537,449	493,421
Exports and tenders expenses	225,795	335,423
Social security	193,079	176,940
Insurance	176,457	159,531
Rent	130,506	108,248
Travel and accommodation expenses	115,302	83,147
Communications	74,621	73,179
Utilities	19,972	20,901
Stationery	9,085	8,295
Others	356,779	397,309
	8,498,240	8,605,424

18. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries, wages, allowances and benefits	2,545,363	2,591,029
Professional fees	456,473	417,995
Depreciation of property and equipment	276,045	245,987
Insurance	227,476	189,639
Travel, accommodation and transport	246,289	175,643
Utilities	197,966	172,747
APIC expenses *	160,801	160,801
Maintenance	142,957	123,922
Communications	145,183	104,358
Social security	87,999	81,984
Donations	68,301	95,643
Memberships, subscriptions and licenses	64,484	36,637
Vehicle expenses	43,397	45,964
Amortization of intangible assets	35,271	31,544
Printing, stationery and computer accessories	31,525	28,242
Rent	19,532	36,634
Hospitality	13,621	15,891
Others	303,614	327,319
	5,066,297	4,881,979

* 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.

19. Financing Expenses

This item consists of the following:

	2018	2017
	JD	JD
Interest expense	941,255	654,740
Bank charges and commissions	108,311	150,615
	1,049,566	805,355

20. Other Revenue (Expenses) – Net

This item consists of the following:

	2018	2017
	JD	JD
Gain (loss) from foreign currency translations	(119,581)	159,202
Gain from the sale of property and equipment	33,355	38,469
Board of Directors' remunerations	(35,000)	(25,000)
Rent revenue	52,055	-
Other	104,523	158,359
	35,352	331,030

21. Income Tax

a. Income Tax Provision

The movement on the income tax provision is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	447,489	324,346
Income tax paid	(585,812)	(291,141)
Accrued income tax on current year's profit	366,034	414,284
Balance – End of the Year	227,711	447,489

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

	2018	2017
	JD	JD
Income tax expense for the year	366,034	414,284
Deferred tax assets for the year	(33,335)	(40,279)
Amortization of deferred tax assets	24,240	3,894
The effect of the change in rate *	(17,527)	-
	339,412	377,899

* In accordance with the Income Tax Law effective January 1st, 2019, the Company's income tax rate in Jordan has changed to 6% instead of 5% as the Company is registered in King Abdullah II Development Zone.

c. Tax Position

- Siniora Food Industries - Jordan has reached a final settlement for its income tax up to the end of the year 2015, The Company has submitted its tax return for the year of 2016 and 2017 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 2017. 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, 2018					December 31,	
						2018	2017
				JD			JD
Included Items	Balance- Beginning of the Year	Impact of IFRS 9	Released Amounts	Additional Amounts	Balance- End of the Year	Deferred Tax	Deferred Tax
Assets							
Provision for doubtful debts	919,190	9,305	(136,103)	127,800	920,192	55,212	45,960
Provision for doubtful debts / Siniora Food Industries Company - Palestine	82,616	-	(73,046)	10,635	20,205	1,515	6,195
Provision for slow-moving inventory	747,176	-	-	85,200	832,376	49,943	37,359
Provision for end-of-service indemnity – Siniora Food Industries Company - Palestine	1,350,221	-	(159,417)	291,828	1,482,632	111,198	101,267
	3,099,203	9,305	(368,566)	515,463	3,255,405	217,868	190,781

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

	2018	2017
	JD	JD
Balance- beginning of the year	190,781	154,396
Impact of IFRS 9	465	-
	191,246	154,396
Additions during the year	33,335	40,279
Amortization of deferred tax assets	(24,240)	(3,894)
The effect of change in tax rate	17,527	-
Balance- End of the Year	217,868	190,781

22. Earnings per Share for the Company's Shareholders

This item consists of the following:

	2018	2017
	JD	JD
Profit for the year	4,325,013	4,580,559
Weighted average number of shares	25,000,000	25,000,000
Earnings per share for the year relating to the Company's shareholders / basic and diluted	0,17	0,18

- 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 2017 and 2018, The figures for the year 2017 were recalculated according to the capital after the increase, in accordance with the International Accounting Standard No. (33).

23. Contingent Liabilities

a. There are several lawsuits filed against Siniora Food Industries Company - Palestine equivalent to JD 67,997 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 217,320 and Letters of credit equivalent to JD 474,000.

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 309,026, letter of credits equivalent to JD 609,741 and bills of collection equivalent to JD 97,777.

24. Balances and Transactions with Related Parties

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

	December 31, 2018		December 31, 2017	
	Receivables	Payables	Receivables	Payables
Consolidated Statement of Financial Position	JD	JD	JD	JD
Siniora Food Industries Company - Algeria (3)	-	-	1,294,549	-
Unipal General Trading Company (2)	660,277	-	743,315	-
Arab Shopping Centers Company(2)	14,176	-	13,506	-
Medical Supplies and Services Company (2)	1,680	-	114	-
Palestinian Automobile Company (2)	4,450	-	-	-
Employees receivables	92,898	-	119,961	-
SKY Advertising, Publication and Promotion Company (2)	-	65,472	-	43,004
Arab Palestinian Investment Company (1)	-	24,212	-	24,462
Arab financial leasing Company (2)	-	11,087	-	13,162
Palestinian Automobile Company (2)	-	-	-	812
Partner in Diamond Meat Processing Company (4)	-	-	-	603,783
Total	773,481	100,771	2,171,445	685,223
Less: Provision for doubtful debts	-	-	(1,121,235)	-
Net	773,481	100,771	1,050,210	685,223

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

	2018		2017	
	Purchases	Sales	Purchases	Sales
Consolidated Statement of Income	JD	JD	JD	JD
Unipal General Trading Company (2)	-	4,028,157	-	3,698,728
Arab Palestinian Shopping Centers Company (2)	-	145,710	10,743	158,064
Palestine Automobile Company (2)	-	-	5,445	-
SKY Advertising, Publication, and Promotion Company (2)	186,316	-	158,676	-
Arab Palestinian Investment Company (1)	160,801	-	160,801	-
Arab Financial Leasing Company (2)	52,748	-	43,618	-

(1) Holding Company.
(2) A Company owned by the holding company.
(3) A non-consolidated subsidiary.
(4) A former partner in a subsidiary.

b. This item represents the provision booked as of December 31, 2017 against the balance due from Siniora Food Industries Company – Algeria (a subsidiary company). The management believes it is uncollectable as the Company is under liquidation. The liquidation procedures were completed with the legal authorities in the Republic of Algeria on 16 May 2018, accordingly, the company has written off the receivables entire balance.

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

	2018	2017
	JD	JD
Balance – beginning of the year	1,121,235	1,121,235
Add: Provision booked during the year	173,314	-
Less : Written-off debts during the year	(1,294,549	-
Balance – End of the Year	-	1,121,235

c. During the year 2009 and 2011 Siniora Food Industries Company – Palestine (a subsidiary company) has signed loans agreements with the Medical Services and Supplies Company (MSS) (a sister company) for amounts equivalent to JD 509,339 as of December 31, 2018. In return, MSS granted Siniora Food Industries Company – Palestine USD loans similar to the loans granted to MSS, for providing the necessary foreign currency to run the Company's operations. Noting that, these loans bears no interest and have no repayment schedule, and the difference between exchanged loans represents the foreign currency translation difference. During the year 2018 the loan agreements were terminated and the loan balances were settled.

d. The loans and credit facilities as at December 31, 2018 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.

e. The salaries of executive management amounted to JD 1,110,936 for the year 2018 (JD 1,113,908 for the year 2017).

25. 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,	
	2018	2017
	JD	JD
Current Assets	24,133,093	25,141,847
Less : Current Liabilities	13,974,821	14,008,172
Excess in Working Capital	10,158,272	11,133,676

  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 its local operations. 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 excluding Aqaba	Aqaba Branch	Outside the Kingdom	Total 2018	Total 2017
	JD	JD	JD	JD	JD
Net sales	22,347,703	421,927	32,891,048	55,660,678	55,815,790
Cost of sales	(15,135,303)	(370,924)	(20,529,926)	36,036,153	(35,618,916)
Gross Profit	7,212,400	51,003	12,361,122	19,624,525	20,196,874
Selling and distribution expenses	(3,231,898)	(24,825)	(5,241,517)	(8,498,240)	(8,605,424)
General and administrative expenses	(1,344,894)	(12,768)	(3,708,635)	(5,066,297)	(4,881,979)
Financing expenses	(507,286)	-	(542,280)	(1,049,566)	(805,355)
Provision for end-of-service indemnity	-	-	(475,137)	(475,137)	(327,147)
Provision for doubtful debts	(165,011)	-	184,895	19,885	(236,142)
Provision for slow-moving inventory	(85,200)	-	20,789	(64,411)	(146,948)
(Booked) reversal of lawsuit and other commitment provision	138,314	-	-	138,314	(459,387)
Other (expenses) revenue – net	32,212	-	3,140	35,352	331,030
Net Profit for the Year before Income Tax	2,048,638	13,410	2,602,377	4,664,425	5,065,522
Income tax expenses	(123,321)	(671)	(215,429)	(339,412)	(377,899)
Profit for the Year	1,925,326	12,739	2,386,948	4,325,013	4,687,623

	December 31, 2018	December 31, 2017
	JD	JD
Total Assets	61,281,387	61,472,208
Total Liabilities	27,971,380	26,527,463

- The following is the concentration of assets and liabilities as of December 31, 2018 and 2017 according to the currency type:

	Jordanian Dinar / December 31, 2018						
	JD	USD	EUR	SAR	AED	Other Currencies	Total
Assets:							
Cash on hand and at banks	1,067,396	434,632	1,250	130,179	741,728	801,985	3,177,170
Accounts receivable – net	4,099,151	641,767	-	1,430,366	3,128,271	416,157	9,715,712
Inventory – net	3,775,110	-	-	601,639	1,981,486	1,856,809	8,215,044
Due from related parties	-	55,471	-	-	-	718,010	773,481
Loans for sister companies	-	-	-	-	-	-	-
Other debit balances	829,364	-	153,053	162,596	613,407	493,266	2,251,686
Intangible assets	1,952,829	-	-	-	4,431,609	-	6,384,438
Investment in a subsidiary Company	-	-	-	-	-	-	-
Deferred tax assets	105,155	-	-	-	112,713	-	217,868
Property and equipment - net	19,413,732	5,934,827	-	1,689,171	3,508,258	-	30,535,988
	31,242,737	7,066,697	154,303	4,013,951	14,517,472	4,286,227	61,281,387
Liabilities							
Notes payable	439,782	-	-	-	-	406,149	845,931
Accounts payable	830,310	1,297,944	300,556	-	950,443	870,938	4,250,191
Due to related parties	-	55,542	-	-	-	45,229	100,771
Loans from sister companies	-	-	-	-	-	-	-
Deposits and accrued expenses	1,910,273	344,311	-	422,536	807,011	166,011	3,600,142
Income tax provision	281,366	-	-	-	-	(53,655)	227,711
Long - term loans	-	13,069,141	-	-	3,825,122	-	16,894,263
Provision for employees end- of-service	-	-	-	205,804	363,935	1,482,632	2,052,371
	3,462,661	14,766,938	300,556	628,340	5,946,511	2,917,304	28,022,310
Net Position	27,780,076	(7,700,241)	(146,253)	3,358,611	8,570,961	1,368,923	33,295,077

	Jordanian Dinar / December 31, 2017						
	JD	USD	EUR	SAR	AED	Other Currencies	Total
Assets:							
Cash on hand and at banks	1,688,345	714,725	772	164,097	952,952	989,234	4,510,125
Accounts receivable – net	3,666,474	975,147	-	1,707,241	2,903,167	422,152	9,674,181
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	-	-	-	-	374,173
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

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 2018		Sensitivity Analysis for the year 2017	
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
(168,943)	168,943	(145,524)	145,524

Foreign Currency Risk

The sensitivity analysis for the year 2018 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	(7,313)	7,313
Saudi Riyal – SAR	167,931	(167,931)
AED	428,548	(428,548)
Other currencies	68,446	(68,446)

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)

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. Dollar.

26. 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 2018	Fair Value as at December 31st 2017	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	Level II	Financial Statements	N/A	N/A
Loans to sister companies	-	509,339	Level I	Foreign Exchange Rates	N/A	N/A
Total		**509,340**				
Financial Liabilities at Fair Value						
Loans from sister companies	-	374,173	Level I	Foreign Exchange Rates	N/A	N/A
Total Financial Liabilities at Fair Value	-	**374,173**				

N/A: Not Applicable

There were no transfers between level I and level II during the year 2018.

B -The fair value of financial assets and financial liabilities of the Company (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.

27. Proposed Dividends

The Board of Directors recommended in their meeting held on February 27, 2019 to the General Assembly to distribute cash dividends by 12% of the Company paid-up capital which is equivalent to JD 3,000,000.