

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate financial statements  
For the financial year ended  
31 December 2019  
And auditors 'report**

**KPMG Hazem Hassan  
Public Accountants & Consultants  
Smart Village – Building 105, St.(2)  
Km 28 Cairo / Alexandria Desert Road  
Giza - Cairo - Egypt**

**Mohamed Hilal – Grant Thornton  
Public Accountants and Consultants  
A member of Grant Thornton International  
87 Ramsis St., Cairo**

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate financial statements**

**For the financial year ended 31 December 2019**

**Contents**

	<b>Page</b>
Auditors' report	-
Separate financial position	1
Separate income statement	2
Separate statement of comprehensive income	3
Separate statement of changes in shareholders' equity	4
Separate statement of cash flows	5
Notes to the separate financial statements	6– 33
Proposed appropriation statement	Appendix (1)

**KPMG Hazem Hassan**  
**Public Accountants & Consultants**  
**Smart Village – Building 105, St.(2)**  
**Km 28 Cairo / Alexandria Desert Road**  
**Giza - Cairo - Egypt**

**Mohamed Hilal – Grant Thornton**  
**Public Accountants and Consultants**  
**A member of Grant Thornton International**  
**87 Ramsis St., Cairo**

*Auditors' report*

**To: The shareholders' of Juhayna Food Industries S.A.E**

*Introduction*

We have audited the separate financial position of Juhayna Food Industries S.A.E as of 31 December 2019 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.


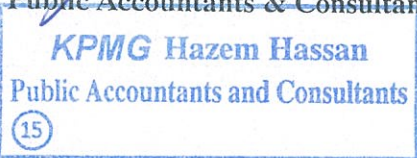
*Opinion*

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Juhayna Food Industries S.A.E as of 31 December 2019, and of its separate financial performance and its separate cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

*Report on Other Legal and Regulatory Requirements*

The company maintains proper books of account, which include all that is required law and the status of the company, and the financial statement agree thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

  
Hatem Montasser  
KPMG Hazem Hassan  
Public Accountants & Consultants  
  
KPMG Hazem Hassan  
Public Accountants and Consultants  
15

Cairo, 9 February 2020

*Sami A.R.*

  
Hossam Hilal  
Mohamed Hilal – Grant Thornton  
Public Accountants & Consultants  
  
Grant Thornton - Mohamed Hilal  
Public Accountants  
The Egyptian Member Firm of  
Grant Thornton International

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate statement of financial position  
AS of 31 December 2019

Translated from Arabic

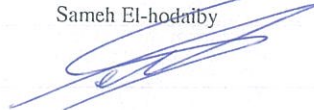
	Note no.	31/12/2019 L.E.	31/12/2018 L.E. <u>Restated</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	168 763 032	165 334 206
Projects under construction	(14)	2 034 411	123 068
Investment in subsidiaries and under joint control companies	(13)	2 253 491 193	2 253 491 193
<b>Total non-current assets</b>		<u>2 424 288 636</u>	<u>2 418 948 467</u>
<b>Current assets</b>			
Debtors and other debit balances	(17)	4 892 798	8 733 955
Due from related parties	(28-1)	401 582 652	295 411 747
Cash at banks and on hand	(18)	18 627 976	1 865 349
<b>Total current assets</b>		<u>425 103 426</u>	<u>306 011 051</u>
<b>Total assets</b>		<u>2 849 392 062</u>	<u>2 724 959 518</u>
<b>Equity</b>			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		421 358 503	406 271 820
General reserve - share issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		964 311 419	850 717 791
<b>Total equity</b>		<u>2 657 995 432</u>	<u>2 529 315 121</u>
<b>Non-current liabilities</b>			
Lease contract liabilities	(27-1)	87 201 809	101 587 848
Deferred tax liabilities	(25)	5 044 914	2 620 561
Other liabilities	(24)	102 282	204 565
<b>Total non-current liabilities</b>		<u>92 349 005</u>	<u>104 412 974</u>
<b>Current liabilities</b>			
Provisions	(22)	1 943 367	4 416 147
Credit facilities	(21)	67 984 317	63 498 509
Suppliers and other credit balances	(23)	12 915 703	12 373 114
Lease contract liabilities (current portion)	(27-1)	11 597 450	7 939 797
Due to related parties	(28-2)	529 438	-
Income tax Liabilities		4 077 350	3 003 856
<b>Total current liabilities</b>		<u>99 047 625</u>	<u>91 231 423</u>
<b>Total liabilities</b>		<u>191 396 630</u>	<u>195 644 397</u>
<b>Total equity and liabilities</b>		<u>2 849 392 062</u>	<u>2 724 959 518</u>

The notes from no. (1) to no.(31) are an integral part of these separate financial statements and should be read there to.

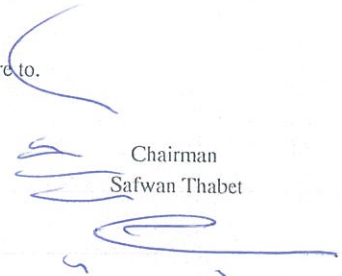
Financial sector deputy Manager  
Hany Shaker



Chief Financial Officer  
Sameh El-hodabiy



Chairman  
Safwan Thabet



Cairo, 09\02\2019

"Audit report attached"

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate statement of income**  
**For the year ended 31 December 2019**

Translated from Arabic

		Financial year	Financial year
	Note	2019	2018
	no.	L.E	L.E
			<u>Restated</u>
Dividends revenue from Investment in subsidiaries	(5)	419 843 350	349 820 300
Other revenue	(6)	3 558 397	3 083 444
General and administrative expenses	(7)	(5 190 433)	(4 356 799)
Other Operating expenses	(9)	(1 965 404)	( 583 921)
<b>Gain from operating activities</b>		<b>416 245 910</b>	<b>347 963 024</b>
Net finance expenses	(11)	(20 863 206)	(24 560 716)
<b>Net profit for the year before income tax</b>		<b>395 382 704</b>	<b>323 402 308</b>
Income tax	(5,15)	(25 069 518)	(20 494 871)
Deferred tax	(15)	(2 424 353)	(1 173 780)
<b>Net profit for the year after tax</b>		<b>367 888 833</b>	<b>301 733 657</b>
<b>Earning per share for the year (L.E /share )</b>	(20)	<b>0.325</b>	<b>0.266</b>

The notes from no. (1) to no.(31) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate statement of other comprehensive income  
For the year ended 31 December 2019

Translated from Arabic

	Financial year	Financial year
	2019	2018
	L.E	L.E
		<u>Restated</u>
Net profit for the year after tax	367 888 833	301 733 657
Total comprehensive income for the year	<u>367 888 833</u>	<u>301 733 657</u>

The notes from no. (1) to no.(31) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate statement of changes in equity  
For the year ended 31 December 2019

Note no.	Issued & paid up capital		Legal Reserve		General reserve- issuance premium		Retained earnings		Total	
	L.E.		L.E.		L.E.		L.E.		L.E.	
	941 405 082		398 204 287		330 920 428		653 401 492		2 323 931 289	
(31)	-	940 595			-		17 871 308		18 811 903	
Balance as of 1 January 2018 before adjustments	941 405 082		399 144 882		330 920 428		671 272 800		2 342 743 192	
Adjustments for finance lease contracts	-	7 126 938			-		(7 126 938)		-	
Balance as of 1 January 2018 after adjustments	-	-			-		(94 140 508)		(94 140 508)	
Legal reserve formed	-	-			-		(21 021 220)		(21 021 220)	
Dividends to shareholders	-	-			-		301 733 657		301 733 657	
Dividends to employees and board of directors	-	-			-		850 717 791		850 717 791	
Total comprehensive income for the year ended 31 December 2018	941 405 082		406 271 820		330 920 428		850 717 791		2 529 315 121	
Balance as of 31 December 2018										
Balance as of 1 January 2019	941 405 082		406 271 820		330 920 428		850 717 791		2 529 315 121	
Legal reserve formed	-	15 086 683			-		(15 086 683)		-	
Dividends to shareholders	-	-			-		(188 281 016)		(188 281 016)	
Dividends to employees and board of directors	-	-			-		(50 927 506)		(50 927 506)	
Total comprehensive income for the year ended 31 December 2019	-	-			-		367 888 833		367 888 833	
Balance as of 31 December 2019	941 405 082		421 358 503		330 920 428		964 311 419		2 657 995 432	

The notes from no. (1) to no.(31) are an integral part of these separate financial statements and should be read there to.



Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate statement of cash flows  
For the year ended 31 December 2019

Translated from Arabic

	Note no.	Financial year	Financial year
		2019	2018
		L.E.	L.E. <u>Restated</u>
<b>Cash flows from operating activities</b>			
Net profit for the year before income tax		395 382 704	323 402 308
<b>Adjustments for the year :</b>			
PP&E depreciation	(12)	8 692 434	11 181 922
Capital gain from sale of fixed assets	(6)	( 793 954)	( 16 930)
Provision for claims formed	(22,9)	315 000	-
Impairment of other debit balances	(9)	1 223 845	-
Foreign exchange loss / (gain)		792 762	( 735 448)
Credit interests		( 457 303)	( 101 005)
Finance interests and expenses		20 527 747	25 397 169
		<u>425 683 235</u>	<u>359 128 016</u>
<b>Changes in:</b>			
Debtors and other debit balances	(17)	3 841 157	( 967 251)
Due from related parties	(28-1)	(119 417 328)	(137 532 116)
Suppliers and other credit balances	(23)	440 306	(11 395 998)
Provision for claims used	(22)	(2 787 780)	( 83 853)
Impairment of other debit balances used	(9)	(1 223 845)	-
Due to related parties	(28-2)	529 438	(49 499 910)
		<u>307 065 183</u>	<u>159 648 888</u>
Collected credit interest		457 303	101 005
Finance expenses paid		(20 527 747)	(25 397 169)
Dividend paid to board of directors and employees		(50 927 506)	(21 021 220)
Tax paid		(10 749 601)	(17 491 015)
<b>Net cash flows from operating activities</b>		<u>225 317 632</u>	<u>95 840 489</u>
<b>Cash flows from investing activities</b>			
Acquisition of PP&E and projects under construction		(14 032 603)	(1 068 276)
Proceeds from sale of fixed assets		793 954	24 712
<b>Net cash flows (used in) investing activities</b>		<u>( 13 238 649)</u>	<u>( 1 043 564)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank facilities	(21)	4 485 808	8 093 591
Payment of finance lease liability		(10 728 386)	(6 169 124)
Dividends paid to shareholders		(188 281 016)	(94 140 508)
<b>Net cash flows (used in) financing activities</b>		<u>( 194 523 594)</u>	<u>( 92 216 041)</u>
Net change in cash and cash equivalents during the year		17 555 389	2 580 884
Net change in foreign currency exchange		( 792 762)	735 448
Cash at banks and on hand at 1 January		1 865 349	(1 450 983)
<b>Cash at banks and on hand at 31 December</b>	(18)	<u>18 627 976</u>	<u>1 865 349</u>

The notes from no. (1) to no.(31) are an integral part of these separate financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the separate financial statements**  
**For the financial year ended 31 December 2019**

**1 Reporting the entity**

The Company was established in 1995 according to the Investment Law No. (230) of 1989 as replaced by the investment incentives and guarantees law No. (8) of 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment. The Company was registered in the commercial registry under No. 100994 on 10/1/1995. The Company life is 50 years starting from the date of registration in the commercial registry. The address of the Company's registered office is Building no.2, Polygon, Sodiq West, Sheikh Zayed, Giza.

Mr. Safwan Thabet is the Chairman of the Board of Directors.

The Company is considered a holding Company.

**The Company's purpose**

The Company primarily is involved in producing, manufacturing, packaging and packing of all types of dairy, products and all its derivatives, all types of cheeses, fruit juices, drinks and frozen material, preparing, manufacturing, packaging and packing all types of food materials and in general manufacturing of agriculture products.

**Registration in the Stock Exchange**

The Company is listed in the Egyptian Stock Exchanges list (1).

**2 Basis of preparation**

**2-1 Statement of compliance**

The financial statements have been prepared in accordance with Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.

The financial statements were authorized for issue by the Board of Directors on 9 February 2020.

**2-2 Basis of measurement**

- The separate financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet
  - Non-derivative financial liabilities at fair value through profit or loss are measured at fair value.
- The methods used to measure fair values are discussed further in (Note 4).

**2-3 Functional and presentation currency**

These financial statements are presented in Egyptian pound, which is the Company's functional currency.

**2-4 Use of estimates and judgments**

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Accounting policy no (3-6): lease contract.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the future financial statements are included in the following notes:

- Note (17) : impairment of trade and notes receivable.
- Note (22) : provisions
- Note (25) : deferred tax liabilities and assets

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### 3-1 Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### 3-2 Investment

##### 3-2-1 Investment in subsidiary companies

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

##### 3-2-2 Investment under joint control

The companies under joint control are companies which the group has joint control on the investee company, the investments under joint control are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

### 3-3 Financial instruments

#### Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non – derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for sale financial assets.

#### Cash at banks and on hand

Cash at banks and on hand comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

#### Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non – derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at the fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Generally, trade payables are recorded at their nominal value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash at banks and on hand for the purpose of the statement of cash flows.

**3-4 Property, plant and equipment****Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (Note 12).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

**Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

<b>Description</b>	<b>Estimated useful life</b>
	<b>(Years)</b>
Buildings & Construction	50
Transportation & Transport Vehicles	5
Tools	6-7
Office equipment & Furniture	10
Computers	3

Depreciation commences when the fixed asset is completed and made available for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**3-5 Projects under construction**

Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets. Projects under construction are measured at cost less accumulated impairment losses (Note 14). No depreciation is charged until the project is completed and transferred to fixed asset

**3-6 Lease contracts**

**Operating lease contracts**

- Leases are classified as operating leases. The costs in respect of operating leases are charged on a straight-line basis over the lease term. The value of any lease incentive received to take on an operating lease (for example, rent-free years) is recognized as deferred income and is released over the life of the lease.

**Sale and lease back**

- If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for as sales transaction or not.
- **In case of the transfer of asset is not sales transaction:**  
The entity (lessee) must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

**3-7 Impairment**

**Non –derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

**Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or cash – generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**3-8 Advantages of Pensions**

The company pays contributions to the General Authority for Social Insurance for the employees of the company, according to the Social Insurance Law No. (79) of 1975. According to this law, the employees and the company paid fixed subscriptions rate from the salary. The company is under no obligation to pay any further obligations other than the value of the previous mentioned subscriptions.

**3-9 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3-10 Revenue**

**Dividends revenue from subsidiaries**

Dividends revenue from subsidiaries is recognized when the holders of shares have the right to collect dividends. Dividends income received from investments is recognized in profit or loss on the date of collection

**Rental income**

Rental income from other assets is recognized in other income.

**3-11 Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**3-12 Income tax**

Income tax on profit or loss for the year includes both current income tax and deferred tax.

**Current income tax:**

Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**Deferred tax:**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3-13 Legal reserve**

According to the Companies Law requirements and the statutes of the Company, 5% of the annual net profit shall be transferred to a legal reserve until the accumulated reserve reaches 50% of the issued share capital. The reserve is un-distributable; however, it can be used to increase the share capital or to offset losses. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

**3-14 End of service benefits**

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – to a formal detailed plan to either terminate the employment contract before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary leave) according to law (12) of 2003 and related Egyptian Laws and policies approved and declared by the company.

If the benefit is payable for a year of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

**3-15 Transactions with related parties:**

The company records all transactions with the related parties in the context of their regular accounting and as per the conditions established by the board of directors, applying the same principles for dealing with others.

**3-16 New Accounting Standards & Restated**

On 18 March 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. (110) of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2- Pursuant to the requirements of the Standard, financial assets are classified based on their measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial years beginning on or after 1 <sup>st</sup> of January 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards (1), (25), (26) and (40) are simultaneously applied.



	<p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- Based on the requirements of this standard the following standards have been amended:  Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019  Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".  Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.  Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".  Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures"</p>		-These amendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"	<p>1- The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall superseded the following standards and accordingly such standards shall be deemed null and void.</p> <p>2- Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.  Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.  For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>3- Incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</p> <p>4- The standard requires that a contract must have a commercial substance in order for revenue to be recognized</p> <p>5- Expanding presentation and disclosure requirements</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial years beginning on or after 1 <sup>st</sup> of January 2020, and the early implementation thereof is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	<p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall superseded Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating one or finance lease contracts.</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements. The disclosure no. (32) represent the adjustments of applying the new accounting standard no. (49).	This standard No. (49) applies to financial years beginning on or after 1 <sup>st</sup> of January 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"

	<p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>		<p>is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subject to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting year in which Law No. (95) of 1995 was cancelled and Law No. (176) of 2018 was issued.</p>
<p>Egyptian Accounting Standard No. (38) as amended "Employees Benefits"</p>	<p>A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (38) applies to financial years beginning on or after 1<sup>st</sup> of January 2020, and the early implementation thereof is permitted.</p>

## Juhayna Food Industries Company (S.A.E.)

## Notes to the separate financial statements for the financial Year ended 31 December 2019

Egyptian Accounting Standard No. (42) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: <ul style="list-style-type: none"> <li>- (EAS 15) Related Party Disclosures</li> <li>- ( EAS 17)Consolidated and Separate Financial Statements</li> <li>- (EAS 18) Investments in Associates</li> <li>- (EAS 24) Income Taxes</li> <li>- (EAS 29)Business Combinations</li> <li>- EAS ( 30) Periodical Financial Statements</li> <li>- EAS (44) Disclosurc of Interests in Other Entities.</li> </ul>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial years beginning on or after January 1st, 2020, and the early adoption is permitted. -The new or ammended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as ammended and issued in 2019
Egyptian Accounting Standard No. (22) as ammended " Earnings per Share	The scope of implementaion of the Standard was ammended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The ammendment of the standard on the financial statements is implemented.	This ammendment is introduced and shall apply to financial years beginning on or after 1 <sup>st</sup> of January 2019.
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The ammendment of the standard on the financial statements is implemented.	This ammendment is introduced and shall apply to financial years beginning on or after 1 <sup>st</sup> of January 2019.

#### 4- Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial asset values are determined at the current purchase prices of those assets, while the value of financial liabilities is determined at the current rates at which such liabilities can be settled.

In the absence of an active market to determine the fair value of financial instruments, fair value is estimated using the various valuation techniques, taking into consideration recent transaction prices, and guidance on the current fair value of other instruments that are substantially similar - discounted cash flow method or other valuation method which results in reliable values.

When using deductible cash flow method as a revaluation method, the future cash flows are estimated on the base of the best estimates for the management. The used discount rate is determined according to the price at reporting date for the same financial instruments of its nature and activities.

Wherever possible, additional disclosures about the assumptions used in determining fair value are disclosed in the notes to these assets and liabilities.

#### 4-1 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and collected interest, discounted at the market rate of interest at the date of the financial statements.

#### 5 Dividends revenue from Investment in subsidiaries

	2019	2018
	L.E	L.E
Egyptian Company for Dairy Products	78 492 150	39 996 000
Egyptian Company for Food Industries (Egyfood)	153 969 200	160 967 800
Tiba for Trading and Distribution	36 463 500	93 906 000
International company for Food industries	67 993 200	-
Al-Marwa for Food Industries	82 925 300	54 950 500
	<u>419 843 350</u>	<u>349 820 300</u>
Less: Dividends tax	(20 992 168)	(17 491 015)
	<u>398 851 182</u>	<u>332 329 285</u>

## Juhayna Food Industries Company (S.A.E.)

Notes to the separate financial statements for the financial Year ended 31 December 2019

**6 Other revenue**

	<b>2019</b>	<b>2018</b>
	<b>L.E</b>	<b>L.E</b>
Income from rental of assets to subsidiaries	2 640 000	2 640 000
Capital gain	793 954	16 930
Refund of service fees	124 443	371 514
Other revenues	-	55 000
	<u>3 558 397</u>	<u>3 083 444</u>

**7 General and administrative expenses**

	<b>2019</b>	<b>2018</b>
	<b>L.E</b>	<b>L.E</b>
Personnel expenses	64 481 986	56 599 696
Depreciation expense	8 703 126	11 181 922
Subscription fees and licenses	564 455	872 147
Other administrative expense	15 610 404	13 593 600
Expense charged to subsidiaries*	(84 169 538)	(77 890 566)
	<u>5 190 433</u>	<u>4 356 799</u>

\* An amount of L.E 84 169 538 of general and administrative expenses has been recharged to subsidiaries (note 30).

**8 Board of Directors remunerations**

	<b>2019</b>	<b>2018</b>
	<b>L.E</b>	<b>L.E</b>
Board of directors remunerations	1 095 000	510 000
Expense charged to subsidiaries*	(1 095 000)	(510 000)
	<u>-</u>	<u>-</u>

\* An amount of board of directors remunerations on 31 December 2019 is L.E 1 095 000 (against amount of L.E 510 000 as of 31 December 2018) has been recharged to subsidiaries (note 30).

**9 Other operating expenses**

	2019 L.E	2018 L.E
Provision for claims	315 000	-
Impairment of debit balances	1 223 845	
Property tax	169 709	169 408
Health insurance contribution	256 850	414 513
	<u>1 965 404</u>	<u>583 921</u>

**10 End of Service benefit**

	2019 L.E	2018 L.E
End of service	1 462 892	317 565
Expense charged to subsidiaries*	(1 462 892)	(317 565)
	<u>-</u>	<u>-</u>

\* An amount of LE 1 462 892 of the end of service benefit has been recharged to subsidiaries (note 30).

**11 Net finance expenses**

	2019 L.E	2018 L.E
Interest expense	(31 752 853)	(47 522 913)
Interest income	457 303	101 005
(Loss) / Gain from foreign currency exchange	(792 762)	735 448
Expenses Charged to subsidiary companies**	11 225 106	22 125 744
	<u>(20 863 206)</u>	<u>(24 560 716)</u>

\*\*An amount of L.E 11 225 106 of finance expenses has been recharged to subsidiaries (note 30).

Juhayna Food Industries

Notes to the separate financial statements for the year ended 31 December 2019

Translated from Arabic

12-Property, plant, and equipment

Description	Land*		Buildings & constructions		Building and construction (lease contract)		Machinery & equipments		Transportation & transport vehicles		Tools		Office furniture & equipments		Computers		Total	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as of 1/1/2018	1 557 594	1 111 973 490	-	-	44 387 809	1 160 409	5 625 826	4 353 045	-	-	-	-	3 588 402	61 357 195	189 615 961			
Adjustments from lease contract (note 31)	11 680 388	-	44 387 809	-	-	-	-	-	-	-	-	-	-	-	56 068 197			
Additions during the year	13 237 982	1 111 973 490	44 387 809	44 387 809	44 387 809	1 160 409	5 625 826	4 353 045	5 625 826	4 353 045	99 600	3 588 402	61 357 195	245 684 158				
Disposals during the year	-	-	-	-	-	-	-	-	-	-	99 600	1 961 645	565 065	2 626 310				
Cost as of 31/12/2018	13 237 982	1 111 973 490	44 387 809	44 387 809	44 387 809	1 160 409	5 520 826	4 452 645	5 550 047	4 452 645	-	5 550 047	61 868 451	248 151 659				
Additions during the year	-	49 305	-	-	-	-	811 404	25 555	315 338	25 555	-	315 338	10 919 658	12 121 260				
Disposals during the year	-	-	-	-	-	-	(932 687)	-	-	-	-	-	(9 997)	( 942 684)				
Cost as of 31/12/2019	13 237 982	1 112 022 795	44 387 809	44 387 809	44 387 809	1 160 409	5 399 543	4 478 200	5 865 385	4 478 200	-	5 865 385	72 778 112	259 330 235				
Accumulated depreciation as of 1/1/2018 before adjustments	-	418 332	-	-	-	1 160 409	4 853 152	4 342 250	2 561 577	4 342 250	-	2 561 577	49 573 277	62 908 997				
Adjustments from lease contract	-	-	8 877 562	8 877 562	8 877 562	-	-	-	-	-	-	-	-	8 877 562				
Accumulated depreciation as of 1/1/2018	-	418 332	8 877 562	8 877 562	8 877 562	1 160 409	4 853 152	4 342 250	2 561 577	4 342 250	-	2 561 577	49 573 277	71 786 559				
Depreciation for the year	-	2 239 470	887 756	887 756	887 756	-	478 545	8 228	229 601	8 228	-	229 601	7 338 322	11 181 922				
Depreciation of disposals	-	-	-	-	-	-	(105 000)	-	-	-	-	-	(46 028)	(151 028)				
Accumulated depreciation as of 31/12/2018	-	2 657 802	9 765 318	9 765 318	9 765 318	1 160 409	5 226 697	4 350 478	2 791 178	4 350 478	-	2 791 178	56 865 571	82 817 453				
Depreciation of the year	-	2 240 210	887 756	887 756	887 756	-	312 197	18 062	326 391	18 062	-	326 391	4 907 818	8 692 434				
Depreciation of disposals	-	-	-	-	-	-	(932 687)	-	-	-	-	-	(9 997)	(942 684)				
Accumulated depreciation as of 31/12/2019	-	4 898 012	10 653 074	10 653 074	10 653 074	1 160 409	4 606 207	4 368 540	3 117 569	4 368 540	-	3 117 569	61 763 392	90 567 203				
Net book value as of 31/12/2019	13 237 982	1 107 124 783	33 734 735	33 734 735	33 734 735	-	793 336	109 660	2 747 816	109 660	-	2 747 816	11 014 720	168 763 032				
Net book value as of 31/12/2018	13 237 982	1 109 315 688	34 622 491	34 622 491	34 622 491	-	294 129	102 167	2 758 869	102 167	-	2 758 869	5 002 880	165 334 206				

- The cost of fully depreciated assets and still in use amounted to L.E.64 727 428 as of 31 December 2019.

\* The land item amounted to L.E.13 237 982 on 31 December 2019 includes amount of L.E.1 367 244 representing the land in Marsa Allam which not registered, thus procedures of registering the land are in progress

13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Total investment cost	Impairment in the value of investment as at	Net Investment	Net Investment
			%	L.E.	L.E.	%	L.E.	31/12/2019 L.E.	31/12/2019 L.E.	31/12/2018 L.E.
<b>(13-1) Investment in subsidiary companies</b>										
Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	359 911 533
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	499 950 000
The Egyptian Company For Food Industries "Egy food"	SAE	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	386 893 852
Tiba for Trading and Distributing	SAE	1 998 000	99.9	100	199 800 000	100	199 800 000	-	199 800 000	199 800 000
Al-Marwa for Food industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	196 815 808
Enmaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	599 970 000
<b>(13-2) Investment in subsidiary and under joint control companies</b>										
Ajla For Food Industries	SAE	1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	10 150 000
Balance as at 31 December 2019					2 209 658 000		2 253 491 193	-	2 253 491 193	2 253 491 193
<b>(13-3) Investments available for sale</b>										
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-
Balance as at 31 December 2019					100 000		100 000	(100 000)	-	-

\* Juhayna Food Industries is committed to retain at least 75.1 % of the Egyptian Company for Food Industries (Egyfood) capital, according to the terms of the loan agreement between CIB and the Egyptian Company for Food Industries (Egyfood).



**14 Projects under constructions**

	31/12/2019	31/12/2018
	L.E.	L.E.
Advance payments for purchase of fixed Assets	-	123 068
Software programs	2 034 411	-
	<u>2 034 411</u>	<u>123 068</u>

**15 Income tax expenses**

	2019	2018
	L.E	L.E
Dividends tax	(20 992 168)	(17 491 015)
Income tax	(4 077 350)	(3 003 856)
Deferred tax expense from lease contract	(961 550)	(1 188 308)
Deferred tax (expense) /income	(1 462 803)	14 528
	<u>(27 493 871)</u>	<u>(21 668 651)</u>

**Reconciliation of effective tax rate**

	2019	2018
	L.E.	L.E.
Profit for the year before income tax	395 382 704	323 402 308
Dividends tax	20 992 168	17 491 015
Income tax	4 077 350	3 003 856
Deferred tax from lease contract	961 550	1 188 308
Deferred tax income (expense)	1 462 803	(14 528)
<b>Total tax expense based on statement of profit or loss</b>	<u>27 493 871</u>	<u>21 668 651</u>
<b>Profit before tax</b>	<b>395 382 704</b>	<b>323 402 308</b>
Income tax using the Company's domestic tax rate (22.5%)	88 961 109	72 765 519
Provisions formed	346 240	83 853
Tax on revenue exempted by law	(94 464 754)	(78 709 568)
Other adjustments	30 226 923	26 355 067
Income Tax	<u>25 069 518</u>	<u>20 494 871</u>
Effective tax rate	<u>% 6.34</u>	<u>%6.34</u>

## 16 Tax status

### 16-1 Corporation tax

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and payments due over annual taxable profits.

#### **The year from the beginning of operation till year 2009**

The Company has been inspected and all tax inspection differences were paid.

#### **Years from 2010 till 2013**

The Company has been inspected and all tax inspection differences were paid.

#### **Years from 2014 till 2017**

The company received Forms (31 and 32) for inspecting these tax years and the company requested postponing the inspections by Form (26) and the inspection is being processed.

#### **Years 2018**

The Company submitted the annual tax return for the income tax in the due date.

### 16-2 Salaries tax

#### **The year from the beginning of operation till year 2014**

The tax inspection performed and differences settled.

#### **Year 2015/2016**

The tax inspection performed and differences settled.

#### **Year 2017/2018**

These tax years are under inspection now.

### 16-3 Stamp tax

#### **The year from the beginning of operation till 2010**

The tax inspection performed and differences settled.

#### **The year from 2011 till 2014**

The tax inspection performed and differences settled.

#### **Year 2015/2016**

The tax inspection performed and differences settled

#### **Year 2017/2018**

These tax years are under inspection now.

### 16-4 Sales tax / Value added tax

#### **Years from 2013 till 2015**

The tax inspection performed, and the company settled differences till 31/12/2015.

The sales tax was replaced by value added tax by the issuance of the law no. 67 for year 2016 to be applied as of the day following its issuance date on 7 September 2016.

The company submits monthly declarations and the company remitted the tax as they become due.

#### **Years from 2016 till 2018**

The tax inspection performed, the dispute is being resolved in the internal committee, the company is processing the payment.

### 16-5 Withholding tax

The company remitted the amount that was deducted to tax authority on due dates.

**17 Debtors and Other debit balances**

	31/12/2019	31/12/2018
	L.E.	L.E.
Suppliers – advance payments	347 149	601 962
Prepaid expenses	3 355 811	6 988 036
Deposits with others	377 794	295 908
Other debit balances	912 044	948 049
	<u>4 992 798</u>	<u>8 833 955</u>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<u>4 892 798</u>	<u>8 733 955</u>

**18 Cash at banks and on hand**

	31/12/2019	31/12/2018
	L.E.	L.E.
Banks – current accounts	18 432 576	1 605 836
Time deposits*	120 749	111 500
Cash on hand	74 651	148 013
<b>Cash at banks and on hand in the statement of cash flows</b>	<u>18 627 976</u>	<u>1 865 349</u>

\*The above mentioned time deposits are maturing within 3 months.

**19 Capital**

**Authorized capital**

The Company's authorized capital amounts to L.E 5 billion.

**Issued and paid up capital**

The Company's issued and fully paid up capital was amounted to L.E 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) divided into 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) shares at par value L.E 1 each.

**Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

	30/9/2019	31/12/2018
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

### 19-1 General reserve - issuance premium

The balance of general reserve – issuance premium is as follows:-

Collected from issuance premium of 205 972 632 shares during the year 2010	999 379 210
<u>Less:</u>	
i. Nominal value of issued shares with a premium	205 972 632
ii. Issuance fees	38 507 164
ii. Legal reserve formed to reach 50 % of paid up capital	350 398 732
v. Difference between the nominal value and the cost of own shares cancelled on 5/2/2012.	73 580 254
<b>General reserve balance</b>	<b><u>330 920 428</u></b>

### 20 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year after reducing dividends to employees and BOD as follows :

	2019 L.E	2018 L.E
Net profit of the Year	367 888 833	301 733 657
(Less)		
Employees share in dividends	(34 949 439)	(29 281 332)
BOD bouns	(26 747 470)	(21 646 174)
<b>Net due to shareholders</b>	<b><u>306 191 924</u></b>	<b><u>250 806 151</u></b>
Weighted average number of ordinary shares	941 405 082	941 405 082
<b>EPS (L.E/Share)</b>	<b><u>0.325</u></b>	<b><u>0.266</u></b>

### 21 Credit facilities

	31/12/2019 L.E	31/12/2018 L.E
The value of this credit facility limit is L.E 50 million with QNB and a monthly variable interest rate and a guarantee of a promissory note amounted to L.E 50 million	49 404 072	43 360 920
The value of this credit facilities limit is L.E 51 million with HSBC and a monthly variable interest rate and a guarantee of a promissory note amounted to L.E 51 million	18 580 245	20 137 589
	<b><u>67 984 317</u></b>	<b><u>63 498 509</u></b>

**22 Provision**

Description	Balance on 1/1/2019 L.E	Provision formed L.E	Provision used L.E	Balance on 31/12/2019 L.E.
Provision for claims	4 416 147	315 000	(2 787 780)	1 943 367

**23 Suppliers and other credit balances**

	31/12/2019 L.E.	31/12/2018 L.E.
Suppliers	7 506 170	5 697 185
Accrued expenses	1 106 775	703 561
Tax authority	1 322 074	1 010 332
Tax authority - VAT	1 477 262	593 842
Deposits from others	15 151	10 993
Sales tax installments on the imported machineries and equipment-short term (Note 24)	102 282	102 282
Due to Sodiq - current portion	-	3 230 787
Dividends payable	27 337	30 025
Accrued health insurance	671 363	414 513
Social Insurance Authority	269 005	195 750
Other credit balances	418 284	383 844
	<b>12 915 703</b>	<b>12 373 114</b>

**24 Other liabilities**

	31/12/2019 L.E	31/12/2018 L.E
The value of sales tax installments on the imported machineries and equipment due from September 2017 till January 2021 as agreed with the Sales Tax Authority.	102 282	204 565
	<b>102 282</b>	<b>204 565</b>

**25 Deferred tax liabilities**

**Deferred tax asset and liabilities arising from lease contract**

	31/12/2019 L.E	31/12/2018 L.E
Deferred tax liabilities	(6 741 399)	(7 790 062)
Deferred tax assets	4 591 541	6 601 754
<b>Net Deferred tax liabilities</b>	<b>(2 149 858)</b>	<b>(1 188 308)</b>
<b>Deferred tax liabilities</b>		
Fixed assets (liabilities)	(2 895 056)	(1 432 253)
<b>Total deferred tax liabilities</b>	<b>(5 044 914)</b>	<b>(2 620 561)</b>

**Deferred tax movement**

	Balance on 1/1/2019	Deferred tax expense during the year ended 31/12/2019	Balance on 31/12/2019
	L.E	L.E	L.E
<b>Total Deferred tax liability</b>	<u>2 620 561</u>	<u>2 424 353</u>	<u>5 044 914</u>

**26 Financial instruments****Financial risk management****Overview**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

**Credit risk**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk

**Credit risk****Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	31/12/2019	31/12/2018
	L.E	L.E
Debtors and other debit balances	1 636 987	1 845 919
Due from related parties	401 582 652	295 411 747

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company is keeping the following credit process:

Credit facilities totalling L.E. 67 984 317. The interest is paid for the facilities in Egyptian pound with a variable interest rate

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

	Carrying amount	Contractual cash flows
	L.E.	L.E.
	Credit facilities	67 984 317
Suppliers and other credit balances	12 915 703	12 915 703
Finance lease liability	98 799 259	125 000 000

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the management.

### Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily L.E. The currencies in which these transactions primarily are denominated are Euro, USD, and Swiss Francs (CHF).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances

## Juhayna Food Industries Company (S.A.E.)

Notes to the separate financial statements for the financial Year ended 31 December 2019

**Foreign currency risk****Exposure to currency risk**

The Group's exposure to foreign currency risk is as follows based on notional amounts:

	USD	Euro
Debtors & other debit balances	22 727	
Cash at bank and on hand	3 258	2 474
Creditors & other credit balances	(20 177)	(949)
<b>31 December 2019</b>	<b>5 808</b>	<b>1 525</b>
<b>31 December 2018</b>	<b>(56 472)</b>	<b>1 848</b>

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	2019	2018	31/12/2019	31/12/2018
USD	16.78	17.83	16.09	17.95
Euro	18.80	21.27	18.07	20.84

**Interest rate risk**

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets exposed to changes in interest rates.

**Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Total equity consists of paid up capital and retained earnings and reserves. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

	31/12/2019	31/12/2018
	L.E.	L.E.
Total liabilities	191 396 630	195 644 397
Less: cash at banks and on hand	(18 627 976)	(1 865 349)
<b>Net debt</b>	<b>172 768 654</b>	<b>193 779 048</b>
Total equity	2 657 995 432	2 529 315 121
<b>Net debt to equity ratio</b>	<b>% 6.50</b>	<b>7.66 %</b>

-There were no changes in the company's approach to capital management during the year.



**27 Financial lease contracts****Lease contracts (Sale and lease back)**

On 23/3/2016 the Company signed a contract with regard to a sale & lease back for a land (including the building built thereon), the land located on plot no. 21 of the Crazy Water's Corridor in Zayed City with a total area of 15 374.47 m<sup>2</sup>. The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Lease value		Lease year Months	Purchase value at end of contract L.E	Quarterly lease value rounded L.E
	Contractual value L.E	Accrued interest L.E			
	Contract from 24/3/2016 to 25/3/2025	257 625 930			

- In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 for leasing contracts, the initial application date for this standard is the beginning of the annual report year in which the financial leasing law No. 95 of 1995 and its amendments has been canceled and the law regulating financial leasing no. 176 for the year 2018 in respect of leasing contracts which were subject to Law 95 of 1995. The lease is accounted for in accordance with Egyptian accounting standard no. (20) (Standards for Financial Leasing Transactions) which resulted in the following:

	31/12/2019 L.E	31/12/2018 L.E
Record of cost of land	11 680 388	11 680 388
Record of cost of building and construction	44 387 809	44 387 809
Record of accumulated depreciation	10 874 986	9 765 318
Record of loan (liability from lease contract)	98 799 260	109 527 647
Cancel of prepaid expense	8 031 087	8 625 981
Cancel of deferred income	79 473 163	85 360 064
Restatement effect on legal reserve	(323 445)	940595
Restatement effect on retained earnings	323 445	11 380 413
Record of deferred tax liabilities	9 729 353	7 790 062
Record of deferred tax assets	6 801 498	6 601 754

- i. The Company leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a yearly lease rent of L.E. 2 640 000 as of 31 December 2019 (L.E. 2 640 000 as of 31 December 2018)
- ii. The financial expenses for the lease contract during 2019 amounted to L.E 18 405 907.

**27-1 Financial lease contract liability**

	31/12/2019	31/12/2018
	L.E	L.E
Liabilities from lease contract - current portion	11 597 450	7 939 797
Long-term liability from lease contract - Non-current portion	87 201 809	101 587 848
<b>Total</b>	<b><u>98 799 259</u></b>	<b><u>109 527 645</u></b>

**Payment of lease contracts liabilities are as follows:**

	Payment of loan principal		Payment of accrued interest	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	L.E	L.E	L.E	L.E
Liabilities during one year	11 597 450	7 939 797	11 756 700	18 759 973
Liabilities between 1-5 years	87 201 809	71 229 845	29 569 749	61 423 058
Liabilities more than 5 years	-	30 358 003	-	2 805 223

**28 Related party transactions**

The related parties are represented in the Company's shareholders and companies in which they own directly or indirectly shares giving them significant influence or control.

The following is a summary of significant transactions concluded, during the current year, between the Company and its related parties.

28-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
		L.E.	L.E.	L.E.	L.E.
	Collection / Current	(52 492 817)	(146 440 486)		
Tiba for trading and distribution	Dividends	34 640 325	93 906 000	37 177 558	52 390 050
	Leases	2 640 000	2 640 000		
International Company for Modern Food Industries	Current	(770 816)	761 136	65 420 709	1 597 985
	Dividends	64 593 540			
El Marwa For Food Industries	Collection / Current	(82 770 902)	(55 835 594)	374 682	220 284
	Dividends	82 925 300	54 950 500		
EGY food	Collection / Current	(109 673 249)	(49 860 786)	118 752 555	112 548 984
	Dividends	115 876 820	160 967 800		
Modern Concentrates Industrial Company	Current	(77 365)	(373 041)	220 392	297 757
Enmaa for Agriculture Development and Biological Wealth	Current	19 516 313	9 016 683	126 240 607	106 724 294
Egyptian for Dairy products	Collection / Current	(44 435 164)	(27 277 417)	44 850 762	12 718 583
	Dividends	76 567 343	39 996 000		
Enmaa for Reclamation and Agriculture	Current		1 043 379		1 084 306
Enmaa for Livestock	Current	698 853	4 026 246	8 516 661	7 817 808
Argo for food industries	Current	17 030	11 792	28 726	11 696
				<b>401 582 652</b>	<b>295 411 747</b>

**28-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		31\12\2019 L.E.	31\12\2018 L.E.	31\12\2019 L.E.	31\12\2018 L.E.
Enmaa for Reclamation and Agriculture		(1 613 744)		529 438	-
				<u>529 438</u>	<u>-</u>

The company has an agreement with Tiba for Trading and Distribution company—a subsidiary - 99.9% for the rental of company's administrative building with a value of L.E 2 640 000 during the year ended 31 December 2019 (the amount of L.E 2 640 000 through in 31 December 2018).

**29 Non-cash transactions in cash flow**

The exclusion of the amount of L.E 13 246 423 from the tax payment due on dividends against the change in related parties.

**30 Distribution some of the holding companies expenses**

According to the BOD decision on 19/10/2016, certain expenses of the company are allocated to the subsidiaries based on percentage of consolidated revenues.

**31 Comparative figure**

The accounting policies applied in the preparation of financial statements on 31/12/2019 are the same accounting policies applied in the preparation of the annual financial statements on 31 December 2018. Taking into account new issuances and amendments to the Egyptian accounting standards by decision of the Minister of Investment and International Cooperation on 18 March 2019 related to lease contracts that were subject to the law of financial leasing No. 95 of 1995 and its amendments, which been restated from the beginning of the comparison year. The comparative figures and the opening balances for the comparative year have been adjusted following the change in the accounting policy for financial lease contracts (Accounting Policy No. 3-6) to conform to the new version of the Egyptian Accounting Standards in this regard.

**The restatements effect on the financial statements are as follows:**

Description	31/12/2018
	L.E
Increase in PPE	46 302 879
Decrease in debit balances-long term	7 436 192
Decrease in debit balances-short term	1 189 789
Decrease in deferred income	73 586 263
Decrease in deferred capital gain- short term	11 773 802
Increase in deferred tax liabilities from lease contract	1 188 398
Increase in retained earnings	11 704 957
Increase in legal reserve	616 050

The restatement effect on the statement of profit or loss are as follows

Description	Before restatement	Restatement	After restatement
	31\12\2018	31\12\2018	31\12\2018
	L.E	L.E	L.E
Deferred realized gain	11 773 802	(11 773 802)	-
Finance lease expense	28 956 529	(28 956 529)	-
Depreciation expense	-	887 756	887 756
Interest and finance expense	-	21 597 557	21 597 557
Deferred tax expense	-	1 188 308	1 188 308

The restatement effect on the statement of cash flow are as follows:

Description	Before restatement	Restatement	After restatement
	31\12\2018	31\12\2018	31\12\2018
	L.E	L.E	L.E
Finance lease instalments	28 956 529	(28 596 529)	-
Changes in Depreciation	10 294 166	887 756	11 181 922
Change in trade and other debit balances	222 597	(1 189 847)	(967 251)
Change in lease contracts liabilities	(23 169 800)	11 773 802	(11 395 998)
Paid from lease contract	-	(6 169 124)	(6 169 124)

Juhayna Food Industries  
 (An Egyptian Joint Stock Company)  
 Proposed appropriation statement  
 For the financial year ended 31 December 2019

Appendix (1)  
 Translation from Arabic

	31/12/2019	31/12/2018
	L.E.	L.E.
Net profit for the year	367 888 833	301 733 657
Retained earnings	596 422 586	548 984 134
<b>Distributable profits</b>	<b>964 311 419</b>	<b>850 717 791</b>
<b>To be appropriated as follows</b>		
Legal reserve	18 394 442	15 086 683
Employees' profit share	36 119 935	29 281 332
Shareholders' first trench Dividends	47 070 254	47 070 254
Board remuneration	27 800 916	21 646 174
Shareholders 'second trench dividends	141 210 762	141 210 762
Retained earnings	693 715 110	596 422 586
	<b>964 311 419</b>	<b>850 717 791</b>