

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate interim financial statements  
For the financial period ended  
31 March 2020  
and review report**

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Giza – Cairo -Egypt**

**Mohamed Hilal – Grant Thornton  
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A member of Grant Thornton international  
87 Ramses St., Cairo**

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim financial statements**  
**for the period ended 31 March 2020**

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## Report on Limited Review of Separate Interim Financial Statements

To: The members of board of directors of Juhayna Food Industries S.A.E

### *Introduction*


We have performed a limited review for the accompanying separate interim statement of financial position of Juhayna Food Industries S.A.E, as of 31 March 2020 and the related separate interim statements of income, comprehensive income, changes in equity and cash flows for the three-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

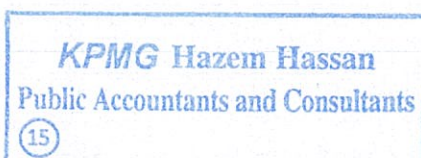
### *Scope of Limited Review*

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of interim Financial Statements Performed by the Independent Auditor of the Entity. A limited review of separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these separate interim financial statements.

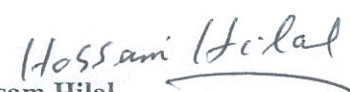
### *Conclusion*

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

  
**Hatem Montasser**  
KPMG Hazem Hassan  
Public Accountants & Consultants



Cairo, 26 April 2020

  
**Hossam Hilal**  
Mohamed Hilal – Grant Thornton  
Public Accountants  
Sami Al

**Grant Thornton - Mohamed Hilal**  
Public Accountants  
The Egyptian Member Firm of  
Grant Thornton International

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of financial position**  
**As at 31 March 2020**

Translated from Arabic

	Note no.	31/3/2020 L.E.	31/12/2019 L.E.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	167 295 249	168 763 032
Projects under construction	(14)	1 929 079	2 034 411
Investment in subsidiaries and under joint control	(13-1),(13-2)	2 253 491 193	2 253 491 193
Payments under investment account	(13-4)	20 000 000	-
<b>Total non-current assets</b>		<b>2 442 715 521</b>	<b>2 424 288 636</b>
<b>Current assets</b>			
Debtors and other debit balances	(17)	7 354 956	4 892 798
Due from related parties	(28-1)	489 589 179	401 582 652
Cash at banks and on hand	(18)	2 170 799	18 627 976
<b>Total current assets</b>		<b>499 114 934</b>	<b>425 103 426</b>
<b>Total assets</b>		<b>2 941 830 455</b>	<b>2 849 392 062</b>
<b>Equity</b>			
Paid-in capital	(19)	941 405 082	941 405 082
Legal reserve		439 752 945	421 358 503
General reserve - shares issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		789 596 905	964 311 419
<b>Total equity</b>		<b>2 501 675 360</b>	<b>2 657 995 432</b>
<b>Non-current liabilities</b>			
Lease contract liabilities (long-term portion)	(27-1)	82 849 498	87 201 809
Deferred tax liabilities	(25)	5 789 517	5 044 914
Other liabilities	(24)	-	102 282
<b>Total non-current liabilities</b>		<b>88 639 015</b>	<b>92 349 005</b>
<b>Current liabilities</b>			
Provisions	(22)	1 301 363	1 943 367
Credit facilities	(21)	66 985 408	67 984 317
Suppliers and other credit balances	(23)	264 210 793	12 915 703
Lease contract liabilities (current portion)	(27-1)	12 919 290	11 597 450
Due to related parties	(28-2)	507 367	529 438
Tax liabilities- Income tax		5 591 859	4 077 350
<b>Total current liabilities</b>		<b>351 516 080</b>	<b>99 047 625</b>
<b>Total liabilities</b>		<b>440 155 095</b>	<b>191 396 630</b>
<b>Total equity and liabilities</b>		<b>2 941 830 455</b>	<b>2 849 392 062</b>

The notes from no. (1) to no.(32) are an integral part of these separate interim financial statements and should be read there to.

Director - Financial Central Functions  
Dalia Elshal

*Dalia Elshal*

Chief Financial Officer  
Sameh El-hodaiby

*Sameh El-hodaiby*

Chairman  
Safwan Thabet

*Safwan Thabet*

Cairo, 26/4/2020  
"Limited review report attached"

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of income**  
**For the financial period ended 31 March 2020**

Translated from Arabic

	Note no.	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E <u>Restated</u>
Dividends revenues from Investment in subsidiaries	(5)	107 974 900	154 914 900
Other revenues	(6)	1 566 496	796 253
General and administrative expenses	(7)	(1 177 330)	(1 443 471)
Other Operating expenses	(9)	(1 611 823)	( 809 908)
<b>Gain from operating activities</b>		<b>106 752 243</b>	<b>153 457 774</b>
End of service expenses	(10)	( 18 288)	-
Net finance expenses	(11)	(3 194 303)	(5 790 735)
<b>Net profit for the period before tax</b>		<b>103 539 652</b>	<b>147 667 039</b>
Income tax	(15,5)	(6 913 254)	(10 107 635)
Deferred tax (Expense)	(25)	( 744 603)	( 302 661)
<b>Net profit for the period after tax</b>		<b>95 881 795</b>	<b>137 256 743</b>
<b>Earning per share for the period (L.E /share )</b>	(20)	<b>0.083</b>	<b>0.118</b>

The notes from no.(1) to no.(32) are an integral part of these separate interim financial statements and should be read there to.

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate interim statement of comprehensive income  
For the financial period ended 31 March 2020

Translated from Arabic

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E <u>Restated</u>
Net profit for the period	95 881 795	137 256 743
<b>Total comprehensive income for the period</b>	<b>95 881 795</b>	<b>137 256 743</b>

The notes from no.(1) to no.(32) are an integral part of these separate interim financial statements and should be read there to

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of changes in equity**  
**For the financial period ended 31 March 2020**

Translated from Arabic

Note no.	Issued & paid in-capital		Legal Reserve		General reserve-shares issuance premium		Retained earnings		Total	
	L.E.		L.E.		L.E.		L.E.		L.E.	
	941 405 082		406 271 820		330 920 428		850 717 791		2 529 315 121	
Balance as of 1 January 2019										
Legal reserve formed	-	15 411 228	-	-	-	-	(15 411 228)	-	-	-
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 period ended 31 March 2019	-	-	-	-	-	-	138 684 436	-	138 684 436	-
Balance as of 31 March 2019 before adjustments	941 405 082		421 683 048		330 920 428		734 782 477		2 428 791 035	
Adjustments during 2019	-		-		-		(1 427 693)		(1 427 693)	
Balance as of 31 March 2019 after adjustments	941 405 082		421 683 048		330 920 428		733 354 784		2 427 363 342	
	941 405 082		421 358 503		330 920 428		964 311 419		2 657 995 432	
Balance as of 1 January 2020										
Legal reserve formed	-	18 394 442	-	-	-	-	(18 394 442)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	(188 281 016)	-	(188 281 016)	-
Dividends to employees and board of directors	-	-	-	-	-	-	(63 920 851)	-	(63 920 851)	-
Total comprehensive income for the period ended 31 March 2020	-	-	-	-	-	-	95 881 795	-	95 881 795	-
Balance as of 31 March 2020	941 405 082		439 752 945		330 920 428		789 596 905		2 501 675 360	

The notes from no.(1) to no.(32) are an integral part of these separate interim financial statements and should be read there to.

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate interim statement of cash flows  
For the financial period ended 31 March 2020

Translated from Arabic

	Note no.	The financial period From 1/1/2020 To 31/3/2020 L.E.	The financial period From 1/1/2019 To 31/3/2019 L.E. <u>Restated</u>
<b>Cash flows from operating activities</b>			
Net profit for the period before tax		103 539 652	147 667 039
<b>Adjustments</b>			
PPE depreciation	(12)	2 113 388	2 590 639
Capital gain from sale of fixed assets	(6)	( 906 496)	( 136 253)
Provisions for claims formed	(22)	233 875	-
Credit interests	(11)	( 167 716)	( 305 942)
Finance interests and expenses	(11)	5 341 568	8 885 520
Loss from foreign currency exchange	(11)	194 222	45 546
		<u>110 348 493</u>	<u>158 746 549</u>
Deposits interests earned		167 716	305 942
Finance interests and expenses paid		(5 341 568)	(8 885 520)
<b>Changes in:</b>			
Debtors and other debit balances		(2 462 158)	(8 323 046)
Due from related parties		(93 405 272)	37 685 694
Suppliers and other credit balances		(1 009 059)	(9 706 448)
Provisions for claims used		( 875 879)	(2 315 793)
Due to related parties		( 22 071)	12 642 879
<b>Net cash flows incurred from operating activities</b>		<u><u>7 400 202</u></u>	<u><u>180 150 257</u></u>
<b>Cash flows from investing activities</b>			
Acquisition of PPE and projects under construction		( 741 455)	( 7 320)
Proceeds from sale of fixed assets		1 107 678	136 253
<b>Net cash flows incurred from investing activities</b>		<u><u>366 223</u></u>	<u><u>128 933</u></u>
<b>Cash flows from financing activities</b>			
(Payment) / Proceeds from credit facilities		( 998 909)	4 321 976
Payments of finance lease liability		(3 030 471)	(1 793 952)
Payments for investment account		(20 000 000)	-
<b>Net cash flows incurred (used in)/from financing activities</b>		<u><u>( 24 029 380)</u></u>	<u><u>2 528 024</u></u>
<b>Net change in cash and cash equivalents during the period</b>		<u><u>(16 262 955)</u></u>	<u><u>182 807 214</u></u>
Foreign currency exchange		( 194 222)	( 45 546)
Cash and cash equivalents at 1 January		<u>18 627 976</u>	<u>1 811 927</u>
<b>Cash and cash equivalents at 31 March</b>		<u><u>2 170 799</u></u>	<u><u>184 573 595</u></u>

The notes from no.(1) to no.(32) are an integral part of these separate interim financial statements and should be read there to.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the separate Interim financial statements**  
**For the financial period ended 31 March 2020**

**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- Sodic 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, 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 issuance by the Board of Directors on 26 April 2020.

**2-2 Basis of measurement**

- The financial statements have been prepared on the historical cost basis except for the following material items in the financial position.
- Non-derivative financial liabilities at fair value.
- The methods are used to measure fair value are discussed further in (Note 4).

**2-3 Functional and presentation currency**

The 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 from management to make judgments, estimates and assumptions that affect the implementation of policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed continuously. Any modifications to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.
- Information about important estimates in applying accounting policies that have the most significant effect on the amounts which are recognised in the financial statements are presented in the following notes:

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

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial period ended 31 March 2020**

Information about uncertain assumptions and estimations 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 other debit balances.
- 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 Investments**

##### **3-2-1 Investments 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 and cash equivalents**

Cash and cash equivalents comprise cash at banks, on hands and 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:

Description	Estimated useful life (Years)
Buildings & Constructions	50
Transportation & Transport Vehicles	5
Tools	6-7
Office equipments & 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:**

The group assess whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the group has the right to direct the use of the asset.

The group recognize right of use (ROU) asset and a lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement in a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the group uses an incremental borrowing rate specific to the country, term and currency of the contract. Lease payments can include fixed payments; variable payment that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured ( with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises, the initial lease liability, initial direct costs, and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator for impairment, as for owned assets.

**Finance lease contracts (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 in value****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. The legal reserve is unable to distribute.

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

**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.

The Financial Regulatory Authority decided in its declaration on April 12, 2020 to postpone the application of the new Egyptian accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the periodic (quarterly) financial statements that will be issued during the year 2020 that companies implement these standards and these amendments On the annual financial statements of these companies at the end of the fiscal year ending December 31, 2020 and the inclusion of the combined effect in full at the end of the year, with companies committing to adequate disclosure in their periodic lists during the year 2020 about this fact and its accounting impact, if any.

Juhayna Food Industries has implemented early for each of the new Egyptian Accounting Standard No. (47) financial instruments, and a new Egyptian Accounting Standard (49) leasing contracts.

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"	Standard No. (47) comprise revised stipulations regarding classification and measurement of financial instruments. Including a new model of expected credit losses for the purposed of calculating impairment of financial assets. The revised model requires the recognition of impairment to be based in expected credit losses rather that the basis of triggering events for credit losses.	Standard No. (47) does not have a significant impact on the classification of and measurement of financial assets of the company. Also does not have impact on financial liabilities for the company.	This standard applies to financial years beginning on or after 1 <sup>st</sup> of January 2020, provided that the amended Egyptian Accounting Standards (1), (25), (26) and (40) are simultaneously applied.  -These ammendments are effective as of the date of implementing Standard No. (47)

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

The new Egyptian Accounting Standard No. (49) "Lease Contracts	<ol style="list-style-type: none"> <li>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015</li> <li>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.</li> <li>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</li> <li>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.</li> <li>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.</li> </ol>	The amendment of the standard on the financial statements is implemented.	This standard No. (49) applies to financial years beginning on or after 1 <sup>st</sup> of January 2020, if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. 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.
Egyptian Accounting Standard No.	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The amendment of the standard on the	This amendment is introduced and shall apply to



(22) as amended " Earnings per Share		financial statements is implemented.	financial years beginning on or after 1 <sup>st</sup> of January 2020.
Egyptian Accounting Standard No. (4) as amended " 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 amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial years beginning on or after 1 <sup>st</sup> of January 2020.

#### 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 revenues from Investment in subsidiaries**

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Egyptian Company for Dairy Products	63 993 600	39 996 000
Egyptian Company for Food Industries (Egyfood)	16 996 600	31 993 600
Tiba for Trading and Distribution	13 986 000	-
International company for Food industries	12 998 700	-
Al-Marwa for Food Industries	-	82 925 300
	<u>107 974 900</u>	<u>154 914 900</u>
Tax on revenues distribution from subsidiaries	(5 398 745)	(7 745 745)

**6 Other revenues**

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Revenue from rental of assets to subsidiaries	660 000	660 000
Gain from sale of fixed assets	906 496	136 253
	<u>1 566 496</u>	<u>796 253</u>

**7 General and administrative expenses**

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Personnel expenses	18 282 100	15 325 464
Depreciation expenses	2 113 389	2 590 638
Other administrative expenses	3 986 600	3 600 238
Expense charged to subsidiaries*	(23 204 759)	(20 072 869)
	<u>1 177 330</u>	<u>1 443 471</u>

\* An amount of L.E 23 204 759 of general and administrative expenses has been recharged to subsidiaries (Note 29).

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

## 8 Board of Directors remunerations

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Board of director's remunerations	210 000	270 000
Expense charged to subsidiaries*	(210 000)	(270 000)
	<u>-</u>	<u>-</u>

• An amount of board of directors remunerations on 31 March 2020 is L.E 210 000 against an amount of L.E 270 000 as of 31 March 2019 has been recharged to subsidiaries (Note 29).

## 9 Other operating expenses

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Provision for claims	233 875	-
Property tax	1 274 760	166 564
Health insurance	3 188	643 344
Donations	100 000	-
	<u>1 611 823</u>	<u>809 908</u>

## 10 End of service expenses

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
End of service	1 175 278	1 455 892
Expense charged to subsidiaries*	(1 156 990)	(1 455 892)
	<u>18 288</u>	<u>-</u>

• An amount of L.E 1 156 990 from the end of service has been recharged to subsidiaries (Note 29).

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

## 11 Net finance expenses

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Finance interests and expenses	(5 341 568)	(8 885 520)
Credit interests	167 716	305 942
(Loss) / Gain from foreign currency exchange	(194 222)	(45 546)
Expenses Charged to subsidiary companies*	2 173 771	2 834 389
	<u>(3 194 303)</u>	<u>(5 790 735)</u>

Juhayna Food Industries

Notes to the separate interim financial statements for the financial period ended 31 March 2020

Translated from Arabic

12-Property, plants, and equipment

Description	Lands		Buildings & constructions		Building and construction (lease contract)		Machineries & equipment		Transportation & transport vehicles		Tools		Office furniture & equipment		Computers		Total	
	L.E		L.E		L.E		L.E		L.E		L.E		L.E		L.E		L.E	
Cost as of 1/1/2019	13 237 982		111 973 490		44 387 809		1 160 409		5 520 826		4 452 645		5 550 047		61 868 451		248 151 659	
Additions during the year	-		49 305		-		-		811 404		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		112 022 795		44 387 809		1 160 409		5 399 543		4 478 200		5 865 385		72 778 112		259 330 235	
Additions during the period	-		-		-		-		-		-		-		846 787		846 787	
Disposals during the period	-		(316 000)		-		-		-		-		-		(30 208)		(346 208)	
Cost as of 31/3/2020	13 237 982		111 706 795		44 387 809		1 160 409		5 399 543		4 478 200		5 865 385		73 594 691		259 830 814	
Accumulated depreciation as of 1/1/2019	-		2 657 802		9 765 318		1 160 409		5 226 697		4 350 478		2 791 178		56 865 571		82 817 453	
Depreciation for the year	-		2 240 210		887 756		-		312 197		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		1 160 409		4 606 207		4 368 540		3 117 569		61 763 392		90 567 203	
Depreciation of the period	-		781 526		-		-		51 820		5 314		87 679		1 187 049		2 113 388	
Depreciation of disposals	-		(114 818)		-		-		-		-		-		(30 208)		(145 026)	
Accumulated depreciation as of 31/3/2020	-		5 564 720		10 653 074		1 160 409		4 658 027		4 373 854		3 205 248		62 920 233		92 535 565	
Net book value as of 31/3/2020	13 237 982		106 142 075		33 734 735		-		741 516		104 346		2 660 137		10 674 458		167 295 249	
Net book value as of 31/12/2019	13 237 982		107 124 783		33 734 735		-		793 336		109 660		2 747 816		11 014 720		168 763 032	

• The cost of fully depreciated assets and still in use amounted to L.E 72 243 975 as of 31 March 2020.

• Land clause includes an amount of L.E 11 680 388 results from the values of lands from finance lease contracts.

• Land clause amount of L.E 13 237 982 as of 31 March 2020 includes an amount of L.E 1 367 244 which represents lands not registered in Marsa Allam with preliminary contract and the necessary measures are being taken to register it with the name of the company.

## 13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total nominal value of investment		Percentage paid from investment	Total investment cost	Permanent impairment in the value of investment as of		Net Investment value as of	Net Investment value as of
					L.E	L.E			31/3/2020	L.E		
<b>(13-1) Investments 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 "Egyfood"	SAE	499 908	99.98	1 000	499 908 000		80	386 893 852			386 893 852	386 893 852
Tiba for Trading and Distribution	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
Emmaa 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) Investments in subsidiaries and under joint control</b>												
Ajlu 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 March 2020					2 209 658 000			2 253 491 193			2 253 491 193	2 253 491 193
<b>(13-3) Investments available for sale (other)</b>												
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000		100	100 000	(100 000)		-	-
Balance as at 31 March 2020					100 000			100 000	(100 000)		-	-
<b>(13-4) Payments for investment account</b>												
Tiba for Trading and Distribution	SAE	1 000 000	99.9	100	100 000 000		20	99 900 000			20 000 000	20 000 000
Balance as at 31 March 2020					100 000 000			99 900 000			20 000 000	20 000 000

Juhayna Food Industries is committed to not less than 75.1 % of the Egyptian for Food Industries (Egyfood) Company's capital, according to the terms of the loan agreement between Commercial International bank and the Egyptian for Food Industries (Egyfood) Company.

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

## 14 Projects under construction

	31/3/2020 L.E	31/12/2019 L.E
Software programs	1 929 079	2 034 411
	<u>1 929 079</u>	<u>2 034 411</u>

## 15 Income tax expenses

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Dividends tax	(5 398 745)	(7 745 745)
Income tax	(1 514 509)	(2 361 890)
Deferred tax expense from lease contract	(582 020)	(353 703)
Deferred tax (expense) /income	(162 583)	51 042
	<u>(7 657 857)</u>	<u>(10 410 296)</u>

## Reconciliation of actual tax rate

	The financial period From 1/1/2020 To 31/3/2020 L.E	The financial period From 1/1/2019 To 31/3/2019 L.E
Net profit for the period before tax	<u>103 539 652</u>	<u>147 667 039</u>
Dividends tax	(5 398 745)	(7 745 745)
Income tax	(1 514 509)	(2 361 890)
Deferred tax (expense) from lease contract	(582 020)	(353 703)
Deferred tax (expense) / income	(162 583)	51 042
<b>Total tax expense based on statement of profit or loss</b>	<u>(7 657 857)</u>	<u>(10 410 296)</u>
<b>Profit before tax</b>	<u>103 539 652</u>	<u>147 667 039</u>
Income tax using the Company's domestic tax rate (22.5%)	23 296 422	33 225 084
Provisions formed	(52 622)	(521 053)
Tax on revenue exempted by the law	(24 294 353)	(34 855 853)
Other adjustments	(463 956)	(210 068)
<b>Income Tax</b>	<u>(1 514 509)</u>	<u>(2 361 890)</u>
<b>Effective tax rate</b>	<u>%1.46</u>	<u>%1.60</u>

## 16 Tax status

### 16-1 Corporation tax

The corporate tax due from the Company is an annual tax according to the 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 years and the company requested postponing the inspection by Form (26) and the inspection is being processed.

#### **Years 2018**

The Company submitted the annual tax return in the due date and corporation tax authority did not request the company for inspection.

### 16-2 Salaries tax

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

The tax inspection has performed, and differences are settled.

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

The tax inspection has performed, and differences are paid.

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

These tax years are under inspection.

### 16-3 Stamp tax

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

The inspection and all tax disputes were completed, and the company paid the tax due.

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

The tax inspection has performed, and differences are paid.

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

The tax inspection has performed, and differences are paid.

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

These tax years are under inspection.

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

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

The tax inspection has performed, and the company paid the 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 of 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 has performed, and the dispute is being resolved in the internal committee and the company paid the tax due.

### 16-5 Withholding tax

The company remitted the amounts that were deducted to tax authority on due dates.



**17 Debtors and Other debit balances**

	31/3/2020	31/12/2019
	L.E	L.E
Suppliers – advance payments	3 432 228	347 149
Prepaid expenses	2 741 052	3 355 811
Deposits with others	247 708	377 794
Other debit balances	1 033 968	912 044
	<u>7 454 956</u>	<u>4 992 798</u>
<b><u>Deduct:</u></b> Impairment in other debit balances	(100 000)	(100 000)
	<u><u>7 354 956</u></u>	<u><u>4 892 798</u></u>

**18 Cash at banks and on hand**

	31/3/2020	31/12/2019
	L.E	L.E
Banks – current accounts	2 008 781	18 432 576
Time deposits	-	120 749
Cash on hand	162 018	74 651
	<u>2 170 799</u>	<u>18 627 976</u>

- The time deposits which are mentioned, are maturing within 3 months from the date of the financial position.

**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) was 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 for each share.

**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.

	31/3/2020	31/12/2019
	L.E	L.E
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into Nine hundred forty one million and four hundred five thousands and eighty two shares) with nominal value L.E one.	941 405 082	941 405 082

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

**19-1 General reserve - issuance premium**

The balance of general reserve – issuance premium is as follows: -	
Collection from issuance premium of 205 972 632 shares during the year 2010	999 379 210
<b><u>Deduct:</u></b>	
• Nominal value of issued shares	(205 972 632)
• Issuance shares fees	(38 507 164)
• Legal reserve formed to reach 50 % of paid up capital	(350 398 732)
• 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><u>330 920 428</u></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 period after reducing dividends to employees and BOD as follows :

	31/3/2020	31/03/2019
	L.E	L.E
Net profit of the period	95 881 795	137 256 743
(less)		
Legal reserve (estimate)	(4 794 090)	(6 862 837)
Employees' profit share (estimate)	(9 108 771)	(13 039 391)
Board Remuneration (estimate)	(4 098 947)	(5 867 726)
<b>Net due to shareholders</b>	<b><u>77 879 987</u></b>	<b><u>111 486 789</u></b>
Weighted average number of ordinary shares	941 405 082	941 405 082
<b>EPS (L.E/Share)</b>	<b><u><u>0.083</u></u></b>	<b><u><u>0.118</u></u></b>

**21 Credit facilities**

	31/3/2020	31/12/2019
	L.E	L.E
The value of this credit facilities limit is L.E 50 million from QNB with a monthly variable interest rate and a guarantee of a promissory note amounted to L.E 50 million.	48 966 238	49 404 072
The value of this credit facilities limit is L.E 51 million from HSBC and a monthly variable interest rate and a guarantee of a promissory note amounted to L.E 51 million	18 019 170	18 580 245
	<b><u><u>66 985 408</u></u></b>	<b><u><u>67 984 317</u></u></b>

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

## 22 Provisions

Description	Balance on 1/1/2020 L.E	Provision formed L.E	Provision used L.E	Balance on 31/3/2020 L.E.
Provision for claims	1 943 367	233 875	(875 879)	1 301 363

## 23 Suppliers and other credit balances

	31/3/2020 L.E	31/12/2019 L.E
Suppliers	5 265 982	7 506 170
Accrued expenses	1 389 331	1 106 775
Tax authority-various taxes	1 285 686	1 322 074
Tax authority - VAT	2 136 286	1 477 262
Deposits for others	15 151	15 151
Sales tax installments on the machineries and equipment-current portion (Note 24)	102 282	102 282
Dividends payable	252 229 204	27 337
Accrued health insurance	674 552	671 363
Social Insurance Authority	272 227	269 005
Other credit balances	840 092	418 284
	<u>264 210 793</u>	<u>12 915 703</u>

## 24 Other liabilities

	31/3/2020 L.E	31/12/2019 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
Net value of liability as of 31/3/2020	<u>-</u>	<u>102 282</u>

## 25 Deferred tax liabilities

## Deferred tax asset and liabilities arising from lease contracts

	31/3/2020 L.E	31/12/2019 L.E
Deferred tax liabilities	(6 641 526)	(6 741 399)
Deferred tax assets	3 909 648	4 591 541
Net Deferred tax liabilities	<u>(2 731 878)</u>	<u>(2 149 858)</u>
Deferred tax liabilities		
Fixed assets (liabilities)	(3 057 639)	(2 895 056)
Total deferred tax liabilities	<u>(5 789 517)</u>	<u>(5 044 914)</u>

**Deferred tax movement**

	Balance on 1/1/2020	Deferred tax (expense) during the period ended 31/3/2020	Balance on 31/3/2020
	L.E	L.E	L.E
Total Deferred tax liability	<u>5 044 914</u>	<u>744 603</u>	<u>5 789 517</u>

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

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

- Credit risk
- Liquidity risk
- Market risk.

**Risk 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

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

**Credit risks****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	
	31/3/2020	31/12/2019
	L.E	L.E
Debtors and other debit balances	7 354 956	4 892 798
Due from related parties	489 589 179	401 582 652

The company allocate each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss including but not limited to external ratings, available press information and actual experienced credit judgment. Credit risk grade are defined using quantitative and qualitative that are indicative of the risk of default and are aligned to external credit rating.

**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 with an amount of L.E. 66 985 408 The interest is paid for the facilities in Egyptian pound with variable interest rate
- The following contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

	Carrying amount	
	31/3/2020	31/12/2019
	L.E.	L.E.
Credit facilities	66 985 408	67 984 317
Suppliers and other credit balances	264 210 793	12 915 703
Due to related parties	507 367	529 438
Finance lease contract liability	95 768 788	98 799 259

**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 Due from related parties out within the guidelines set by the management.

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

**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.

**Foreign currency exchange risks****Exposure to foreign currency exchange risks**

The Group has exposed to foreign currency risk is as follows based on amounts in foreign currency:

	<b>USD</b>	<b>Euro</b>
Debtors& other debit balances	34 435	-
Cash and cash equivalents	6 683	2 462
Creditors & other credit balances	-	(10 824)
<b>31 March 2020</b>	<b>41 118</b>	<b>(8 362)</b>
<b>31 December 2019</b>	<b>5 808</b>	<b>1 525</b>

The following significant exchange rates applied during the period:

	<b>Average rate</b>		<b>Actual closing Rate</b>	
	<b>31/3/2020</b>	<b>2019</b>	<b>31/3/2020</b>	<b>2019</b>
USD	15.76	16.78	15.79	16.09
Euro	17.30	18.80	17.29	18.07

**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.

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Total liabilities	440 155 095	191 396 630
Deduct: Cash and cash equivalents	(2 170 799)	(18 627 976)
<b>Net debt</b>	<b>437 984 296</b>	<b>172 768 654</b>
Total equity	2 501 675 360	2 657 995 432
<b>Net debt to equity ratio</b>	<b>17.51%</b>	<b>% 6.50</b>

-There were no changes in the company's approach towards capital management during the period.

**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 implemented on 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Lease value		Lease period 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 23/3/2025	125 000 000			

- 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).
- The company made an agreement with Tiba For Trading and Distribution Company -Subsidiary company- with a percentage of 99,9% for leasing the administrative building of the subsidiary company with a monthly rental value of with a total amount of L.E 660 000 during the financial period ended 31 March 2020 (An amount of L.E 660 000 during the period ended 31 March 2019).
- The finance interests of the lease contract amounted of L.E 3 167 798 during the financial period ended 31 March 2020.

**27-1 Financial lease contract liability**

Description	31/3/2020	31/12/2019
	L.E	L.E
Liabilities from lease contract - current portion	12 919 290	11 597 450
Long-term liability from lease contract - non-current portion	82 849 498	87 201 809
<b>Total</b>	<b>95 768 788</b>	<b>98 799 259</b>

Payment of lease contracts liabilities are as follows:

	Payment of loan principal		Payment of accrued interest	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities for one year	12 919 290	11 597 450	9 097 072	11 756 700
Liabilities between 1-5 years	82 849 497	87 201 809	22 264 964	29 569 749

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

Notes to the separate interim financial statements for the financial period ended 31 March 2020

**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 period, 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	
		31/3/2020	31/12/2019	31/3/2020	31/12/2019
		L.E.	L.E.	L.E.	L.E.
	Dividends	13 286 700	34 640 325		
Tiba for trading and distribution	Collection/ Current	(30 304 814)	(52 492 817)	20 819 444	37 177 558
	Leases	660 000	2 640 000		
International Company for Modern Food Industries	Current	4 441 028	(770 816)	82 210 502	65 420 709
	Dividends	12 348 765	64 593 540		
El Marwa For Food Industries	Collection / Current	1 478 988	(82 770 902)	1 853 670	374 682
	Dividends		82 925 300		
EGY food	Collection / Current	4 783 942	(109 673 249)	139 683 267	118 752 555
	Dividends	16 146 770	115 876 820		
Modern Concentrates Industrial Company	Current	502 586	(77 365)	722 978	220 392
Enmaa for Agriculture Development and Biological Wealth	Current	69 846	19 516 313	126 310 453	126 240 607
Egyptian for Dairy products	Collection / Current	3 797 300	(44 435 164)	109 441 982	44 850 762
	Dividends	60 793 920	76 567 343		
Enmaa for Livestock	Current	28 016	698 853	8 544 677	8 516 661
Arju for food industries	Collection / Current	(26 520)	17 030	2 206	28 726
				<b>489 589 179</b>	<b>401 582 652</b>



**28-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		31/3/2020	31\12\2019	31/3/2020	31\12\2019
		L.E.	L.E.	L.E.	L.E.
Enmaa for Reclamation and Agriculture	Current	(22 071)	(1 613 744)	507 367	529 438
				<u>507 367</u>	<u>529 438</u>

**29 Distribution some of the holding company 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.

**30 Comparative figures**

The accounting policies applied in the preparation of financial statements on 31/3/2020 are the same accounting policies applied in the preparation of the annual financial statements on 31 December 2019. 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 restatement effect on the statement of profit or loss are as follows

Description	Before restatement	Restatement	After restatement
	31/3/2019	31\3\2019	31\3\2019
	L.E	L.E	L.E
Deferred realized gain	2 943 451	(2 943 451)	-
Finance lease expense	7 099 283	(7 099 283)	-
Depreciation expense	-	221 939	221 939
Interest and finance expense	-	5 007 883	5 007 883
Deferred tax expense	-	353 703	353 703

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

Description	Before restatement	Restatement	After restatement
	31\3\2019	31\3\2019	31\3\2019
	L.E	L.E	L.E
Finance lease instalments	7 099 283	(7 099 283)	-
Changes in Depreciation	2 368 700	221 939	2 590 639
Change in Debits and other debit balances	8 025 599	(297 447)	(8 323 046)
Change in suppliers and other credit balances	(226 558 624)	2 943 450	(229 502 074)
Paid from lease contract liability	7 099 283	(5 305 331)	(1 793 952)

### 31 Non-cash transactions in cash flow

The exclusion of the amount of L.E 252 201 867 from dividend payables against the change in other suppliers and other credit balances. The exclusion of the amount of L.E 5 398 745 from the tax payment due on dividends against the change in related parties.

### 32 Significant events:

The second half of March witnessed the beginning of the impact of the outbreak of the emerging Corona virus on the Egyptian market, and the Egyptian government announced unprecedented measures to combat the virus infection & its spread.

Juhayna group has formed a risk committee to manage the crisis, and the objectives of this period have been defined in maintaining all employees and securing them from Corona risks, as well as continuing production and sales operations to ensure the provision and delivery of the company's products to the consumer.

Indeed, all risks were studied and evaluated and taken a series of precautionary measures to reduce risks on all employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations) and meeting the needs of the local market in this period.

And there is no effect on the company's current economic situation (its financial position, business results and cash flow), however; this crisis may have effects on the company's activity and its financial statements in the future, that cannot be determined precisely at the present time.