

Translation from Arabic

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

Contents	Page
Review report	
Consolidated interim statement of financial position	1
Consolidated interim income statement	2
Consolidated interim statement of comprehensive income	3
Consolidated interim statement of changes in shareholders' equity	4
Consolidated interim statement of cash flows	5
Notes to the consolidated interim financial statements	6-43

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Report on Limited Review of Consolidated Interim Financial Statements

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

Introduction

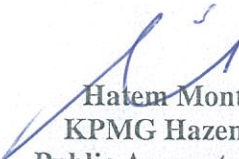
We have performed a limited review for the accompanying consolidated interim statement of financial position of Juhayna Food Industries S.A.E as of 31 March 2020 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three months then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

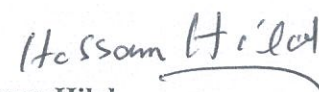
Conclusion


Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated 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

KPMG Hazem Hassan
Public Accountants and Consultants

15


Hossam Hilal
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Public Accountants


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

Cairo, 26 April 2020

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial position
As of 31 March 2020

Translated from Arabic

	Note No.	31/3/2020 L.E.	31/12/2019 L.E.
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 242 126 795	3 292 283 938
Projects under construction	(13)	144 933 336	97 358 181
Plant wealth	(14-1)	12 414 888	12 515 921
Plant wealth - under preparation	(14-2)	15 972 620	15 864 959
Biological wealth	(15)	201 408 264	195 121 514
Investments under joint control (equity)	(11)	15 683 583	14 864 149
Goodwill	(34)	97 092 890	97 092 890
Right to use asstes	(29-2)	55 469 630	-
Other - long term asset		738 349	740 417
Non-current assets		3 785 840 355	3 725 841 969
Current assets			
Biological assets - Feeding Sector		5 633 238	13 948 353
Biological assets - Existing Agriculture		21 637 217	17 213 765
PPE held for sale		6 243 248	6 243 248
Inventories	(17)	1 058 981 602	1 043 417 616
Trade and other receivables	(18)	508 903 187	414 143 667
Cash at banks and on hand	(19)	394 564 082	96 717 667
Current assets		1 995 962 574	1 591 684 316
Total assets		5 781 802 929	5 317 526 285
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		616 671 512	594 085 534
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		698 826 445	859 988 077
Total equity attributable to the shareholders of the parent company		2 587 823 467	2 726 399 121
Non-controlling interest		635 811	640 370
Total equity		2 588 459 278	2 727 039 491
Non-current liabilities			
Long - term loans	(21)	635 567 256	692 546 563
Other non current liabilities	(25)	17 588 845	22 964 303
Lease contract liabilities - non current portion	(29)	125 838 778	87 201 810
Deferred tax liabilities	(26)	274 832 945	275 909 475
Non-current liabilities		1 053 827 824	1 078 622 151
Current liabilities			
Provision for claims	(23)	14 642 207	16 474 211
Bank Credit facilities	(22)	654 469 705	398 940 324
Creditors and other credit balances	(24)	935 234 155	695 896 186
Income tax payable		156 870 813	103 663 033
Due to related parties	(32-1)	10 064 294	421 867
Lease contract liabilities- current portion	(29)	24 075 330	11 597 450
Loans-current portion	(21)	344 159 323	284 871 572
Current liabilities		2 139 515 827	1 511 864 643
Total liabilities		3 193 343 651	2 590 486 794
Total equity and total liabilities		5 781 802 929	5 317 526 285

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Chief Finance Officer
 Sameh El-hodaiby

Chairman
 Safwan Thabet

Cairo, 26 April 2020

"Limited review report "attached".

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

Translated from Arabic

		Financial Period From 1/1/2020 To 31/3/2020	Financial Period From 1/1/2019 To 31/3/2019
	Note No.	L.E.	L.E.
			<u>Restated</u>
Net sales		1 781 405 133	1 734 099 883
Cost of sales		(1 237 752 722)	(1 231 397 641)
Gross profit		543 652 411	502 702 242
Other operating income	(5)	10 807 067	22 827 862
Selling and Marketing expenses	(6)	(232 583 532)	(232 300 706)
General and administrative expenses	(7)	(58 350 440)	(55 811 680)
Other expenses	(8)	(26 800 944)	(24 560 998)
Board of directors remuneration	(32-2)	(4 860 000)	(4 960 000)
Results from operating activities		231 864 562	207 896 720
Share in the gain of company under joint control		819 434	2 857 840
Cost of the end of service		(14 689 561)	(8 585 529)
Net finance (expense)	(9)	(46 205 655)	(89 120 495)
Net profit before income tax		171 788 780	113 048 536
Income tax - current	(33)	(59 243 656)	(39 223 301)
Deferred tax	(26)	1 076 530	(2 683 909)
Net profit for the period		113 621 654	71 141 326
Distributed as follows			
Parent Company's share in profit		113 592 900	71 087 578
Non-controlling interest		28 754	53 748
		113 621 654	71 141 326

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

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

Translated from Arabic

	Financial Period From 1/1/2020 To 31/3/2020 L.E	Financial Period From 1/1/2019 To 31/3/2019 L.E <u>Restated</u>
Net profit for the period	113 621 654	71 141 326
Total other comprehensive income	<u>113 621 654</u>	<u>71 141 326</u>
Distributed as follows		
Parent Company's share in profit	113 592 900	71 087 578
Non-controlling interest	28 754	53 748
	<u>113 621 654</u>	<u>71 141 326</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

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

	Disclosure	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Non-controlling interest L.E.	Total L.E.
Balance as at 1 January 2019 before adjustments		941,405,082	552,519,162	330,920,428	784,087,944	978,001	2,609,910,617
Restatement arising from lease contract liabilities		-	1,495,717	-	26,251,173	15,997	27,762,887
Balance as at 1 January 2019		941,405,082	554,014,879	330,920,428	810,339,117	993,998	2,637,673,504
Dividends to shareholders		-	-	-	(188,281,016)	-	(188,281,016)
Dividends to employees and board of directors		-	-	-	(50,927,506)	-	(50,927,506)
Dividends from subsidiaries to non controlling interest		-	-	-	259,260	(378,415)	(119,155)
Holding Company's share in reserves & retained earnings of subsidiaries		-	23,879,263	-	(23,879,263)	4,255	4,255
Total other comprehensive income for the period ended 31 March 2019		-	-	-	71,562,903	54,107	71,617,010
Balance as at 31 March 2019 before adjustment		941,405,082	577,894,142	330,920,428	619,073,495	673,945	2,469,967,092
Restatement arising from lease contract liabilities during 2019		-	-	-	(475,325)	(359)	(475,684)
Balance as at 31 March 2019 after adjustment		941,405,082	577,894,142	330,920,428	618,598,170	673,586	2,469,491,408
Balance as at 1 January 2020		941,405,082	594,085,534	330,920,428	859,988,077	640,370	2,727,039,491
Dividends to shareholders		-	-	-	(188,281,016)	-	(188,281,016)
Dividends to employees and board of directors		-	-	-	(63,920,851)	-	(63,920,851)
Dividends from subsidiaries to non controlling interest		-	-	-	33,313	(33,313)	-
Holding company share from reserve and retained earning of subsidiaries		-	22,585,978	-	(22,585,978)	-	-
Total other comprehensive income for the period ended 31 March 2020		-	-	-	113,592,900	28,754	113,621,654
Balance as at 31 March 2020		941,405,082	616,671,512	330,920,428	698,826,445	635,811	2,588,459,278

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

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

Translated from Arabic

		Financial Period From 1/1/2020 To 31/3/2020	Financial Period From 1/1/2019 To 31/3/2019 Restated
	Note No.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		171 788 780	113 048 536
Adjustments for:			
PPE depreciation	(12)	72 525 438	67 812 514
Amortization of right to -use land		2 068	2 067
Capital (gain)/ losses		(450 418)	2 441 149
Amortization of asset right of use	(29)	3 773 380	
Amortization of animal wealth	(15)	6 209 712	4 291 673
Amortization of plant wealth (productive)	(14-1)	101 033	99 843
Biological write down (Reverse)	(5)	(1 155 000)	-
Change in Investments under joint control	(11)	(819 434)	(2 857 840)
Impairment of trade and other receivables	(8)	3 235 859	433 872
Impairment in inventories (Reverse)	(5)	(2,471,968)	-
Provision for claims formed	(23)	543 875	-
Herd births	(15)	(2 712 800)	(3 797 100)
Herd capitalized	(15)	(21 425 200)	(22 952 210)
Losses from selling cows	(8)	5 607 148	1 072 703
Losses from calves death	(8)	894 510	1 757 757
Foreign exchange (losses) / gain	(9)	(675 873)	3 788 939
Credit interests	(9)	(4 343 337)	(3 785 649)
Finance interests & expenses	(9)	51 216 116	89 117 205
		<u>281 843 889</u>	<u>250 473 459</u>
Collected credit interests	(9)	4 343 337	3 785 649
Finance interest & expenses paid	(9)	(51 216 116)	(89 117 205)
Changes in:			
Inventories	(17)	(13 092 018)	(317 071 341)
Biological assets- Exiting Agriculture		(4 423 452)	8 349 168
Trade and other receivables	(18)	(97 995 381)	(71 934 353)
Creditors & other credit balances	(24)	(18 899 772)	105 620 704
Due to related parties		9 642 428	(782 927)
Due from related parties		-	(1 767 070)
Income tax paid		-	(8 246 222)
sales tax on capital goods -paid		(1 624 640)	(2 048 022)
Fixed assets -long term installments		(3 750 818)	-
Provision for claims used		(2 375 880)	(4 656 890)
Net cash flows result from/ (Used in) operating activities		<u>102 451 577</u>	<u>(127 395 050)</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(70 230 960)	(42 719 061)
Proceeds from sale of PPE		737 927	19 425 758
Compensation of calves death		437 000	-
Acquisition of plant and animal wealth	(14,15)	(8 732 896)	(813 834)
Proceeds from the sale of plant and animal wealth	(14,15)	22 798 231	8 707 893
Net cash flows (used in) investing activities		<u>(54 990 698)</u>	<u>(15 399 244)</u>
Cash flows from financing activities			
Collection proceeds from overdraft & credit facility	(22)	255 529 381	446 505 096
Payment for Bank long term loans		2 308 444	(79 311 510)
Payment of financial lease contract liabilities		(8 128 162)	(4 246 958)
Decrease in non-controlling interest		-	(89 367)
Net cash flows result from financing activities		<u>249 709 663</u>	<u>362 857 261</u>
Change in cash & cash equivalents during the period		<u>297 170 542</u>	<u>220 062 967</u>
The effect of foreign exchange difference	(9)	675 873	(3 788 939)
Cash & cash equivalents at 1 January		<u>96 717 667</u>	<u>30 403 615</u>
Cash & cash equivalents at 31 March		<u><u>394 564 082</u></u>	<u><u>246 677 643</u></u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the consolidated 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) 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. Company's period 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.

The factory address: 6th OCT. city the industrial zone No. 1, plot No. 39, 40.

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 cheese, 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.

2 Basis of preparation

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the 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 26 April 2020.

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following significant items in the balance sheet.

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (Note 4-1).
- Biological assets and Agricultural crops are measured at fair value less cost to sell, unless the fair value cannot be reliably measured (Note 4-2).
- The methods used to measure fair values are discussed further in note (4).

2-3 Functional and presentation currency

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

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

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

2-4 Use of estimates and judgments

The preparation of consolidated 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 periods 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 notes:

- Accounting policy no (3-10) : lease classification.

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 (18) : impairment of trade and notes receivable.
- Note (23) : provisions & contingent liabilities
- Note (26) : deferred tax.
- Note (4-2) : biological assets

3 Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3-2 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.

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

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

3-3 Investment under joint control

Companies under joint control are companies that exercise joint control over an investee. Joint control is in place when decisions on main activities require the unanimous consent of the controlling parties. Investments under joint control entities are presented in the consolidated financial statements using the equity method so that initial recognition is recognized at cost including costs associated with the acquisition and the subsequent measurement in the consolidated financial statements increases or decreases the carrying amount of the investment by the Group's share of profit or loss and other comprehensive income.

3-4 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.

Debtors

Debtors are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Generally, short-duration trade and other receivables with no stated interest rate are stated at their nominal value (original invoice amount) less an allowance for any doubtful debts.

Debtors comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents 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.

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

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

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. After 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 and cash equivalents for the purpose of the statement of cash flows.

3-5 Intangible assets and goodwill

Recognition & Measurement

Goodwill

Goodwill arise from acquisition of subsidiary. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed. Goodwill is not amortized

3-6 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.

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

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

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 are as follows:

Description	Estimated useful life (Years)
Buildings & Constructions	13.3- 50
Machinery & Equipment	1-13
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Refrigerators Display	5
Computers	3.33-5
Wells	25 or Wells useful life

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

Depreciation method useful life and residual value are reviewed at each date and adjusted as appropriate.

3-7 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 no. 13). No depreciation is charged until the project is completed and transferred to fixed asset

3-8 Government grants

Government grants related to assets – including non-monetary grants recorded at fair value presented in financial statements as deferred income (grants considered deferred income and recorded in income statement according to regular systematic basis over the estimated useful lives of assets)

3-9 Plant wealth

This item represents the amounts spent for cultivation of fruit trees and protection trees (Kazhurana) which were recognized as noncurrent assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as noncurrent assets (plant wealth), and will be depreciated over (25 and 50) years respectively according to the nature of those assets.

3-10 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 leases contracts (sales and re-leasing operation):

If an entity (the lessee) transfers an asset to another entity (the lessor) and re-leases the asset, the entity must determine whether the asset is being accounted for as a sale transaction on that asset or not.

- In case the transfer of the asset is not a sale transaction

The lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

3-11 Inventories

Inventories of raw materials, supplies, packaging & packing materials and spare parts are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

The inventory of work in process is measured at the lower of cost, which is determined based on the cost of last process reached, or net realizable value.

Finished production is measured at the lower of manufacturing cost or net realizable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

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

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

3-12 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.

3-13 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 biological assets, investment property, inventories and 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.

3-14 Defined contribution plans

The Company contributes to the government social insurance system for the benefits of its personnel in accordance with the social insurance Law No. 79 of 1975 and its amendments. Under this Law the employees and the employers contribute into the system on a fixed percentage – of- salaries basis. The Company's contributions are recognized in income statement using the accrual basis of accounting. The company's obligation in respect of employees' pensions is confined to the amount of contributions.

3-15 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.

3-16 Revenue

Net revenue

Revenue for sale of goods is recognized based on the transaction price of the received or receivable payment. The transaction price is determined considering returns, trade discounts and volume rebates. Revenue is recognized in the income statement when pervasive evidence exists of the settlement of

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

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

contractual performance obligation by transfer of goods to the customer. Pervasive evidence usually exists in the form of an executed sales agreement. Settlement of the performance obligation has pervasively occurred when control (up to and including 31 March 2020; risks and rewards) over the goods has been transferred to the customer, associated costs and possible return of goods can then be estimated reliably and there is no continuing control or involvement with the goods.

Discounts are recognized as a reduction of revenues when they will probably be granted, and the discounts amount can be measured reliably. When discounts granted over past performance obligations, a provision is recognized in the balance sheet. In case a discount will be granted over future performance obligations, a contract liability will be recognized.

Export subsidy revenue

The company recognizes export subsidy according to its quota in the export sales invoices claimed and accepted by the relevant authority.

3-17 Rental income

Rental income from other assets is recognized in other income.

3-18 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.

3-19 Current tax

Current tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, 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, tax credits 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.

3-20 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets & biological

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

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

assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3-21 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.

3-22 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 – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work voluntarily according to law (12) of 2003 and related Egyptian Laws and the policy approved and declared by the company.

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

3-23 Segmentation report

A segment is a group of associated assets and processes that are characterized by risks and rewards that differ from those of other segments or within a same economic environment with risks and rewards that are related to other segments operating in a different economic environment. All the operating results of the operating segments are reviewed regularly by the Group's business leaders (chief operating decision maker), where the Group makes decisions about the resources allocated to the segments and assesses their performance, which provides detailed financial information

The group has 5 operational segments, which represent segments for which financial reporting is provided to high management. These reports present different products and services and are managed separately because they require different technology and marketing strategies. the operation of each sector is reported below

Segmentation reports	Operations
Dairy sector	Manufacture and sell dairy products & its derivatives
Cooling sector	Manufacture cooled dairy products
Juice sector	Manufacture and sell various products of juice
Concentrate sector	Manufacture and sell fruit concentrates
Agriculture sector	Produce agriculture crops in- addition to livestock farm that produce dairy product and sell to dairy sector

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

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

3-24 The new and adjusted accounting standard

- 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 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 Group. Also does not have impact on financial liabilities for the Group . A minor increase in the provision for doubtful trade receivable resulted from applying the expected credit loss .model	This standard applies to financial periods beginning on or after 1 st of January 2020, and the early adoption is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied. -These ammendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) "Revenue from - Contracts with Customers"	The company assessed the impact of applying Standard No. (48) to its financial statements. In view of the nature of the contracts, that are primarily related to the sale of goods with no separate performance obligations requiring revenue to be reported over time pursuant to Standard No. (48)	The Management is currently assessing the impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after 1 st of January 2020, and the early adoption is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	The new Egyptian Accounting Standard No. (49) "Lease Contracts" comprises that lessees must recognize right of use assets and lease liabilities in the balance sheet, except for short term leases (less	The Management is currently assessing the impact of implementing the amendment of the	This standard No. (49) Applies to financial periods beginning on or

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

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

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
	<p>than 12 months) and leases of low value. The assets and liabilities related to operating leases are recognized in the statement of financial position. Standard No. (49) results in an increase in the group assets and lease liabilities. Furthermore, interest expenses related to lease agreements are no longer reported as part of operating profit, but as finance costs.</p>	<p>standard on the financial statements. The disclosure no. (32) represent the adjustments of applying the new accounting standard no. (49).</p>	<p>after 1st of January 2020, and the early adoption is permitted 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 subjected 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 subjected 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 period in which Law No. (95) Of 1995 was cancelled and Law No. (176) of 2018 was issued.</p>

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

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

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (42) as amended " 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 amended are as follows: <ul style="list-style-type: none"> - (EAS 15) Related Party Disclosures - (EAS 17) Consolidated and Separate Financial Statements - (EAS 18) Investments in Associates - (EAS 24) Income Taxes - (EAS 29) Business Combinations - (EAS 30) Periodical Financial Statements - (EAS 44) Disclosure of Interests in Other Entities. 	Standard No. (42) has been applied before and made an impact on the group results and statements.	This standard applies to financial periods beginning on or after 1 st of January 2020, and the early adoption is permitted. -The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019
Egyptian Accounting Standard No. (22) as amended " Earnings per Share	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 financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after 1 st 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 periods beginning on or after 1 st 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.

4-1 Non-derivative financial liabilities

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

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

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

4-2 Biological assets

Biological assets are measured by fair value less cost to sell unless the fair value cannot be measured reliably.

If the fair value cannot be measured reliable, the biological assets acquired during the financial period are presented according to their cost at the date of acquisition Also biological assets which are internally grown are presented at cost of breeding or growth until commercial production (called the increase in the value of the biological assets), less accumulated depreciation and accumulated impairment loss, If any. The cost of small bio-assets is determined by the cost of breeding or growth according to the age group. These young ones are also not consumed. The biological assets are depreciated on a straight-line basis to their estimated residual values over periods, as summarized below.

Cows	4 years
Orange trees	35 years

5 Other operating income

	Financial period From 1/1/2020 to 31/03/2020 L.E	Financial period From 1/1/2019 to 31/03/2019 L.E
Export subsidy revenue	-	9 565 069
Capital gain	450 418	-
Increase in biological wealth due to newborn	2 712 800	3 797 100
Provisions no longer required	-	680 230
Inventory write down (reverse)	2 471 968	-
Biological write down (reverse)	1 155 000	-
Leasing assets (under joint control)	1 352 918	1 821 976
Other revenues	2 663 963	6 963 487
	<u>10 807 067</u>	<u>22 827 862</u>

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

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

6 Selling and marketing expenses

	Financial period From 1/1/2020 to 31/03/2020 L.E	Financial period From 1/1/2019 to 31/03/2019 L.E
Advertising expenses	75 562 318	78 042 676
Salaries and wages	65 863 283	69 429 055
Depreciation	15 902 751	13 975 278
Vehicles expenses	24 809 053	23 267 758
Rent	2 291 661	3 965 651
Temporary labor contractors	5 761 468	4 421 560
Shipping & export expenses	11 760 964	8 163 346
Others	30 632 034	31 053 382
	<u>232 583 532</u>	<u>232 300 706</u>

7 General and administrative expenses

	Financial period From 1/1/2020 to 31/03/2020 L.E	Financial period From 1/1/2019 to 31/03/2019 L.E
Salaries and wages	33 154 431	29 210 305
Depreciation expense	4 386 300	4 577 954
Rent expense	2 704 253	3 187 478
Subscription fees and licenses	6 784 964	7 517 980
Other administrative expenses	11 320 492	11 317 963
	<u>58 350 440</u>	<u>55 811 680</u>

8 Other expenses

	Financial period From 1/1/2020 to 31/03/2020 L.E	Financial period From 1/1/2019 to 31/03/2019 L.E
Expected credit losses	3 235 859	433 872
Donations	3 990 986	231 994
Property tax	1 459 077	4 822 857
Provision for claims	543 875	-
Capital losses	-	2 441 149
Health insurance	8 701 633	10 511 298
Loss from selling and death of animal wealth	6 501 658	1 869 058
Others	2 367 856	4 250 770
	<u>26 800 944</u>	<u>24 560 998</u>

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

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

9 Net finance (expense)

	Financial period From 1/1/2020 to 31/03/2020 L.E	Financial period From 1/1/2019 to 31/03/2019 L.E
Interest expense	(51 216 116)	(89 117 205)
Interest income	4 334 588	3 785 649
Gain / (Loss) from foreign currency exchange	675 873	(3 788 939)
	<u>(46 205 655)</u>	<u>(89 120 495)</u>

10 Segmentation reports

10-1 Segmentation reports for the financial period ended 31 March 2020

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.

Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments										Elimination of consolidated transactions L.E	Total L.E
	Dairy sector L.E	chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	Undistributed items L.E	31/03/2020		31/03/2020			
Net Sales	979,912,339	360,674,253	315,599,253	57,966,377	12,813,830	54,439,081					1,545,643,259	1,781,405,133
Sales between segments	(937,685,008)	(275,868,577)	(294,447,349)	(33,227,548)	(4,414,777)	-						-
Other operating income	1,859,724	765,399	1,127,340	1,683,946	4,966,780	1,223,312						11,626,501
Expenses	(140,907,667)	(140,262,622)	(73,042,151)	(9,388,282)	(15,181,832)	(4,707,578)						(383,490,132)
<u>Other Information</u>												
Depreciation	23,810,877	21,036,574	16,931,272	5,644,587	5,102,128	-						72,525,438
Assets	1,676,511,921	1,544,257,664	996,008,080	516,296,441	906,293,176	142,435,647						5,781,802,929
Liabilities	1,218,956,910	792,589,326	569,848,766	374,852,727	227,031,628	10,064,294						3,193,343,651

The Group operates in one geographical sector - Arab Republic of Egypt - Operating revenues primarily result from activities related to the food industry.

Juhayna Food Industries
Notes to the consolidated financial statements for the financial period ended 31 March 2020

Translated from Arabic

10. Segmentation reports

10-2 Segmentation reports for the financial period ended 31 March 2019

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.

Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments						Elimination of consolidated transactions L.E 31/03/2019	Total L.E 31/03/2019		
	Dairy sector		Juices sector		Concentrates sector				Agriculture sector L.E 31/03/2019	Undistributed items L.E 31/03/2019
	L.E 31/03/2019	L.E 31/03/2019	L.E 31/03/2019	L.E 31/03/2019	L.E 31/03/2019	L.E 31/03/2019				
Net Sales	908 274 610	353 733 742	320 769 123	84 320 533	11 174 666	55 827 209	1 734 099 883			
Sales between segments	(2 993 083 628)	(1 269 986 709)	(1 148 159 218)	(98 636 290)	(214 298 447)	-	-			
Other operating income	7 879 229	4 757 937	2 924 487	4 607 596	776 495	4 739 958	25 685 702			
Expenses	(156 839 088)	(132 202 896)	(81 931 712)	(12 947 920)	(2 738 342)	(8 679 450)	(415 339 408)			
Other Information										
Depreciation	20 890 874	19 420 715	15 766 159	5 315 252	6 419 514	-	67 812 514			
Assets	1 634 755 363	1 458 389 710	1 022 120 609	552 086 669	852 953 725	192 370 125	5 712 676 201			
Liabilities	1 232 471 820	895 231 180	614 851 030	315 990 328	211 927 637	-	3 270 471 995			

The Group operates in one geographical sector - Arab Republic of Egypt - Operating revenues primarily result from activities related to the food industry.

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

11 Investment under joint control (equity)

Name of the investee company	Share percentage %	Current assets		Non current assets		Total assets		Current liabilities		Total liabilities		Revenues		Expenses		Net profit		Cost of investment	
		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.
31-Mar-20																			
Arju Company For food Industrial	50.75	16 027 661	105 337	16 132 998	2 117 353	2 117 353	4 861 945	(4 042 511)	819 434	15 683 583									
Balance as of 31 March 2020		16 027 661	105 337	16 132 998	2 117 353	2 117 353	4 861 945	(4 042 511)	819 434	15 683 583									
31 December 2019																			
Arju Company For food Industrial	50.75	18 003 873	114 847	18 118 720	3 383 252	3 383 252	35 281 480	(28 992 326)	6 289 154	14 864 149									
Balance as at 31 December 2019		18 003 873	114 847	18 118 720	3 383 252	3 383 252	35 281 480	(28 992 326)	6 289 154	14 864 149									

12 Property, plant and equipment

Description	Land*	Buildings & constructions	Machinery & equipment	Transportation & transport vehicles	Tools	Empty plastic containers & Palettes	Display refg.'s	Wells	Office furniture & equipment	Computers	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost											
Cost as at 1/1/2019	214 436 240	1 607 824 983	2 225 860 495	285 676 062	111 442 778	63 927 406	96 235 776	44 137 411	32 136 463	107 511 305	4 789 197 919
Additions of the year	15 931 580	29 879 349	289 200 237	29 417 311	27 359 443	9 094 466	-	229 929	2 294 000	21 589 249	424 995 564
Disposals of the year	(252 000)	(717 590)	(63 658 820)	(15 821 045)	(4 394 733)	(6 518 714)	(1 212 475)	-	(132 941)	(122 986)	(92 811 304)
Cost as of 31/12/2019	230 115 820	1 630 986 742	2 451 400 912	299 272 328	134 407 488	66 503 158	95 023 301	44 367 340	34 297 522	128 977 568	5 121 382 179
Additions during the period	-	1 018 290	6 325 898	7 490 000	436 378	5 230 890	-	229 928	14 109	1 910 312	22 655 805
Disposals during the period	-	(316 000)	(168 142)	-	(21 767)	(2 739 063)	(20 195)	-	(25 919)	(77 858)	(3 368 944)
Cost as of 31/03/2020	230 115 820	1 637 689 032	2 457 558 668	306 762 328	134 822 009	68 994 985	95 003 106	44 597 268	34 285 712	130 810 022	5 140 669 040
Accumulated depreciation as at 1/1/2019	-	175 016 202	985 269 339	148 332 303	64 399 935	36 139 991	79 152 959	9 879 268	16 908 579	98 341 627	1 613 440 203
Depreciation of the year	-	33 900 881	160 082 233	29 337 904	13 801 207	9 661 356	10 143 165	1 852 740	2 624 579	8 768 093	270 172 158
Accumulated depreciation of disposals of the year	-	(431 790)	(42 850 127)	(13 350 020)	(4 150 964)	(6 483 798)	(1 163 620)	-	(117 456)	(71 054)	(68 618 829)
Accumulated depreciation as of 31/12/2019	-	208 485 293	1 102 501 445	164 320 187	74 050 178	39 317 549	88 132 504	11 732 008	19 415 702	107 038 666	1 814 993 532
Depreciation of the period	-	8 639 120	44 118 474	7 453 613	3 900 214	2 866 416	1 581 114	681 634	684 990	2 599 863	72 525 438
Accumulated depreciation of disposals of the period	-	(114 818)	(121 838)	-	(13 504)	(2 739 063)	(18 084)	-	(24 013)	(50 114)	(3 081 434)
Accumulated depreciation as of 31/03/2020	-	217 009 595	1 146 498 081	171 773 800	77 936 888	39 444 902	89 695 534	12 413 642	20 076 679	109 588 415	1 884 437 536
fixed assets impairment as of 31 March 2020	10 492 090	440 628	2 030 606	-	-	-	-	1 141 385	-	-	14 404 709
Net book value as of 31/03/2020	219 623 730	1 420 238 809	1 309 059 981	134 988 528	56 885 211	29 550 083	5 307 572	31 042 241	14 209 033	21 221 607	3 242 126 295
Net book value as of 31/12/2019	219 623 730	1 428 060 821	1 346 898 861	134 952 141	60 357 310	27 183 609	6 890 797	31 493 947	14 881 820	21 938 902	3 292 283 938

*Cost of fully depreciated assets are amounted to L.E. 270 522 018 as at 31 March 2020.

*The land item unregistered lands are amounted to L.E. 125 316 299 as at 31 March 2020 and the necessary procedures are being taken for recording it .

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

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

13 Projects under constructions

	31/03/2020	31/12/2019
	L.E	L.E.
Buildings and constructions in progress	1 969 714	2 743 390
Machineries under installation	60 436 574	49 354 549
Transformers	5 328 693	5 328 695
Advance payments for purchase of fixed assets	53 416 421	47 030 594
Wells and water pump	742 226	964 698
Transportation vehicles under preparation	30 486 239	-
Computer software	1 929 079	2 034 411
Lake	572 530	572 530
	<u>154 881 476</u>	<u>108 028 867</u>
Less:		
Impairment of projects under construction	(9 948 140)	(10 670 686)
	<u>144 933 336</u>	<u>97 358 181</u>

14 Plant wealth**14-1 Plant wealth**

	31/03/2020	31/12/2019
	L.E	L.E.
Cost at the beginning of the period / year	14 045 612	13 880 181
Additions during the period / year	-	165 431
Cost at end of the period / year	<u>14 045 612</u>	<u>14 045 612</u>
Less:		
Accumulated depreciation at beginning of the period / year	(1 529 691)	(1 127 540)
Depreciation during the period / year	(101 033)	(402 151)
Accumulated depreciation at end of the period / year	<u>(1 630 724)</u>	<u>(1 529 691)</u>
Net	<u>12 414 888</u>	<u>12 515 921</u>

14-2 Plant wealth – under preparation

	31/03/2020	31/12/2019
	L.E	L.E.
Fruit trees	9 047 002	7 492 215
Protection trees	6 925 618	20 796
Palm trees	-	4 412
Citrus lands and networks	-	8 372 744
	<u>15 972 620</u>	<u>15 890 167</u>
Less: impairment	-	(25 208)
	<u>15 972 620</u>	<u>15 864 959</u>

Juhayna Food Industries

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

Translated from Arabic

15 Biological wealth

	31/03/2020		31/12/2019	
	L.E.	L.E.	L.E.	L.E.
Amount of flock of livestock at the beginning of the period/year	150 444 219	236 439 784	171 931 209	
Adding:				
Transferred from projects under construction	-	8 625 235	17 892 821	
Transferred from biological wealth (Flock of dairy livestock - unproductive)	9 172 677	(9 172 677)	-	
* Births of flock				
Female	-	1 968 800	10 295 500	
** Capital cost during drying -off	3 725 844	15 226 543	76 189 753	
	<u>163 342 740</u>	<u>265 986 206</u>	<u>276 309 283</u>	
Biological wealth sales				
Cows	14 176 716	14 176 716	21 241 051	
Pregnant	-	1 855 619	4 898 511	
Newborn - Female	-	4 529 053	6 264 395	
The death of live stock losses				
Cows	697 082	697 082	3 644 247	
Pregnant	-	160 195	717 905	
Female	-	412 768	3 103 390	
	<u>14 873 798</u>	<u>21 831 433</u>	<u>39 869 499</u>	
Cost of flock of livestock as of the end of the period/year	<u>148 468 942</u>	<u>244 154 773</u>	<u>236 439 784</u>	
Accumulated depreciation				
Beginning of the period/year	41 318 270	41 318 270	28 804 771	
Depreciation milking cows during the period/end	6 209 712	6 209 712	19 864 058	
Accumulated depreciation of disposals of sales case	(4 528 676)	(4 528 676)	(6 463 379)	
Accumulated depreciation of disposals of death case	(252 797)	(252 797)	(887 180)	
Accumulated depreciation as of end period/year	<u>42 746 509</u>	<u>42 746 509</u>	<u>41 318 270</u>	
Net amount of flock of livestock as of end period/year	<u>105 722 433</u>	<u>201 408 264</u>	<u>195 121 514</u>	

* Calls of flocks are measured at fair value deducted by sale cost. any increase or decrease in fair value about book value is recognized at financial statement date in income statement

** The company capitalized special cost at drying off period and consume it at rest of useful life of livestock

*** The company management measure the cost of flocks of dairy livestock because active market to relay on to determine the fair value is unavailable

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

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

16 Tax status

16-1 Holding Company

A. Corporate 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 period 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 tax inspection performed and paid.

Years from 2014 till 2017

The Tax Authority is requested an appointment for tax inspection and the company is preparing for tax inspection.

Year 2018

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

The tax inspection not performed yet.

Salaries tax

The period from the beginning of operation till year 2014

The tax inspection performed, and differences settled.

Year 2015/2016

The tax inspection performed and paid

Year 2017/2018

The company prepare for tax inspection.

B. Stamp tax

The period from the beginning of operation till 2014

The tax inspection performed, and differences settled.

Year 2015/2016

The tax inspection performed, and differences settled.

Year 2017/2018

The tax inspection not performed yet

C. Sales tax/ Value added tax

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.

Years 2016 till 2018

Dispute was resolved in the internal committee and paid.

D. Withholding tax

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

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

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

16-2 Subsidiaries

First: Corporate tax

The Company that enjoy the corporate tax exemption

Inmaa for agriculture development & biological wealth.

Tax exemption ending date

19/03/2021

The Companies that are not exempted.

Egyptian Companies for Food Industries: -

Inspected from Beginning of it's activity to 2012 – 2013-2018 not inspected

Modern Company for Concentrates: -

Inspected from Beginning of it's activity to 2008 – 2009-2018 not inspected

International company for food industries: -

Inspected from Beginning of it's activity to 2014 – 2015-2018 not inspected

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004, years from 2005-2008 the tax authority did not file for inspection, years from 2009-2012 was inspected.

Tiba for Trading and Distribution

The company was not inspected from beginning of it's activity until 2008.

The company was inspected for year 2009 appealed the inspection during the legal period. The appeal was settled in the appeal committee, years from 2010-2012 was inspected.

Al Marwa for Food Industries

The company was inspected from the beginning of its operations till 31/12/2009. The company submits its annual tax returns in due dates. The company is subject to corporate tax from 1/1/2010.

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Livestock

The inspection performed and waiting for tax assessment form.

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

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

Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting of activity till 2018 and tax settled.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2015 and tax settled.
Tiba for Trading and Distributing	- Years from 2006 till 2012 was inspected and 2013-2015 pending committee
International Company For Modern Food Industries	- Tax inspection was performed from start of activity till 2016 and paid
The Egyptian Company For Food Industries "Egyfood"	- Tax inspection was performed till 2016 and tax differences settled.
Modern Concentrates Industrial Company	-Tax Inspection was performed from start of activity till 2015 and differences settled.
Inmaa for Agriculture Development Co. and Biological Wealth	Tax inspection was performed from start of activity till 2010 and differences settled.
Inmaa for livestock	From the beginning of activity till 2016 was inspected and settled.
Inmaa for agriculture	-From the beginning of activity till 2016 are prepared for inspection.

Third: Stamp tax

Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 31/12/2017.
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 31/12/2017.
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2015.
International Company For Modern Food Industries	-Inspection has been performed and difference settled till 31/12/2018.
The Egyptian Company for Food Industries "Egyfood"	-Inspection has been performed and difference settled till 31/12/2017.
Modern Concentrates Industrial Company	-Inspection has been performed and difference settled till 31/12/2017.
Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 31/12/2017.
Inmaa for livestock	-Inspection has been performed and difference settled till 31/12/2017.
Inmaa for agricultural reclamation	Inspection has been performed and difference settled till 31/12/2017.

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

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

Fourth: Value Adding Tax (Sales)**Subsidiaries**

Egyptian Company for Dairy Products

Al-Marwa for Food Industries

International Company For Modern Food Industries

Tiba for Trading and Distribution

Inmaa for Agriculture Development and biological wealth.

Modern concentrates Industrial Company

Inmaa for livestock

Inmaa for agricultural reclamation

The Egyptian Company for Food Industries "Egyfood"

Tax inspection ending date

- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015
- Inspected and difference settled 31/12/2015
- The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 31/12/2017
- The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
- The tax inspection performed till 31/12/2014 and differences settled, preparing for tax inspection till December 2018.
- The inspection was performed since beginning of activity till 31/12/2013, preparing for tax inspection till December 2018.
- The tax inspection performed from 15/3/2012 till 31/8/2016
- Inspected and difference is settled from beginning of activity till August 2016
- The tax inspection performed till 31/12/2015 and differences settled.

17 Inventories

	31/03/2020	31/12/2019
	L.E	L.E.
Raw materials	410 163 064	404 452 459
Packaging and packing materials	126 607 262	109 265 440
Finished products	384 828 535	381 587 813
Spare parts and miscellaneous supplies	84 968 331	81 757 692
Goods in transit - L/C's for goods purchase	52 414 410	66 354 212
	<u>1 058 981 602</u>	<u>1 043 417 616</u>

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

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

18 Trade and other receivables

	31/03/2020	31/12/2019
	L.E	L.E.
Trade receivables	267 898 006	205 713 019
Less: Expected credit losses	(13 679 792)	(10 443 933)
	<u>254 218 214</u>	<u>195 269 086</u>
Notes receivables	1 232 151	454 909
Suppliers – advance payments	62 197 829	35 701 049
Prepaid expenses	16 097 461	13 286 680
Export subsidy*	78 004 378	78 004 378
Tax Authority	54 191 503	50 670 468
Customs Authority	5 595 819	11 195 758
Deposits with others	8 577 767	8 286 693
Debtors- sold assts	13 250 000	13 250 000
Other debit balances	19 644 775	12 131 356
	<u>513 009 897</u>	<u>418 250 377</u>
Less: Impairment in other debit balances	(4 106 710)	(4 106 710)
	<u>508 903 187</u>	<u>414 143 667</u>

* The company recognize export subsidies in accordance with Law No. 155 of 2002 and no collection occurred during 2020. The company continues to collect the outstanding balance with the Export Development Fund.

19 Cash at bank and on hand

	31/03/2020	31/12/2019
	L.E	L.E
Time deposits *	281 784 770	9 355 046
Banks – current accounts	87 928 083	80 032 416
Cash on hand	6 503 227	4 592 438
Cash in transit	18 348 002	2 737 767
	<u>394 564 082</u>	<u>96 717 667</u>

*The above-mentioned time deposits are with original maturity less than 3 months.

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

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

20 Share capital

	31/03/2020	31/12/2019
	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
20-1 General reserve		
The balance of general reserve is as follows: -		
Collected from issuance premium of 205 972 632 shares during the year 2010		999 379 210
<u>Less:</u>		
- Nominal value of issued shares with a premium		(205 972 632)
- Issuance 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)
		<u><u>330 920 428</u></u>

21 Loans

The long-term loans and short-term that are granted to the group companies are as follow:

	Current portion	Non-current	Total
	L.E	L.E	L.E
Commercial International Bank (CIB)	189 893 000	483 901 171	673 794 171
Attijariwafa Bank	40 666 323	149 166 085	189 832 408
European Bank for Reconstruction & Development	59 000 000	--	59 000 000
HSBC bank	45 000 000	2 500 000	47 500 000
Qatar National bank (QNB)	9 600 000	-	9 600 000
Balance at 31/03/2020	<u>344 159 323</u>	<u>635 567 256</u>	<u>979 726 579</u>
Balance at 31/12/2019	<u>284 871 572</u>	<u>692 546 563</u>	<u>977 418 135</u>

- These loans are subject to variable interest rates and guaranteed by promissory notes

22 Bank Credit facilities

This balance amounted to L.E 654 469 705 as at 31/03/2020 (against L.E 398 940 324 as at 31/12/2019), represents the drawn down portion of the L.E. 1.889 billion (in aggregate principal) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

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

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

23 Provision for claims

Description	Balance at	Formed	Used during	Balance at
	01/01/2020	during the	the period	31/03/2020
	L.E	L.E	L.E	L.E.
Provision for claims	16 474 211	543 875	(2 375 879)	14 642 207

24 Creditors and other credit balances

	31/03/2020	31/12/2019
	L.E.	L.E.
Suppliers	405 833 913	431 067 540
Notes payable	6 829 751	-
Dividends payable	261 778 589	8 010 192
Accrued expenses	93 831 224	111 322 991
PPE creditors	26 237 286	23 512 505
Tax authority	27 922 191	30 035 589
Deposits for others	1 488 776	2 026 274
Sales tax installments on the imported machineries and equipment (Note No. 25)	6 435 994	7 310 572
Social Insurance Authority	5 698 612	6 830 566
Due to health insurance	61 757 403	53 833 523
Advances from customers	19 579 700	12 356 384
Other credit balances	17 840 716	9 590 050
	935 234 155	695 896 186

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

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

25 Other non-current liabilities

	31/03/2020	31/12/2019
	L.E.	L.E.
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 6 453 994 as at 31/03/2020 (L. E 7 310 572 as at 31/12/2019) are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	10 479 905	12 104 545
Fixed assets purchase premiums	7 108 940	10 859 758
	<u>17 588 845</u>	<u>22 964 303</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 274 832 945 on 31/03/2020 representing net book value of taxable assets and liabilities:

-Deferred Tax (Lease Contracts)

	Balance	Balance
	31/03/2020	31/12/2019
	L.E	L.E
Deferred tax liability	(6 641 525)	(6 741 399)
Deferred tax asset	3 909 649	4 591 541
Deferred asset/ liability (Lease contracts)	<u>(2 731 876)</u>	<u>(2 149 858)</u>
Deferred tax liability from fixed assets	(272 101 069)	(273 759 617)
Total deferred tax liability	<u>(274 832 945)</u>	<u>(275 909 475)</u>

	Balance on	Movement during	Balance on
	1/1/2020	the period	31/03/2020
	L.E	L.E	L.E
Deferred tax liability	<u>275 909 475</u>	<u>(1 076 530)</u>	<u>274 832 945</u>

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

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

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/03/2020 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution % 31/03/2020	Contribution % 31/12/2019	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Livestock	Indirect 99.862 %	Indirect 99.862 %	Egypt
Inmaa for Agriculture and improvement	Indirect 99.964 %	Indirect 99.964 %	Egypt
<u>Company under joint control</u>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

28 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.

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

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

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

Trade and other receivables

The Company distributes the credit risk on several customers who have strong and stable financial positions. Also, it deals with its customers through signed contracts and agreements, in addition the Company review the credit limits granted to customers on a regular basis as it gets sufficient guarantees from its customers.

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:

	Note	Carrying amount	
		31/03/2020	31/12/2019
		L.E.	L.E.
Trade and other receivables	(18)	449 115 865	352 277 441

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 enough 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 uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit.

Banks - credit facilities in a principal amount of L.E 654 469 705 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

		Carrying amount	Contractual
		L.E.	cash flows L.E.
Banks - credit facilities	(22)	654 469 705	1 889 000 000
Total loans	(21)	979 726 579	1 732 238 000
Finance lease – liabilities	(29-1)	95 768 788	125 000 000
Operating lease – liabilities	(29-2)	54 145 320	-

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

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

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 holdings of 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 the 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 risk

Exposure to currency risk

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

	USD	Euro
Trade and other receivables	3 732 954	208 558
Cash at banks and on hand	1 425 188	27 581
Creditors and other credit balances	<u>(5 669 400)</u>	<u>(1 385 521)</u>
31 March 2020	<u>(511 257)</u>	<u>(1 149 382)</u>
31 December 2019	<u>(5 088 292)</u>	<u>(477 756)</u>

The following significant exchange rates applied during the period/ year:

	Average rate		Closing Rate	
	31/03/2020	31/12/2019	2020	2019
USD	15.76	16.78	15.79	16.09
Euro	17.30	18.8	17.29	18.07

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

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

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, considering assets with exposure 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. Capital consists of paid up capital and retained earnings. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

	31/03/2020	31/12/2019
	L.E.	L.E.
Total liabilities	3 193 343 651	2 590 486 794
Less: cash at bank and on hand	(394 564 082)	(96 717 667)
Net debt	2 798 779 569	2 493 769 127
Total equity	2 588 459 278	2 727 039 491
Net debt to equity ratio	108.13%	91.45%

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

29 Lease contracts

Lease contracts (Sale and lease back)

- Juhayna holding

On 23/3/2016 the Company signed a contract regarding a land lease (including the building built there on), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Contract value		Contract period Months	Purchase value at end of contract L.E	Quarterly Installment value 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 on leasing contracts, the initial application date of this standard is the beginning of the annual reporting period in which the Finance Leasing Law No. 95 of 1995 was amended and the Financial Leasing and Factoring Law No. 176 For the year 2018, in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with IAS 20 (Accounting Standards and Standards for Financial Leasing Transactions).

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

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

29-1 Lease contract liabilities

	31/03/2020	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	87 201 810

Payment of lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	31/03/2020	31/12/2019	31/03/2020	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	82 849 498	87 201 810	22 264 964	29 569 749

29-2 Operating Lease contract liabilities

The group is renting buildings and stores and this rent is performed individually and each contract has its special terms, the contract period ranges from 1.5 to 10 years and some of these contracts have a term for extending the lease which provides more flexibility for the group.

	31/03/2020	31/12/2019
	L.E	L.E
Buildings, Warehouses and stores	59 243 010	-
Amortization during the ended period	(3 773 380)	-
Net book value	55 469 630	-

During the period ended at 31-03-2020 the group has been charged by 1 364 103 as an interest resulted from the renting contracts.

Operation lease contract liability

	31/03/2020	31/12/2019
	L.E	L.E
Liabilities from lease contract current portion	11 156 040	-
Long-term liability from lease contract non-current portion	42 989 280	-

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

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

Payment of lease contracts liabilities are as follows:

	Liabilities in present value		accrued interest	
	31/03/2020	31/12/2019	31/03/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities for one year	11 156 040	-	5 124 709	-
Liabilities between 1-5 years	35 063 136	-	10 187 436	-
Liabilities more than 5 years	7 926 144	-	1 605 304	-

30 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company has given guarantees on 31/03/2020 amounting to LE 8 571 262 and the covered portion reached to be LE. 25 398.

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 110 864 516 on 31/03/2020.

32 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 over these companies.

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

32-1 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/03/2020	31/12/2019	31/03/2020	31/12/2019
		L.E.	L.E.	L.E.	L.E.
ArJu	Current account	9 642 427	(361 060)	10 064 294	421 867
				<u>10 064 294</u>	<u>421 867</u>

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

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

33-2 Board of Director remuneration

The total allowances received by the board of directors during the period is amounted to LE 4 860 000 (compared to 4 960 000 during the period ended 31-03-2019).

33 Income tax – current

	Financial period From 1/1/2020 to 31/03/2020 L.E.	Financial period From 1/1/2019 to 31/03/2019 L.E.
Income taxes	(53 844 911)	(30 977 806)
Investment tax on dividends	(5 398 745)	(8 245 495)
	<u>(59 243 656)</u>	<u>(39 233 301)</u>

34 Goodwill

	31/12/2020 L.E.	31/12/2019 L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	<u>97 092 890</u>	<u>97 092 890</u>

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

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

35 Comparative figure

Accounting policies applied in the preparation of the interim financial statements on 31 March 2020. These policies are applied in all periodic financial statements presented in the annual financial statements, 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 were settled from the beginning of the comparison period. The comparative figures and the opening balances for the comparative year have been adjusted following the change in the accounting policy for financial leasing 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	Restatements	After
	restatements		restatements
	31/03/2019	31/03/2019	31/03/2019
	L.E	L.E	L.E
Deferred realized gain	3 571 683	(3 571 683)	-
Finance lease expense	(12 309 818)	12 309 818	-
Depreciation expense	-	380 130	380 130
Interest and finance expense	-	8 062 860	8 062 860
Deferred tax expense	-	770 829	770 829

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

Description	Before	Restatements	After
	restatements		restatements
	31/03/2019	31/03/2019	31/03/2019
	L.E	L.E	L.E
Finance lease instalments	7 099 283	(7 099 283)	-
Payment of finance lease liability	(7 099 283)	2 852 325	(4 246 958)
Realized deferred capital gains	(3 571 684)	3 571 684	-
Depreciation expense	67 432 384	380 130	67 812 514

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

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

36 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.