Juhayna

CARING EVERYDAY since 1983

Annual Report

2019

THE BRINK OF CHANGE

CONTENTS

Juhayna at a Glance

With a history spanning 38 years as a leader in Egypt's dairy and juice market, Juhayna has grown to become a household name, instantly recognized by consumers in its home market. Today, Juhayna offers customers a diverse range of locally produced products of the highest quality, as it works to constantly ramp up its range of products, tailor launches to new and diverse customer segments and deliver essential products to an ever-growing base of consumers. The Group adheres to the strictest international standards in its operations as it seeks to continue to expand its brand equity, working to continually refine its brand identity across SKUs with an eye to touching the lives of future generations of Egyptian households.

1983
Date of Establishment

7.21%
y-o-y increase

65,000
Points of Sale

EGP/MN 7,636
Revenue

1,000
Vehicles

4
Operating Factories

200+
SKUs

600k
Work Production Volume

4000+
Employees

28
Distribution Centers

6MN
Packs Produced Per Day

Livestock 6,000+
European Holstein Heifers

CEO's Note

DEAR SHAREHOLDERS,

It brings me immense pride and gratitude to present you with our annual report for 2019. Throughout more than 30 years of operations, Juhayna remains one of Egypt's most prominent and distinguished brands built on a foundation of quality, innovation and, most importantly, the trust of our loyal consumers.

As market leaders in dairy, yogurt, juice and concentrates with more than 200+ SKUs currently on the market, we have proven that innovation and determination are necessary for growth and stability. Despite ever-shifting macro backdrops, our history of resiliency and capability demonstrates our endurance in the face of uncertainty.

2019 was a challenging year for the market. Like many other companies, Juhayna was subject to hurdles brought on by unanticipated slow recovery of consumer spending, but despite this, we came out the other end of the year leaner, more efficient and with reasonable growth rates. Our financial and operational results for 2019 serve to underscore the fact that our carefully calculated strategies of CAPEX and cost optimization have continued to bear fruit, ensuring our top line and margins were protected.

During the year, we delisted less profitable SKUs and revamped our milk and yogurt brands, rolling out comprehensive marketing campaigns across multiple platforms to reach desired audiences. Although we remain cautious moving forward, we expect to achieve our targeted growth rates through organic growth of the market with consumer recovery, continuous innovations, penetrating new markets through exports and third-party distribution. In line with Juhayna's efforts to optimize operational efficiency, we halted operations that were weighing down performance, opting to halt production at our cheese line and shifting our focus to distributing Arla products — a partnership that remains strong.

> “Despite ever-shifting macro backdrops, our history of resiliency and capability demonstrates our endurance in the face of uncertainty.

Building on the foundation of the brand revamp laid in 2018, the year saw Juhayna roll out the first phase of its brand identity facelift with new packaging designs for our milk and yogurt segments, which saw immediate results in increased market shares. These changes are the beginnings of our plan to revamp our entire range of products to increase the brand's popularity and appeal to a new generation of consumers, while maintaining our legacy in the Egyptian dairy and juice market.

While spending in our core consumer bracket is recovering, we have pivoted to niche, untapped segments of the market that appeal to an evolving customer base. We realize peoples' diets are changing and consumers are becoming more health-conscious, so we are meeting their needs by catering to their demands with new products that have not been produced locally in the past.

As we navigate continually shifting waters, we are now more than ever keen on retaining our unmatched talents. We continued to funnel investment into our human capital, with 2019 seeing us adopt the Kaizen Initiative, which seeks constant improvement across the company and aims to create a culture that engages every employee — including upper management, supervisors and workers. Throughout the year, we focused on capacity building and transformation of the workplace, two initiatives that will enable us to improve efficiency, effectiveness and profitability.

As we look forward to what is in store for Juhayna, we are careful to remember who has been with us from the start — our community, our consumers and our partners. At Juhayna, we have never lost sight of giving back to the community, one of our main priorities. Our initiatives include supporting local farms, advocating for health and nutrition and collaborating with a local solar energy startup. As a member of the UN Global Compact (UNGC), we have aligned our CSV strategy with the 10 UNGC principles and UN Sustainable Development Goals, as well as Egypt's national sustainable development strategy.

While 2020 brings uncertainties, I remain cautiously optimistic. Through our ongoing efforts to maximize efficiencies across the board, we expect to continue increasing sales and maintaining both market share and profitability. In closing, I would like to thank our esteemed Board of Directors, our management team and every one of our employees for their commitment, dedication and support. Thank you for your trust and confidence in Juhayna over the years, and we look forward to building our future with you.

Seif El-Din Thabet
Deputy Chairman of the Board and CEO

2019
IN REVIEW

Taking Steps Forward

The year just ended saw Juhayna take steps to facelift its brand identity to cater to a new generation of consumers without losing touch with the decades-long history it has built in the Egyptian dairy and juice markets, cementing its position as a household name for the years to come

INNOVATION

Over the course of 2019, Juhayna has implemented new strategies to not only uphold its leadership position in the market but to drive a new stage of growth for the company. At the heart of this strategy is transformation — both external facing and inward looking. The company worked to recalibrate its position in the market and increase its brand equity through uplifting its brand identity, both for Juhayna as a whole and select SKUs to attract a wider customer base without losing touch with loyal consumers. As one of the oldest and most recognizable brands in the Egyptian dairy and juice market, Juhayna seeks to inspire the same level of trust among a younger segment of the population as that among older ones and maintain a health-conscious, consumer-oriented and diverse range of homegrown-products of the highest quality.

During 2019, Juhayna rolled out the first phase of its new product branding. A new logo was developed for products under the Juhayna brand in addition to new packaging for its milk and yogurt product ranges, in its efforts to appeal to a younger consumer base. This new branding will carry forward into the next year as the Group seeks to revamp its entire range of products, including juice and drinkable yogurt.

DIVERSIFICATION

Building on a rich history of more than 36 years of trust, Juhayna seeks to continuously evolve to meet the needs of its consumers. Accordingly, the Group has embarked on a number of initiatives to meet ever-changing consumer tastes and preferences. A key priority for Juhayna in 2019 has been to broaden its focus in order to cater to the evolving needs of consumers as they become more health-conscious and seek options better suited to their lifestyles while continuing to uphold the products which have contributed to building the Group's history of success. Accordingly, Juhayna has introduced products such as lactose free milk as the company seeks to tap niche segments of the market previously untouched by other players. This will complement Juhayna's current product lines at minimal additional cost at higher margins, thereby driving profitability and growth.

In addition, as part of the efforts Juhayna has taken underlying this strategy, the Group has introduced more products to its Bekhero line, which consists of dairy milk and juice. In 2019, Juhayna added flavored milk to the Bekhero range, as it seeks to broaden its product offering in order to cater to the growing needs of consumers in this SKU class.

RECALIBRATION

With consumer purchasing power recovering slower than anticipated as inflation only just began to cool, Juhayna resumed offering affordable products in 2019 and increased promotions across its product portfolio, successfully maintaining its position as a leader in its key markets. In addressing the new cost-cutting rationale, price sensitive consumer, Juhayna also launched a number of commercial and marketing campaigns featuring attractive promotions and discounts for customers, with the aim of cementing Juhayna's brand loyalty and familiarizing consumers with the redesigned products.

As part of its customer-centric strategy, Juhayna has elected to primarily utilize digital marketing channels, supplemented by traditional print marketing in order to allocate a larger portion of its resources towards offering promotional bundles and value deals for its customers.

In line with the company's integrated business plan, at the core of which is cost efficiency, Juhayna underwent a series of organizational changes with the aim of integrating its supply chain and manufacturing operations, resulting in prudent production, sales and distribution. Accordingly, Juhayna's senior management created a new management role, Chief Supply Officer, in order to ensure the optimization of the manufacturing process. Through this integration, Juhayna hopes to improve supplier liaisons and couple low manufacturing costs with efficient distribution.

At Juhayna, we believe that our success stems from our perpetual proactivity in enhancing fully integrated procurement, manufacturing and distribution processes using the highest quality materials at the lowest cost. Our new Chief Supply Officer, Mr. Wael Zakaria, will take on the task of maximizing end-product profitability by increasing sales and optimizing costs.

In line with its commitment to continuous improvement and meeting the needs of its consumers and employees alike, Juhayna adopted the Kaizen Initiative in 2019, which seeks continuous improvement within the company and creates a culture of employee engagement across all levels. We believe that the Kaizen initiative is key to growing and sustaining our operations across the company. Accordingly, throughout the year, we focused on two main drivers in our implementation of the Kaizen initiative: capacity building and the transformation of the workplace.

The objective of our capacity building undertakings was to familiarize our staff with the principles of lean manufacturing to streamline Juhayna's operations, improve efficiency and increase profitability. The company set a training plan spanning two to three years comprising of multiple levels in order to develop our team's capabilities. In 2019, the company completed its first training cycle across the production, maintenance, quality and warehouse departments for 850 employees.

In parallel, Juhayna began working towards transforming its work environment to provide its employees with a safe, clean and well-organized workplace with the aim of optimizing productivity and minimizing waste. In order to achieve this, each of Juhayna's plants was divided into zones under the Kaizen method with each zone being allocated a particular function. Additionally, visual management techniques were introduced with visible KPI boards, complaints and safety issues to improve tracking and monitoring.

Management Discussion and Analysis

Juhayna's revenues grew at a solid 7% for the year despite a challenging environment

Juhayna faced several strategic challenges in 2019. Stagnant wage growth combined with continued cuts to consumption subsidies put further pressure on Egyptian consumers' purchasing power during the year, constraining market growth. Meanwhile, a rise in prices for skimmed milk powder (SMP) faced the company with an increase in the cost of a key input. Once again, energy costs rose during the year as the government continued to implement economic reform measures, while an appreciation in the Egyptian pound affected the company's concentrate export business. These headwinds came against a backdrop of intensifying market competition.

Despite these challenges, Juhayna leveraged its competitive advantages to generate a solid rate of top-line growth and maintain the company's leading position in the dairy, yogurt and juice markets. Revenues expanded by a robust 7.2% y-o-y to post EGP 7.6 billion for 2019, with significant investments in promotion campaigns and product development helping drive growth. At 49.2% of 2019 revenues, dairy sales continued to represent nearly half of Juhayna's top-line, with the contribution from yogurt rising slightly y-o-y to 23.7% and that from juice stable at 20.0%. The year saw the top-line contribution from concentrates decline to 3.4%, while ArJu, Juhayna's joint venture with Arla foods, maintained a stable share of the top-line at 3.3%.

Juhayna enjoys an unmatched ability to rapidly respond to changing market signals at scale, quickly optimizing volumes and price points across the company's footprint. Combined with the success of its multiyear cost-control program, Juhayna's nimbleness allowed it to withstand the effects of rising input costs in 2019, with gross profit climbing at 9% y-o-y, outpacing growth in the top-line, to record EGP 2.3 billion. Juhayna's gross profit margin rose by 0.4 percentage points to register a strong 30.2% for 2019.

Stringent cost control measures remained in place in 2019, with an eye to optimizing the company's liquidity position. Capex remained tightly controlled during 2019, while general and administrative expenses were stable compared to their level in 2018. Meanwhile, management's focus on efficient working capital management allowed the company to significantly reduce inventory on hand for the year. Similarly, the execution of an assertive structuring plan saw short-term bank debt on Juhayna's balance sheet reduced to EGP 402 million in 2019 from EGP 725 million in 2018, with net interest expense falling by 7% y-o-y during the period.

Juhayna booked a net profit of EGP 329 million for 2019, down from the EGP 406 million recorded one year previously to yield a net profit margin of 4.3%. This decline comes on the back of an end to income tax exemptions for a number of Juhayna's subsidiaries, in addition to the company's recognition of new healthcare insurance outlays for the period.

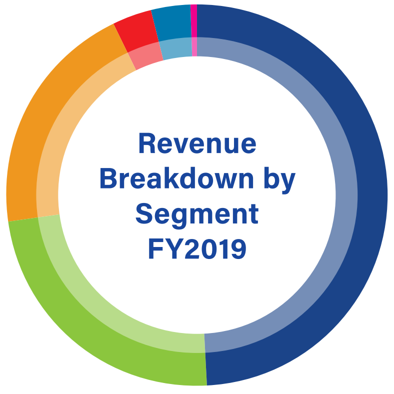
Management remains confident in the Egyptian market's strong fundamentals profile and is committed to leveraging the company's competitive strengths as efficiently as possible to grow Juhayna's market shares across the dairy, yogurt and juices spaces. Moving forward, Juhayna will continue to frequently introduce unconventional product offerings, pursue cost efficiency, streamline operations and comprehensively redevelop its brand identity with an eye to achieving the objectives of management's five-year strategy.

EGP/MN
7,636
revenues in 2019

EGP/MN
2,303
gross profit, up 9%

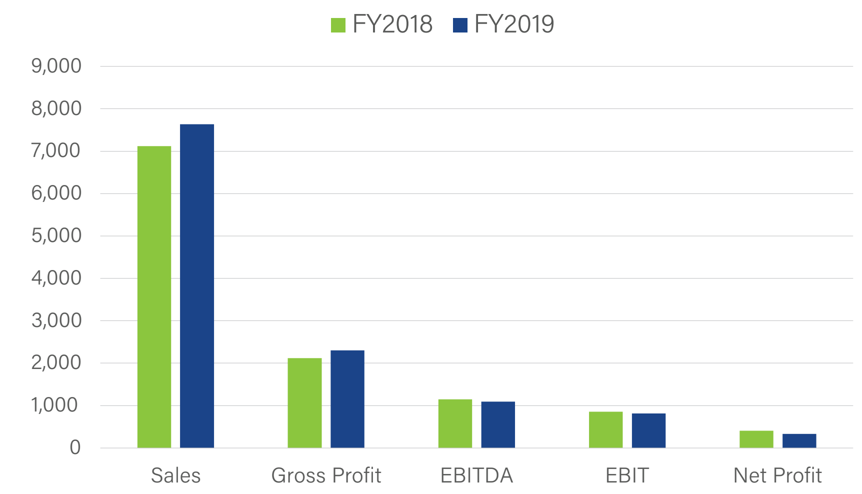
EGP/MN
813
EBIT, down 5%

EGP/MN
329
net income, down 19%



Dairy	49.2%
Yogurt	23.7%
Juice	20.0%
Concentrates	3.4%
ARJU	3.3%
Agriculture	0.4%

Group Consolidated Performance (EGP MN)



OUR STRATEGY

Our Strategy

Juhayna's strategy this year continues to uphold its projected five-year road map of continuous brand transformation and product innovation

EVERYONE'S BRAND

We crafted the look of this new generation of Juhayna products to sustain a balance between legacy and modernity. With purchasing power still recovering, building loyalty among a new consumer base that is constantly seeking better, niche options is what we kept in mind as we went forward. Widening our pool by offering our unique products in new packaging that inspire novelty and applying this cohesively across an array of dairy and yogurt products was this year's primary strategy in acquiring new consumers and retaining existing buyers.

Juhayna also continued championing its life-long commitment to facilitate reachability and affordability, especially with its mass-produced products, to all types of consumers. Whether purchasing a Juhayna product through a hypermarket or a small outlet or picking up Juhayna's 0% fat milk or Bekhero's new flavored milk, customers are guaranteed a quality product by a company that will always put the buyer first. Consumer wellbeing and spending abilities were kept in mind when managing pricing and distribution, with the aim of imposing less pressure on loyal consumers and providing potential buyers with enough reasons to pick up our products. This message was also propagated through promotional activities carried out through different points of sale, helping consumers understand that Juhayna's strategies are and will remain consumer centric.

TOP-LINE GROWTH

Our strategy to further maximize innovation and efficiency has paid off in 2019, with a sustainable market presence across all segments and with top-line seeing steady growth. The year also saw a turning point for Juhayna, with fresh buying power spurred by its revamped brand identity, along with carefully calculated price increases across SKUs mixed with increased promotional offers and activities, assisting in the retention of loyal consumers. Moving forward, we are looking to increase our niche product variety, raise consumer awareness, and continue to be mindful of shifts in global trends, local market preferences and potential product innovation opportunities that produce maximum benefits for consumers and investors alike.

This is guided by the company's five-year strategy, which is committed to further enriching Juhayna's extensive legacy by frequently introducing unconventional products, decreasing costs and streamlining operations across all segments, and completely revamping the company's brand identity.

Building up on the foundation laid in 2018, Juhayna embraced its revamp as a key instigator of change in 2019. The company presented consumers with a new unified brand identity across segments and more product promotions, which has given Juhayna the benefit of gaining more visual recognition on shelves.

MAINTAINING MARKET LEADERSHIP

Juhayna maintained its longstanding position as the local favorite in 2019, further branding itself as a dependable partner and a forward-thinking product hub. With popular Juhayna staples looking new and performing well, further solidifying the company's market leadership, and with new SKUs like Bekhero Flavored Milk garnering more popularity among a wider consumer base, Juhayna continues to lead the dairy, yogurt and juice markets.

IMPROVING MARGINS

Juhayna's margins were positively affected by a decline in financing costs throughout the year due to a decrease in policy rates, coupled with the team's successful negotiations for competitive rates. Throughout the coming year, Juhayna will seek to further improve its margins by lowering SG&A expenses and decreasing its marketing expenses and wages. Additionally, and to cushion the company against the SMP market volatility witnessed in 2019, the company has set plans to increase sourcing of fresh milk from local Egyptian farms and decrease the use of powder milk. This has already begun successfully in 2019 as powder milk usage dropped to 29% from 38% in 2018, and is expected to further drop to 25% in 2020. Juhayna will also continue looking into opportunities for third-party distribution to make the most out of its 30 centers and over 1,000-strong fleet.

MAINTAINING EFFICIENT INVENTORY

2019 witnessed a higher than normal level in inventories, which the company will seek to optimize in the coming year. This increase resulted from a surplus of fresh milk in the local market, which we purchased from local farms, leaving our SMP stock unused. This development proved favorable to the company as the year saw an increase in global SMP prices.

CAPEX SPENDING

Throughout the year, Juhayna built on its efforts to decrease CAPEX spending. 2019 saw an improvement in CAPEX spending for the Group, coming in at EGP 300 million compared to the allocated budget of EGP 400 million.

DEBT LEVELS

The year saw the company adopt an assertive structuring plan for the Group's debts. The plan saw Juhayna benchmark its lending terms against competitive terms in the Egyptian market; adjust pricing of all outstanding loans; refinance EGP 400 million through obtaining medium-term loans to settle an amount of EGP 400 million in overdrafts, thereby enhancing our working capital; and settle a leasing contract amounting to EGP 50 million.

LINES OF BUSINESS

Juhayna went on to maintain its streak as a market leader and innovator in 2019, with one of the most successful track records in the Egyptian market still proudly under its belt. The evolution of our brand identity came as a natural result of changing times, trends and perceptions, but at their core, our products remain the well-loved, well-celebrated daily companions that consumers expect to find on shelves. Building on this, we remain committed to improving at every opportunity, bringing intelligent standards of excellence to the market and emphasizing our promise to provide consumers with the best of what the sector has to offer. In its efforts to increase its brand equity, Juhayna revamped its logo, as well as its milk and yogurt product packaging. The newly introduced packaging was designed to be more colorful, modern and minimalistic in order to appeal to younger consumer groups. The revamp was well received in the market and was immediately reflected in our market share.

Dairy

EGP/MN

3,760

revenues in 2019

Dairy remains one of the primary leading forces on the back of which Juhayna's market presence and legacy reside. The company's packaged milk products showed off a new look this year, bringing them closer to its younger consumer base with its contemporary, modern-day feel. Dairy generally looked to inspire a closer relationship between its products and the younger Egyptian consumer, attempting to bridge between our legacy and our future. Niche products remained fundamental in concept this year, with better planning in the works to bring lactose-free milk back to the market with potent brand awareness, stronger momentum and eventually higher selling rates. Parallel to this and because we believe in our dairy products' compatibility with every Egyptian consumer, we further developed Bekhero's brand equity and popularity and succeeded in widening its consumer base through launching the now popular Bekhero flavored milk.

State-of-the-art technology is regularly bringing forward fresh solutions to old problems, and niche products are showing considerable potential in catering to new market demands. As such, Juhayna's research and development department has made it its mission to improve the value and shelf-life of packaged dairy products. This comes alongside the department's fundamental mission to innovate across all of Juhayna's segments and products, and constantly identify new areas of improvement and growth.

The segment's earnings came in at EGP 3,760 million this year, rising by 8% y-o-y from the 3,492 million recorded in 2018. It contributed a total of 49.2% to Juhayna's total revenue, with market share standing at 58% and 49% for plain and flavored milk, respectively. Dairy production lines remain active at the fully-automated El-Masreya factory, located in the Manufacturing and Industrial Hub in Sixth of October city.

Products

- Juhayna Plain Milk Full Fat
- Juhayna Plain Milk Half Cream
- Juhayna Plain Milk Skimmed
- Juhayna Plain Milk 0% Fat
- Juhayna Plain Lactose Free Milk
- Juhayna Mix Flavored Milk
- Juhayna Bekhero Full Fat
- Juhayna Bekhero Flavored Milk

Yogurt

Yogurt continues to gain popularity in the market and has led Juhayna's successes right behind dairy in 2019. As planned, we rolled out new packaging for yogurt this year, revamping its look in close relation with milk to create a unified, recognizable brand for consumers. Our yogurt products remain frontrunners despite continuing market challenges, and new varieties, types and flavors are constantly being researched with the aim of regularly presenting the market with innovative alternatives.

EGP/MN

1,811

revenues in 2019

Higher health and nutrition awareness remained central to our promotional efforts in 2019. Increasing yogurt's particular brand equity was twofold, coming on the back of the modern appeal of its new look, as well as the health benefits of its products, particularly attractive to the younger consumer base. The yogurt segment is constantly on the lookout for attractive opportunities in the market which it can leverage to increase its SKU offering and maintain its position as a market leader.

Revenues increased in 2019 by 14%, bringing yogurt's total to EGP 1,811 million, as opposed to 2018's EGP 1,584 million. Juhayna's leading market shares stood at 28% for spoonable and 53% for drinkable yogurt, contributing to the segment bringing in the second-largest sum in Juhayna's top-line revenue. Production remains solid at Juhayna's Egyfoods facility in Sixth of October city.

Products

- Juhayna Plain Yogurt
- Juhayna Light Yogurt
- Juhayna Flavored Yogurt Strawberry
- Juhayna Drinking Yogurt "Zabado" (Strawberry, Peach, Mango, Mixed Berries)
- Juhayna Rayeb (Plain, Light, Green Tea, Cinnamon)

Juice

Juice is part and parcel of Juhayna's role as a health advocate in the beverages market. We believe in the longevity of our juice products, because we recognize changes in consumer spending habits and their constant search for appetizing, well-priced and healthier alternatives. The segment's communications throughout 2019 focused on the message of healthy, conscious consumption, and encouraged current and potential consumers to explore its wide variety of juice products as popular substitutes for other beverages. In the coming stage, Juhayna will continue to utilize its research and development capabilities to explore more opportunities within the Egyptian juice market, increase its market share and cater to different demographics through an ever-expanding portfolio.

EGP/MN

1,526

revenues in 2019

Juhayna juice brought in EGP 1,526 million in revenues in 2019, an 8% increase from 2018's EGP 1,417 million, and total market share is now 24%. Production is active at the award-winning El-Dawleya factory in Sixth of October city, which boasts a fully automated warehouse and large storage capacity and is the second largest factory of its kind in the Middle East.

Products

- Juhayna Juice Drink (13 flavors)
- Juhayna Bekhero Drink (4 flavors)
- Juhayna Pure 100% Juice (10 flavors)

Concentrates

EGP/MN

256

revenues in 2019

Juhayna continues to export concentrates as part of its strategic plan to increase its international presence and global trade capacity. Local selling and consumption remain integral to the concentrates segment, with Juhayna depending on it to produce most of its own juice products. However, the concentrates segment has sustained its local ground over 2019 and continues ranking highly among Egyptian manufacturers and food producers.

By the last quarter of the year, the appreciation of the Egyptian pound contributed positively to Juhayna's operations, but posed a challenge for the export revenues of concentrates, as oversupply and competitive prices continued to pose global challenges. This led to the segment recording EGP 256 million in revenues, down by 28% from the preceding year. In spite of this, production remains active at El-Marwa and Modern factories in Sixth of October city, as the company constantly seeks opportunities to expand.

> Juhayna's concentrates continues to rank highly among Egyptian manufacturers and food producers.

Agriculture

Enmaa for Livestock and Enmaa for Reclamation and Agriculture, Juhayna's two agricultural pillars, sustained their operations throughout 2019 and continued to cover a substantial 12% of Juhayna's raw milk needs for daily production. Juhayna remains dedicated to its fully owned state-of-the-art farm in line with its "from farm to consumer" approach, which fuels its strategy to bring the best and healthiest product options to the market.

Agriculture revenues came in at EGP 31 million in 2019, and herd size remained at well over 6,000 holstein heifers. Additionally, the farm makes use of a 1 MW solar station, built in collaboration with Egyptian solar energy startup KarmSolar. The station reduces the farm's carbon dioxide emissions by 1.62 tons and diesel dependency by 600,000 liters each year.

EGP/MN
31

revenues in 2019

" Juhayna remains dedicated to its fully-owned state-of-the-art farm, in line with its "from farm to consumer" approach.

ArJu

Juhayna's joint venture with the Denmark-based Arla Foods is ongoing. With prospects and opportunities on the rise due to increasing stability in the market, the venture remains adamant on actively bringing Arla products' variety and innovation to the Egyptian market. Furthermore, the venture's success continues to inspire Juhayna's expansion within the third-party distribution segment, with research and planning currently underway to make use of the company's current capacity for expansion. Strategic planning for product distribution through optimum points of sales across Egypt will also play a large role in how future products will be disseminated to consumers.

ArJu remained steady in 2019, bringing in EGP 252 million in revenues, an 11% increase from 2018's EGP 233 million, and a total 3.3% contribution to Juhayna's top-line.

EGP/MN

252

revenues in 2019

> “ ArJu remains adamant on actively bringing Arla products' variety and innovation to the Egyptian market.

Products

- Lurpak
- Puck
- Lady Bird
- Dano
- Castello Cheese

Happy Kitchen

Juhayna was the first company to launch creams that have undergone ultra-high-temperature processing (UHT) for increased shelf-life into the Egyptian market in 1999. Due to their easy-grip packaging, high quality and ease of storage, the pourable cooking and whipping UHT creams were successful, and their versatile uses in sweet and savory recipes quickly gained popularity. Juhayna then proceeded to roll out sour cream and “value pack”-sized yogurt, in an effort to cater to more consumer tastes.

EGP/MN

372

revenues in 2019

Revenues from Happy Kitchen products are accounted for among Juhayna’s dairy and juice segments’ revenues

As the Egyptian market’s demands continued growing, Juhayna identified a need for a brand that encompasses dependable, wide-ranging products that promote convenience in cooking and are easily identifiable by consumers in the market. As such, the Happy Kitchen brand went live in 2017, hand-in-hand with the launch of the company’s first brand, Tomato Puree (freshly squeezed tomatoes in a carton packaging format). Happy Kitchen continues to accommodate fast-paced consumer trends by delivering high quality, preservative-free cooking products that can be used in every meal, for every household.

Products

- Happy Kitchen Cooking Cream
- Happy Kitchen Whipping Cream
- Happy Kitchen Sour Cream
- Happy Kitchen Tomato Puree

LEADERSHIP


JUHAYNA
CLASSICS
BLENDS
Mixed Berries
PREMIUM QUALITY
FRUIT DRINK
JUHAYNA
CLASSICS
Mango
PREMIUM QUALITY
FRUIT DRINK
JUHAYNA
CLASSICS
Orange
PREMIUM QUALITY
FRUIT DRINK

Executive Management

Safwan Thabet
Executive Chairman of the Board & CEO

Mr. Thabet has been the Executive Chairman of the Board of Directors since founding the Group in 1983. He has played a central role in developing the Egyptian food sector over more than 36 years through various appointments and positions, including Member of the Board of the Federation of Egyptian Industries (FEI) and Member of the Board of the Chamber of Food Industries.

Seif El-Din Thabet
Deputy Chairman of the Board & CEO

Mr. Thabet joined the company's Board of Directors in 2006 and became Deputy Chairman of the Board of Directors in 2016. He is currently Chief Executive Officer of Juhayna and has held the positions of Operations Director and Human Resources Director beforehand. Mr. Thabet began his career at Juhayna in 2004 in managerial positions that include Sales and Marketing Manager, Project Manager and he was the first Plant Manager for the company's Juice Factory, El Dawleya. Outside Juhayna, he holds the position of Vice President of the Dairy Division at the Chamber of Food Industries. He is also the former Treasurer at the Food Export Council and has previously held positions at the Germany-based Muller Dairy.

Amr El Garhy
General Manager of Tiba for Trade & Distribution

Mr. El Garhy joined Juhayna in 2018 as the General Manager for Tiba for Trade & Distribution Co., the commercial arm for Juhayna Group. Before joining Juhayna, Mr. El Garhy was Sales Director for Mars Egypt, and prior to that held top managerial positions at Juhayna, SC Johnson and Procter & Gamble in Egypt, Saudi Arabia and USA. Mr. El Garhy graduated from The American University in Cairo with a BSc. in Mechanical Engineering and a minor in Business Administration; he is also a member of the American Chamber of Commerce in Egypt.

Sameh El-Hodaiby
Group Chief Financial Officer

Mr. El-Hodaiby took over as Group Chief Financial Officer of Juhayna in 2008, having begun his tenure with the Group in 2006 as Chief Financial Officer of one of its factories. Before joining Juhayna, he held the positions of Accounts Manager at SODIC and Auditor at Grant Thornton in Cairo. He is a member of the Accountants and Auditors Register.

Wael Zakaria
Chief Supply Chain Officer

Mr. Zakaria brings a wealth of experience to his role as Chief Supply Chain Officer at Juhayna. Prior to rejoining the company, he was Manufacturing Director at Faragalla Group, and had previously held several top managerial positions at Wadi Group, Juhayna (where he was Supply Chain Director till January 2014) and Savola. Mr. Zakaria also brings over 14 years of experience at P&G Saudi Arabia, Morocco and Switzerland to his role. He has a BSc. in Chemical Engineering from Alexandria University.

Board of Directors

Safwan Thabet
Executive Chairman of the Board & CEO

Mr. Thabet has been the Executive Chairman of the Board of Directors since founding the Group in 1983. He has played a central role in developing the Egyptian food sector over more than 36 years through various appointments and positions, including Member of the Board of the Federation of Egyptian Industries (FEI) and Member of the Board of the Chamber of Food Industries.

Heba Thabet
Executive Member & Head of Business Development

Ms. Thabet joined the Board of Directors as an Executive Member of the Board in February 2006. She is currently the Head of Business Development at Juhayna, responsible for product innovation and development, operational development and internal communications. Prior to this, Ms. Thabet handled marketing and communication projects for the company and held the title of Associate Director of External Affairs, where she was responsible for the Group's media and public relations activities. Ms. Thabet also held the position of Marketing Manager for the Juice Division and had worked with the Marketing Department's Fresh Produce Division since joining Juhayna in 2001. Outside Juhayna, she is a member of the Business Advisory Board for SIFE Egypt, the International Public Relations Association (IPRA) and the Committee for Social Responsibility at the American Chamber of Commerce in Egypt.

Seif El-Din Thabet
Deputy Chairman of the Board & CEO

Mr. Thabet joined the company's Board of Directors in 2006 and became Deputy Chairman of the Board of Directors in 2016. He is currently Chief Executive Officer of Juhayna and has held the positions of Operations Director and Human Resources Director beforehand. Mr. Thabet began his career at Juhayna in 2004 in managerial positions that include Sales and Marketing Manager, Project Manager and he was the first Plant Manager for the company's Juice Factory, El Dawleya. Outside Juhayna, he holds the position of Vice President of the Dairy Division at the Chamber of Food Industries. He is also the former Treasurer at the Food Export Council and has previously held positions at the Germany-based Muller Dairy.

Ahmed El-Abin
Non-Executive Member

Mr. El-Abin has been a Non-Executive Member of Juhayna's Board of Directors since 1985. He is additionally a Member of the Board of Directors of the Scientific Center of Documents and Information at Cairo University, Founder of the Academic Library in Cairo and Co-Founder of Mars Publishing House in Riyadh, Saudi Arabia. Mr. El-Abin was also responsible for the establishment of the foreign languages book department at Al-Ahram Institute.

Yasser El-Mallawany
Non-Executive Member & Chairman of ArJu

Mr. El-Mallawany has been a Non-Executive Member of the Board since 2000. Outside Juhayna, his past positions include assuming the roles of Chief Executive Officer at EFG Hermes Holding Company SAE and Vice President of the Board of Trustees of the EFG Hermes Foundation. He was also appointed as Chairman of the Board of EFG Hermes Private Equity and Non-Executive Chairman at ACE Insurance Company. Mr. El-Mallawany additionally served as Vice Chairman of the Commercial International Investment Company (CIIC) and spent 16 years at Commercial International Bank (CIB) as General Manager of the Corporate Banking Division. He is a member of the Advisory Council of the Emerging Markets Private Equity Association (EMPEA).

Mohamed Al-Dogheim
Non-Executive Member

Mr. Al-Dogheim has been a Non-Executive Member of the Board since Juhayna's inception in 1983. He is also a member of the Saudi Egyptian Business Council and the Chamber of Commerce of Al-Dawadmi Governorate in Saudi Arabia. Mr. Al-Dogheim previously held a variety of positions in Saudi Arabia at the Ministry of Finance in Dammam, the Ministry of Transport and the Ministry of Islamic Affairs and Endowments in Riyadh. He also served as Financial Controller, Financial Director and Budget Director at the Ministry of Water and Electricity in Riyadh.

Mariam Thabet
Non-Executive Member

Ms. Thabet has been a Non-Executive Member of the Board since 2010. She currently focuses on strategic planning for the Group, where she works to develop production divisions at Juhayna. She previously held the title of Assistant Procurement Manager within the Group.

Juhayna's Creating Shared Value (CSV) Strategy

Juhayna aligns its CSV strategies with sound environmental, social and governance (ESG) frameworks to sustain positive impact on its operations and its surrounding communities. The company operates within the bounds of local ESG guidelines and regulations, and adheres to international best practices set forth by global organizations that seek collective social action.

Since becoming a member of the United Nations Global Compact (UNGC) in 2017, Juhayna has aligned its CSV frameworks with the compact's 10 principles, built on the pillars of human rights, labor, environment and anti-corruption. The company also aligns its operations with the UN's Sustainable Development Goals (SDGs), as well as Egypt's national sustainable development strategy. Juhayna's CSV strategy consists of three core pillars that allow it to concentrate its efforts and positively impact its stakeholders.

PILLAR I: PEOPLE

Social responsibility toward internal and external stakeholders is an essential part of Juhayna's CSV framework.

HEALTH AND SAFETY

The health and safety of all employees is paramount to Juhayna. The company periodically holds trainings on health and safety measures, and supplies gear and equipment to ensure safety on the job. It has also created an internal mechanism for the immediate reporting of any operational irregularities.

Moreover, Juhayna advocates for the importance of nutrition and the adoption of healthy lifestyles in its community, supporting a number of campaigns and initiatives to raise consumer awareness.

SPECIALIZED PRODUCTS

Through extensive R&D programs with expert nutritionists, Juhayna reached breakthrough solutions that further bolstered the nutritional value of its dairy, juice and cooking products while maintaining their top-notch taste and quality. This year, the company continued to produce its lactose-free milk, launched in 2018, in support of lactose-intolerant consumers who constantly seek dairy alternatives. Juhayna also continues to promote its 0% fat milk to consumers as a healthy, nutritious and high-quality alternative.

BAHEYA HOSPITAL

Juhayna sponsored Baheya Hospital's free-of-charge early detection and treatment services for women and breast cancer patients since its establishment in 2015. It has contributed a total of EGP 34 million to date and supports its women empowerment platform 'Cheering Egyptian Moms'.

EMPLOYEE ENGAGEMENT

The provision of a workplace that prioritizes the wellbeing and professional development of all employees is integral to Juhayna's successful operations. The company instates a number of policies across its organization to support and empower employees.

DIVERSITY AND EQUALITY

Juhayna is committed to achieving undisputed gender equality in the workplace to promote a more conducive workplace for both female and male staff members. It also enforces anti-discrimination polices that ensure equal treatment among all employees, and that equal-opportunity hiring is employed when new members are being introduced to the team.

EMPLOYEE RIGHTS

Juhayna follows labor laws set forth by the Egyptian government and is committed to providing a fair and constructive work environment for its employees. The company maintains a balanced compensation and benefits scheme, as it provides all employees with a living wage, and social and health insurances. It also has a benefits and rewards system in place to make sure high-performing employees are adequately rewarded.

EXTERNAL COLLABORATIONS

Following its success in the German Agency for International Cooperation (GIZ)'s 'Diversity in the Workplace' competition, Juhayna entered into a two-year protocol with the agency. The company receives financial and advisory support from the agency to further empower its staff members in realizing their career goals, thereby fostering diversity and empowerment in the workplace.

THE KAIZEN INITIATIVE

Juhayna began adopting the Kaizen initiative, which creates continuous improvement through repeated positive actions, to foster employee engagement across all company levels and operations. During the year, the company focused on the capacity building pillar, where it created a training plan spanning two to three years to cover the concept of lean manufacturing, so as to improve efficiency in production, eliminate waste and increase profitability. In 2019, 850 manufacturing employees across the production, maintenance, quality and warehouse departments successfully completed the first cycle of training. It also focused on the workplace transformation pillar, and began reorganizing the Juhayna premises to create an uncluttered and well-organized workspace with the aim of optimizing productivity. It assigned plants and departments to designated zones, employed visual management techniques that show KPIs and launched an easily-monitored complaint and safety system.

SPORTS AND YOUTH WELLBEING

Juhayna believes that youth empowerment and sports endeavors are central to promoting health and wellbeing among future generations. The company sponsors a variety of initiatives that aim to support Egypt's younger generations, and provide them with the means to excel, develop and expand their capabilities.

AL-AHLY SPORTS CLUB PARTNERSHIPS

Juhayna has been a sponsor of Al-Ahly football team for 19 years to bolster stronger ties among the community and promote sportsmanship in Egypt. It also partnered with the club to launch initiatives like the #JuhaynaSupportsBaheya campaign, which collected EGP 19 million in donations for the hospital and successfully funded the free treatment of c. 5,000 women. The initiative also raised awareness on the importance of early detection through periodic testing.

SUPPORTING ENACTUS

Juhayna remains a sponsor of Enactus, an international non-profit hub for young entrepreneurs from public and private universities. Through the organization, young people are able to partake in business, academic and community development projects. Juhayna sponsored many of the organization's prior endeavors, including the 'Thematic Competition on Capacity Building through Effective Empowerment.

PILLAR II: PLANET

Juhayna is committed to curbing the environmental impact of its operations and integrating sustainability into all of its policies and practices.

WASTEWATER TREATMENT

In partnership with TIA Germany, Juhayna equipped its factories wastewater treatment facilities with equipment worth over EGP 40 million to efficiently manage its water needs, conserve environmental resources and abide by local regulations. The facilities efficiently treat wastewater and provide the company with more than one million liters of clean treated water each day.

WASTE DISPOSAL

Juhayna abides by national laws and regulations in disposing of solid and gas waste, which has so far happened without accidents and with no fines incurred. The company has a Waste Optimization Cycle in effect that ensures the categorization, collection and disposal of waste in compliant manners that prevent contamination and ensure the safety of all involved. The company also collaborates with several licensed waste disposal companies, as recommended by the Egyptian Environmental Agency, to secure proper tracking and disposal methodologies.

ENERGY MANAGEMENT

To promote responsible and sustainable consumption of raw materials, Juhayna partakes in initiatives that help it improve production patterns and make efficient use of its raw materials. It also seeks to introduce green, renewable energy resources to its operations.

MED TEST II

Juhayna has been a member of the United Nations Industrial Development Organization's Med Test II initiative since 2017. The initiative seeks to reconcile increased productivity and profit margins with reduced environmental footprints. Since joining, Juhayna has seen noticeable improvements in its operations, particularly in water consumption and energy baseline utilization levels at its Al-Marwa plant, by 52% and 5%, respectively, as well as at the Al-Dawleya plant, by 16% and 2%, respectively. Al-Dawleya plant is also expected to completely eliminate wastewater from its operations under Med Test II, further curbing Juhayna's environmental impact.

PARTNERSHIP WITH KARMSOLAR

In collaboration with local solar energy startup KarmSolar, Juhayna established a 1 MW solar power station at its Al-Enmaa farm in the Al Wahat Al Bahareya area. The newly established station has dropped the farm's diesel dependency by 600,000 liters and carbon dioxide emission levels by 1.62 tons each year.

SUSTAINABLE PACKAGING

In partnership with Tetra Pak, Juhayna is manufacturing higher quality, lighter and

practical packaging that keeps products fresh and safe for longer durations. In addition, and as of 2019, all packaging material produced by Juhayna is 100% certified as compliant with the regulations of the Forest Stewardship Council (FSC), which looks to ensure that packaging value chains adhere to responsible forestry practices and forest management.

PILLAR III: PURPOSE

As one of Egypt's market leading manufacturers of food products, Juhayna seeks to foster economic growth, increased employment and continuous innovation.

INNOVATION CENTER

Juhayna expanded its research capabilities by building an EGP 20 million state-of-the-art innovation center, housing four central labs. The center is the first of its kind in the Middle East and North Africa and specializes in product development, packaging development, chemistry and chemical composition and microbiology.

DIGITIZING OPERATIONS

Juhayna leverages advanced technological solutions to enhance its financial collection cycle. The company partners with electronic payment provider Fawry to boost its sales, optimize its collection costs, streamline transfers and cushion itself against potential financial risks.

LOCAL FARM DEVELOPMENT

Juhayna works with over 60% of Egypt's small- and medium-sized dairy farms to ensure its supply of raw milk is the best available in the market. The company also provides local farmers with support through a number of one-time and ongoing initiatives:

- EGP 30 million in interest-free loans have been offered to farmers in the form of cows.
- Cow shelters and advanced cooling systems were provided to support environmental and animal welfare, with payments claimed in the form of deductions from the cost of weekly milk purchases.
- A team of professionals conduct monthly support visits to the farms to provide workers with technical trainings.

The first phase covered 25 farms and 6,562 cows. As a result, average daily supply to Juhayna increased to 122 tons of milk per day in 2019, with productivity expected to reach up to 10-tons per day in milk supply.

SEHETAK FEL ELBA DI

The company's 'Sehetak Fel Elba Di' campaign highlights packaged dairy products as a safer alternative to loose milk. It was launched in partnership with the Egyptian Ministry of Health, the Chamber of Food Industries, Alexandria University's Faculty of Agriculture and Tetra Pak. The campaign was a massive success, driving packaged product consumption to 51% in 2019 from 17% in 2010.

NUTRITION X INNOVATION

Juhayna's affordable, nutrient-rich portfolio continues to grow as innovation and consumer needs lead its decision-making processes. The company is keen to serve as many market segments as possible and has thusly continued to innovate through its operations. Its portfolio now encompasses specialized products, from UHT packaged milk and cooking products (the first to launch in Egypt) to flavored milk, fermented milk rich in probiotics, lactose-free milk, its range of 100% authentic fruit juice range 'Pure' and more.

FINANCIAL STATEMENTS

Report on Consolidated Financial Statements

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

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

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

Introduction

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

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

Hatem Montasser
KPMG Hazem Hassan
Public Accountants & Consultants

Hossam Hilal
Mohamed Hilal – Grant Thornton
Public Accountants & Consultants

Cairo, 9 February 2020

Consolidated financial position

As of 31 December 2019

	Note no.	31/12/2019 L.E.	Restated 31/12/2018 L.E.
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 292 283 938	3 162 908 882
Projects under construction	(13)	97 358 181	192 169 631
Plant wealth	(14-1)	12 515 921	12 752 641
Plant wealth - under preparation	(14-2)	15 864 959	3 391 921
Biological wealth	(15)	195 121 514	143 126 438
Investments under joint control (equity)	(11)	14 864 149	8 574 995
Goodwill	(34)	97 092 890	97 092 890
Other - long term asset		740 417	748 688
Non-current assets		**3 725 841 969**	**3 620 766 086**
Current assets			
Biological assets - Feeding Sector		13 948 353	20 616 236
Biological assets - Existing Agriculture		17 213 765	14 606 171
PPE held for sale		6 243 248	17 387 581
Inventories	(17)	1 043 417 616	1 054 873 180
Trade and other receivables	(18)	414 143 667	468 786 062
Cash at banks and on hand	(19)	99 423 816	36 142 954
Current assets		**1 594 390 465**	**1 612 412 184**
Total assets		**5 320 232 434**	**5 233 178 270**
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		594 085 534	554 014 879
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		859 988 077	810 339 117
Total equity attributable to the shareholders of the parent company		**2 726 399 121**	**2 636 679 506**
Non-controlling interest		640 370	993 998
Total equity		**2 727 039 491**	**2 637 673 504**
Non-current liabilities			
Long - term loans	(21)	692 546 563	609 854 157
Other non current liabilities	(25)	22 964 303	19 415 111
Lease contract liabilities	(29-1)	87 201 810	140 810 714
Deferred tax liabilities	(26)	275 909 475	244 925 822
Non-current liabilities		**1 078 622 151**	**1 015 005 804**
Current liabilities			
Provision for claims	(23)	16 474 211	16 387 784
Banks - over draft		2 706 149	15 571 312
Bank Credit facilities	(22)	398 940 324	709 391 689
Creditors and other credit balances	(24)	695 896 186	512 791 360
Income tax payable	(33)	103 663 033	51 136 832
Due to related parties	(32-1)	421 867	782 927
Lease contract liabilities- current portion	(29-1)	11 597 450	18 905 275
Loans-current portion	(21)	284 871 572	255 531 783
Current liabilities		**1 514 570 792**	**1 580 498 962**
Total liabilities		**2 593 192 943**	**2 595 504 766**
Total equity and total liabilities		**5 320 232 434**	**5 233 178 270**

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should read there to

Finance Director	Chairman
Sameh El-hodaiby	**Safwan Thabet**

Cairo,9 February 2020
"Audit report "attached*.

Consolidated income statement

For the financial year ended 31 December 2019

	Note no.	The financial year ended 31/12/2019 L.E.	The financial year ended 31/12/2018 L.E.
Net sales		7 635 856 497	7 122 306 901
Cost of sales		(5 332 731 977)	(5 003 933 806)
Gross profit		**2 303 124 520**	**2 118 373 095**
Other operating income	(5)	66 087 378	80 418 265
Selling and Marketing expenses	(6)	(1 194 793 398)	(1 007 559 553)
General and administrative expenses	(7)	(243 861 934)	(236 288 997)
Other expenses	(8)	(97 456 291)	(85 562 304)
Board of directors remuneration	(32-2)	(19 975 000)	(16 765 000)
Results from operating activities		**813 125 275**	**852 615 506**
Share in the gain of company under joint control		6 289 154	1 380 111
Cost of the end of service		(14 235 734)	(12 389 473)
Net Finance (expense) / income	(9)	(321 612 257)	(347 135 167)
Net profit before income tax		**483 566 438**	**494 470 977**
Income tax - current	(33)	(123 821 670)	(75 168 073)
Deferred tax	(26)	(30 983 653)	(13 206 037)
Net profit for the year		**328 761 115**	**406 096 867**
Distributed as follows			
Parent Company's share in profit		328 676 436	405 725 995
Non-controlling interest		84 679	370 872
		328 761 115	**406 096 867**

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should read there to.

Consolidated Statement of comprehensive income

For the financial year ended 31 December 2019

	The financial year ended 31/12/2019 L.E.	The financial year ended 31/12/2018 L.E.
Net profit for the year	**328 761 115**	**406 096 867**
Total other comprehensive income	**328 761 115**	**406 096 867**
Distributed as follows		
Parent Company's share in profit	328 676 436	405 725 995
Non-controlling interest	84 679	370 872
	328 761 115	**406 096 867**

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should read there to

Consolidated statement of changes in equity

For the financial year ended 31 December 2019

	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 2018		**941 405 082**	**518 993 941**	**330 920 428**	**524 903 922**	**857 853**	**2 317 081 226**
Restatement result from lease contract liabilities	(35-1)	-	1 495 162	-	28 408 646	10 532	29 914 340
Balance as at 1 January 2018 after adjustment		**941 405 082**	**520 489 103**	**330 920 428**	**553 312 568**	**868 385**	**2 346 995 566**
Dividends to shareholders		-	-	-	(94 140 508)	-	(94 140 508)
Dividends to employees and board of directors		-	-	-	(21 021 220)	-	(21 021 220)
Dividends from subsidiaries to non controlling interest		-	-	-	(11 942)	(245 259)	(257 201)
Holding Company's share in reserves & retained earnings of subsidiaries		-	33 525 776	-	(33 525 776)	-	-
Total other comprehensive income for the year ended 31 December 2018		-	-	-	405 725 995	370 872	406 096 867
Balance as at 31 December 2018		**941 405 082**	**554 014 879**	**330 920 428**	**810 339 117**	**993 998**	**2 637 673 504**
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	(35-1)	-	1 495 717	-	26 251 173	15 997	27 762 887
Balance as at 1 January 2019 after adjustment		**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		-	-	-	251 701	(438 307)	(186 606)
Holding company share from reserve and retained earning of subsidiaries		-	40 070 655	-	(40 070 655)	-	-
Total other comprehensive income for the year ended 31 December 2019		-	-	-	328 676 436	84 679	328 761 115
Balance as at 31 December 2019		**941 405 082**	**594 085 534**	**330 920 428**	**859 988 077**	**640 370**	**2 727 039 491**

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should read there to.

Consolidated statement of cash flows

For the financial year ended 31 December 2019

	Note no.	The Financial year ended 31/12/2019 L.E.	The Financial year ended 31/12/2018 L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		483 566 438	494 470 977
Adjustments for:			
PPE depreciation	(12)	270 172 158	275 759 646
Amortization of right to -use land		8 271	8 271
Capital gains		(10 167 110)	(18 315 168)
Amortization of animal wealth	(15)	19 864 058	14 758 719
Amortization of plant wealth (productive)		402 151	399 375
PPE , Assets under construction & Biological Assets impairment		4 890 000	13 138 923
Change in Investments under joint control		(6 289 154)	(1 380 111)
Impairment of trade and other receivables		4 249 210	983 905
Impairment in inventories			13 374 777
Provision for claims formed	(23)	7 528 379	8 700 000
Herd births		(15 868 900)	(15 104 500)
Herd capitalized		(98 752 108)	(83 529 256)
Losses from selling cows		13 239 620	2 683 153
Losses from calves death		3 830 487	1 872 303
Foreign exchange gain		5 432 830	6 846 458
Credit interests	(9)	(14 309 318)	(14 402 870)
Finance interests & expenses	(9)	330 488 745	354 691 579
		998 285 757	**1 054 956 181**
Collected ctedit interests		14 309 318	14 402 870
Finance interest & expenses paid		(330 488 745)	(354 691 579)
Changes in:			
Inventories	(17)	20 152 176	(236 242 970)
Biological assets- Exiting Agriculture		(2 607 594)	(6 038 392)
Trade and other receiviable		70 195 109	(53 754 552)
Creditors & other credit balances		183 104 825	(72 409 627)
Due to related parties		(361 061)	(2 043 611)
Dividends to employees and board of directors		(50 927 506)	(21 021 220)
Income tax paid		(71 295 469)	(38 592 890)
sales tax on capital goods -paid		(7 310 566)	(11 220 729)
Fixed assets -long term installments		10 859 758	
Impairment of trade and other receivables - uesd		(4 402 582)	
Impairment in inventories - used		(8 696 612)	
Provision for claims used		(7 441 952)	(796 407)
Net cash flows result from operating activities		**813 374 856**	**272 547 074**
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(330 928 237)	(257 501 880)
Proceeds from sale of PPE		45 503 919	51 964 976
Compansation of calves death		4 311 870	2 909 243
Acquisition of plant and animal wealth	(14,15)	(30 531 290)	(1 476 511)
Proceeds from the sale of plant and animal wealth	(14,15)	43 050 601	27 940 783
Net cash flows (used in) investing activities		**(268 593 137)**	**(176 163 389)**
Cash flows from financing activities			
(Payments)/collection proceeds from overdraft & credit facility	(22,21)	(338 715 866)	(225 137 381)
Payment of financial lease contract liabilities		(60 916 729)	(14 903 152)
Collection /(Payments) proceeds from Bank loans and overdraft		112 032 195	195 307 699
Dividends to shareholders		(188 281 016)	(94 140 508)
Decrease in non-controlling interest		(186 611)	(257 188)
Net cash flows (used in) financing activities		**(476 068 027)**	**(139 130 530)**
Change in cash & cash equivalents during the year		**68 713 692**	**(42 746 845)**
The effect of foreign exchange difference		(5 432 830)	(6 846 458)
Cash & cash equivalents at 1 January		36 142 954	85 736 257
Cash & cash equivalents at 31 December	**(19)**	**99 423 816**	**36 142 954**

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should read there to.

Notes to the consolidated financial statements

For the financial year ended 31 December 2019

1 Reporting the entity

The Company was established in 1995 according to the Investment Law No. (230) of 1989 as replaced by the investment incentives and guarantees law No. (8) 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 9 February 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.

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.

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.

Non-derivative financial liabilities

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

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

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

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

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash 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.

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

Rental leases are classified as operating leases, Rental payments (after leave deductions and taking effect of periods of grace in consideration) are recognized as rental expense in the statement of income on a straight-line method over the life of the lease. Amounts due on operating leases, including sublease contracts, are recognized as income.

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.

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

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Export subsidy revenue

The company recognize 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 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 voluntary 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 diary sector

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:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1. The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2. Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3. When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4. based on the requirements of this standard the following standards were amended : • Egyptian Accounting Standard No. (1)"Presentation of Financial Statements" as amended in 2019] • Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". • Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. • Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". • Egyptian Accounting Standard - EAS No. (40) "Financial Instruments: Disclosures"	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after 1st 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)

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void. 2. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. 3. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 4. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 5. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 6. the standard requires that contract must have a commercial substance in order for revenue to be recognized 7. Expanding in the presentation and disclosure requirements	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after 1st of January 2020, and the early adoption is permitted

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (49) "Lease Contracts	1. The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015 2. The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts. 3. As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4. As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5. As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements. The disclosure no. (32) Represent the adjustments of applying the new accounting standard no. (49).	This standard No. (49) Applies to financial periods beginning on or 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.
Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) Applies to financial periods beginning on or after 1st of January 2020, and the early adoption is permitted.

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (42) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows: • (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.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after 1st 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 ammended " Earnings per Share	The scope of implementaion 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 1st of January 2019.
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after 1st of January 2019.

4 Determination of fair value

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

4-1 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and 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

	2019 L.E	2018 L.E
Export subsidy revenue	23 787 558	25 332 713
Capital gain	10 167 110	18 315 168
Increase in biological wealth due to newborn	15 868 900	15 104 500
Scrap revenue	7 986 646	12 659 909
Leasing assets (under joint control)	4 470 954	6 717 344
Other revenues	3 806 210	2 288 631
	66 087 378	**80 418 265**

6 Selling and marketing expenses

	2019 L.E	2018 L.E
Advertising expenses	532 559 564	443 423 771
Salaries and wages	269 693 379	228 965 691
Depreciation	52 479 489	54 506 674
Vehicles expenses	94 760 447	68 474 433
Replacement of goods	70 274 661	52 157 051
Goods transportation costs	58 407 836	48 843 233
Rent	17 752 891	15 544 258
Temporary labor contractors	22 092 987	16 212 987
Others	76 772 144	79 431 455
	1 194 793 398	**1 007 559 553**

7 General and administrative expenses

	2019 L.E	2018 L.E
Salaries and wages	122 725 376	109 613 591
Depreciation expense	17 634 777	22 936 596
Rent expense	12 608 299	8 841 229
Subscription fees and licenses	32 459 837	32 940 982
Other administrative expenses	58 433 645	61 956 599
	243 861 934	**236 288 997**

8 Other expenses

	2019 L.E	2018 L.E
Impairment of PPE , Asset under construction & Biological Assets	4 890 000	12 831 205
Impairment of trade and other receivables	4 249 210	983 905
Donations	9 054 728	21 012 167
Inventory write down	-	13 374 777
Property tax	4 310 220	3 897 726
Provision for claims	7 528 379	8 700 000
Health insurance	38 177 398	15 656 123
Loss from selling and death of animal wealth	17 070 106	3 439 439
Others	12 176 250	5 666 962
	97 456 291	**85 562 304**

9 Net finance (expense) / income

	2019 L.E	2018 L.E
Interest expense	(330 488 745)	(354 691 579)
Interest income	14 309 318	14 402 870
Loss from foreign currency exchange	(5 432 830)	(6 846 458)
	(321 612 257)	**(347 135 167)**

10 Segmentation report

10-1 Segmentation reports for the financial year period ended 31 December 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							
	Dairy sector L.E 31/12/2019	chilled sector L.E 31/12/2019	Juices sector L.E 31/12/2019	Concentrates sector L.E 31/12/2019	Agriculture sector L.E 31/12/2019	Undistributed items L.E 31/12/2019	Elimination of consolidated transactions L.E 31/12/2019	Total L.E 31/12/2019
Net Sales	3 759 569 334	1 811 004 623	1 525 934 034	256 227 929	30 814 055	252 306 522		7 635 856 497
Sales between segments	3 185 855 521	1 369 431 700	1 243 405 756	124 924 051	-	-	(5 923 617 028)	-
Other operating income	10 245 371	4 891 861	9 763 145	15 261 603	19 623 319	6 302 079		66 087 378
Expenses	(666 203 159)	(681 278 667)	(413 656 769)	(46 020 538)	(63 752 162)	(21 023 319)		(1 891 934 614)
Other Information								
Depreciation	**79 408 914**	**82 171 847**	**62 952 220**	**18 687 417**	**26 951 760**	**-**		**270 172 158**
Assets	**1 431 123 174**	**1 361 103 103**	**942 563 058**	**514 206 147**	**891 312 004**	**179 924 948**		**5 320 232 434**
Liabilities	**919 779 554**	**696 973 062**	**433 010 112**	**332 824 498**	**210 183 849**	**421 868**		**2 593 192 943**

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

10-2 Segmentation reports for the financial year ended 31 December 2018

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							
	Dairy sector L.E 31/12/2018	chilled sector L.E 31/12/2018	Juices sector L.E 31/12/2018	Concentrates sector L.E 31/12/2018	Agriculture sector L.E 31/12/2018	Undistributed items L.E 31/12/2018	Elimination of consolidated transactions L.E 31/12/2018	Total L.E 31/12/2018
Net Sales	3 492 036 400	1 584 837 081	1 416 775 142	353 522 524	42 157 129	232 978 625		7 122 306 901
Sales between segments	2 993 083 628	1 269 986 709	1 148 159 218	98 636 290	214 298 447	-	(5 724 164 292)	-
Other operating income	16 343 889	10 499 282	20 259 406	23 535 792	1 426 360	8 353 536		80 418 265
Expenses	(640 340 593)	(560 985 257)	(360 815 938)	(72 350 013)	(33 157 448)	(38 051 245)		(1 705 700 494)
Other Information								
Depreciation	**82 165 966**	**79 055 880**	**66 731 526**	**20 560 800**	**25 724 952**	**-**		**274 239 124**
Assets	**1 490 700 193**	**1 295 629 096**	**983 617 645**	**470 320 422**	**836 002 851**	**156 908 063**		**5233 178 270**
Liabilities	**1 027 179 700**	**696 453 874**	**453 824 186**	**229 959 165**	**187 304 912**	**782 929**		**2595 504 766**

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

11 Investment under joint control (equity)

Name of the investee company	Share percentage %	Current assets L.E.	Non current assets L.E.	Total assets L.E.	Current liabilities L.E.	Total liabilities L.E.	Revenues L.E.	Expenses L.E.	Net profit L.E.	Cost of investment L.E.
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 of 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**
31 December 2018										
Arju Company For food Industrial	50.75	18 954 076	151 387	19 105 463	10 530 468	10 530 468	54 063 532	(52 683 421)	1 380 111	8 574 995
Balance as at 31 December 2018		**18 954 076**	**151 387**	**19 105 463**	**10 530 468**	**10 530 468**	**54 063 532**	**(52 683 421)**	**1 380 111**	**8 574 995**

12 Fixed assets

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation &transport vehicles L.E.	Tools L.E.	Empty plastic containers & Paletts L.E.	Display refg.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2018	172 109 176	1 533 429 033	2 201 345 323	270 573 782	103 814 812	57 654 384	96 539 438	44 137 411	29 355 508	106 369 785	4 615 328 652
Reclassification (Lease)	43 397 821	76 025 576	-	-	-	-	-	-	-	-	119 423 397
Cost as of 1/1/2018 after reclassification	**215 506 997**	**1 609 454 609**	**2 201 345 323**	**270 573 782**	**103 814 812**	**57 654 384**	**96 539 438**	**44 137 411**	**29 355 508**	**106 369 785**	**4 734 752 049**
Additions of the year	5 437 680	16 399 373	89 691 694	18 150 352	8 027 971	18 356 542	-	-	2 821 009	1 313 557	160 198 178
Disposals of the year	-	(18 028 999)	(39 711 856)	(3 048 072)	(400 005)	(12 083 520)	(303 662)	-	(40 054)	(172 037)	(73 788 205)
Transferred to asset held for sale	(6 508 437)	-	(25 455 666)	-	-	-	-	-	-	-	(31 964 103)
Cost as of 31/12/2018	**214 436 240**	**1 607 824 983**	**2 225 869 495**	**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 during 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 during the year	(252 000)	(717 590)	(63 638 820)	(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**	**1 636 986 742**	**2 451 430 912**	**299 272 328**	**134 407 488**	**66 503 158**	**95 023 301**	**44 367 340**	**34 297 522**	**128 977 568**	**121 382 179**
Accumulated depreciation as at 1/1/2018	-	130 312 230	864 124 660	123 133 499	54 336 504	37 214 594	61 986 864	7 905 361	14 306 838	86 638 954	1 379 959 504
Reclassification (Lease)	-	12 454 643	-	-	-	-	-	-	-	-	12 454 643
Accumulated depreciation as of 1/1/2018 after reclassification	**-**	**142 766 873**	**864 124 660**	**123 133 499**	**54 336 504**	**37 214 594**	**61 986 864**	**7 905 361**	**14 306 838**	**86 638 954**	**1 392 414 147**
Depreciation of the year	-	33 687 342	158 678 808	27 106 426	10 461 148	10 463 625	17 426 995	1 973 907	2 636 903	11 803 970	274 239 124
Accumulated depreciation of disposals of the year	-	(1 438 013)	(24 459 459)	(1 907 622)	(397 717)	(11 538 228)	(260 900)	-	(35 162)	(101 297)	(40 138 398)
Accumulated depreciation of assets held for sale	-	-	(13 074 670)	-	-	-	-	-	-	-	(13 074 670)
Accumulated depreciation as of 31/12/2018	**-**	**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**
fixed assets impairment as of December 2018	**10 492 090**	**440 127**	**1 005 160**	**-**	**-**	**-**	**-**	**911 457**	**-**	**-**	**12 848 834**
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
fixed assets impairment as of December 2019	**10 492 090**	**440 628**	**2 030 606**	**-**	**-**	**-**	**-**	**1 141 385**	**-**	**-**	**14 104 709**
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**	**27 185 609**	**6 890 797**	**31 493 947**	**14 881 820**	**21 938 902**	**3 292 283 938**
Net book value as of 31/12/2018	**203 944 150**	**1 432 368 654**	**1 239 594 996**	**137 343 759**	**47 042 843**	**27 787 415**	**17 082 817**	**33 346 686**	**15 227 884**	**9 169 678**	**3 162 908 882**

*Cost of fully depreciated assets are amounted to L.E 270 522 018 as at 31 December 2019.

The land item amounted to L.E 219 623 370 on 31/12/2019 includes land that is under registration, and the necessary procedures are being taken to register this land.

These lands are as follows:

12-1 Land of Juhayna Food Industries Co.

Description	Amount L.E	
Marsa Allam	1 367 244	Preliminary contract
Plot No. 21 – Crazy Water – Finance lease	11 680 388	Preliminary contract

12-2 Land of Tiba for Trad. & Distr. Co.

Description	Amount L.E	
New Manshiyya land – Alexandria	26 046 309	Preliminary contract
Demyat land	10 942 734	Preliminary contract
Obour land – Industrial zone	9 130 135	Preliminary contract
New cairo land pc.60,62 – Industrial zone	9 439 102	Waiver letter
Olaykat Arab land (Qalyubia)	3 513 000	Preliminary contract
Land of Hurghada – Al Hrafayn division - piece No. 6	3 645 054	Preliminary contract
Other	5 787 715	
	68 504 049	

12-3 Land of Egyptian Co. for Dairy Products

Description	Amount L.E	
The service axis 1,2 – 1st industrial zone- 6th of October	1 991 465	Specification letter

12-4 Land of International Co. for Modern Industries Co.

Description	Amount L.E	
Pc. 112:118- 3rd industrial zone - 6th of October	11 060 593	Specification letter

12-5 Land of Egyptian for food industries Co. (Egyfood)

Description	Amount L.E	Instrument of posses
Pc. 19 A, 19 B in 6th industrial zone - 6th of October	2 241 861	Specification letter
Pc. 24 A in 6th industrial zone - 6th of October	2 611 004	Specification letter
	4 852 865	

12-6 Land of Inmaa for Agriculture Development and Biological wealth

Description	Amount L.E	
2686 agriculture acers Alwadi Algadeed at Farafra	6 435 680	Final contract with Alwadi al gadeed governate

12-7 Land of Inmaa for Livestock

Description	Amount L.E	
586 Acers	3 554 375	Preliminary contract with Giza governate

12-8 Land of Inmaa for Agriculture Development

Description	Amount L.E	
8558 Agriculture acers	15 869 640	Preliminary contract

12-9 Land grants

The company obtained lands as a grant in exchange for establishing projects in the regions and governorates that have those lands, as follows:-

- land plots from No. 637 to No. 650 in Assuit governorate its total area 30 000 m2 in return for issuing letter of guarantee by the company for the benefit of the contracted governorate with a total value of L.E 750 000
- Plots numbers (67/68/69/75/76) in Beni suef governorate its total area 10.335 thousand m2.
- Land plot in Sohag governorate its total area 10 000 m2.
- Land plot in Qena governorate numbers (186/187/188, plus main part of 185) its total area 5 960 m2.

13 Projects under constructions

	31/12/2019 L.E	31/12/2018 L.E.
Buildings and constructions in progress	2 743 390	17 139 450
Machineries under installation	49 354 549	142 394 299
Transformers	5 328 695	-
Advance payments for purchase of fixed assets	47 030 594	40 707 127
Wells and water pump	964 698	1 282 717
Computer software	2 034 411	-
Lake	572 530	572 530
	108 028 867	**202 096 123**
Less:		
Impairment of projects under construction	(10 670 686)	(9 926 492)
	97 358 181	**192 169 631**

14 Plant wealth

14-1 Plant wealth

	31/12/2019 L.E	31/12/2018 L.E.
Cost at the beginning of the year	13 880 181	13 880 181
Additions during the year	165 431	-
Cost at end of the year	**14 045 612**	**13 880 181**
Less:		
Accumulated depreciation at beginning of the year	(1 127 540)	(728 165)
Depreciation during the year	(402 151)	(399 375)
Accumulated depreciation at end of the year	(1 529 691)	(1 127 540)
	12 515 921	**12 752 641**

14-2 Plant wealth – under preparation

	31/12/2019 L.E	31/12/2018 L.E.
Land reclamation	-	156 788
Fruit trees	7 492 215	2 984 923
Protection trees	20 796	271 586
Palm trees	4 412	4 412
Citrus lands and networks	8 372 744	-
	15 890 167	**3 417 709**
Less: impairment	(25 208)	(25 788)
	15 864 959	**3 391 921**

15 Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock as of 1-1-2019	2 870	109 951 852	2 726	61 979 357	5 596	171 931 209
Adding:						
Transferred from projects under construction	-	-	395	17 892 821	395	17 892 821
Transferred from biological wealth (Flock of dairy live-stock - unproductive)	1 056	49 857 915	(1 451)	(49 857 915)	(395)	-
Births of flock*						
Female	-	-	1 449	10 295 500	1 449	10 295 500
Capital cost during drying -off **	-	15 519 750	-	60 670 003	-	76 189 753
	3 926	**175 329 517**	**3 119**	**100 979 766**	**7 045**	**276 309 283**
Biological wealth sales						
Cows	504	21 241 051	-	-	504	21 241 051
Pregnant	-	-	106	4 898 511	106	4 898 511
Newborn - Female	-	-	150	6 264 395	150	6 264 395
The death of live stock losses						
Cows	87	3 644 247	-	-	87	3 644 247
Pregnant	-	-	20	717 905	20	717 905
Female	-	-	160	3 103 390	160	3 103 390
	591	**24 885 298**	**436**	**14 984 201**	**1 027**	**39 869 499**
Cost of flock of livestock as of 31 December 2019	**3 335**	**150 444 219**	**2 683**	**85 995 565**	**6 018**	**236 439 784**
Accumulated depreciation						
Beginning of the Year	-	28 804 771	-	-	-	28 804 771
Depreciation milking cows during the year	-	19 864 058	-	-	-	19 864 058
Accumulated depreciation of disposals of sales case	-	(6 463 379)	-	-	-	(6 463 379)
Accumulated depreciation of disposals of death case	-	(887 180)	-	-	-	(887 180)
Accumulated depreciation as of 31 December 2019	-	41 318 270	-	-	-	41 318 270
Net amount of flock of livestock as of 31 December 2019	**3 335**	**109 125 949**	**2 683**	**85 995 565**	**6 018**	**195 121 514**
Net amount of flock of livestock as of 31 December 2018	**2 870**	**81 147 081**	**2 726**	**61 979 357**	**5 596**	**143 126 438**

* Calfs 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 Flock of dairy livestock because unavailable active market that can relay on in determine fair value

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 working to request an appointment for tax inspection and is being prepared for tax inspection.

Year 2018
The Company submitted the annual tax return for the income tax in the due date.
The tax inspection has 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 is being resolved in the internal committee.

D. Withholding tax

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

16-2 Subsidiaries

First: Corporate tax

The Companies that enjoy the corporate tax exemption

Subsidiaries	Tax exemption ending date
Inmaa for agriculture development & biological wealth.	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

Tiba for Trading and Distributing
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.

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 assesment form.

Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	• Inspection was performed from starting of activity till 2014 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 are prepared for inspection.
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 31/12/2015.
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.

Fourth: Value Adding Tax (Sales)

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	• The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015
Al-Marwa for Food Industries	• Inspected and difference settled 31/12/2015
International Company For Modern Food Industries	• The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 31/12/2017
Tiba for Trading and Distribution	• The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
Inmaa for Agriculture Development and biological wealth.	• The tax inspection performed till 2014/12/31 and differences settled, preparing for tax inspection till December 2018.
Modern concentrates Industrial Company	• The inspection was performed since beginning of activity till 31/12/2013, preparing for tax inspection till December 2018.
Inmaa for livestock	• The tax inspection performed from 15/3/2012 till 31/8/2016
Inmaa for agricultural reclamation	• Inspected and difference is settled from beginning of activity till August 2016
The Egyptian Company for Food Industries "Egyfood"	• The tax inspection performed till 31/12/2015 and differences settled.

17 Inventories

	31/12/2019 L.E	31/12/2018 L.E.
Raw materials	404 452 459	492 203 346
Packaging and packing materials	109 265 440	219 406 965
Finished products	381 587 813	224 790 993
Spare parts and miscellaneous supplies	81 757 692	64 623 106
Goods in transit - L/C's for goods purchase	66 354 212	53 848 770
	1 043 417 616	**1 054 873 180**

18 Trade and other receivables

	31/12/2019 L.E	31/12/2018 L.E.
Trade receivables	205 713 019	192 528 938
Less: Impairment in trade receivables	(10 443 933)	(7 418 568)
	195 269 086	**185 110 370**
Notes receivables	454 909	491 879
Suppliers – advance payments	35 701 049	31 605 971
Prepaid expenses	13 286 680	18 463 044
Export subsidy*	78 004 378	58 551 018
Tax Authority	50 670 468	53 550 066
Customs Authority	11 195 758	52 115 219
Deposits with others	8 286 693	12 845 252
Letter of credit (cash cover)	-	979 184
Debtors- sold assts	13 250 000	13 250 000
Suppliers discount	-	45 540 063
Other debit balances	12 131 356	10 050 706
	418 250 377	**472 892 772**
Less: Impairment in other debit balances	(4 106 710)	(4 106 710)
	414 143 667	**468 786 062**

* The company recognize export subsidies in accordance with Law No. 155 of 2002 and an amount of 4 334 204 has been collected during 2019 .The company continues to collect the outstanding balance with the Export Development Fund.

19 Cash at bank and on hand

	31/12/2019 L.E	31/12/2018 L.E.
Time deposits *	9 355 046	2 557 528
Banks – current accounts	82 738 565	28 875 984
Cash on hand	4 592 438	1 933 456
Cash in transit	2 737 767	2 775 986
	99 423 816	**36 142 954**

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

20 Share capital

	31/12/2019 L.E	31/12/2018 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
Less:	
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)
	330 920 428

21 Loans

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

	Current portion L.E	Non-current L.E	Total L.E
Commercial International Bank (CIB)	178 643 000	532 539 106	711 182 106
Attijariwafa Bank	29 428 572	147 734 729	177 163 301
European Bank for Reconstruction & Development	59 000 000	7 272 728	66 272 728
HSBC bank	5 000 000	5 000 000	10 000 000
Qatar National bank (QNB)	12 800 000	-	12 800 000
Balance at 31/12/2019	**284 871 572**	**692 546 563**	**977 418 135**
Balance at 31/12/2018	**253 531 783**	**609 854 157**	**865 385 940**

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

22 Bank Credit facilities

This balance amounted to L.E 398 940 324 as at 31/12/2019 (against L.E 709 391 689 as at 31/12/2018), represents the drawn down portion of the L.E. 2,001 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.

23 Provision for claims

Description	Balance at 01/01/2019 L.E	Formed L.E	Used L.E	Balance at 31/12/2019 L.E.
Provision for claims	**16 387 784**	**7 528 379**	**(7 441 952)**	**16 474 211**

24 Creditors and other credit balances

	31/12/2019 L.E.	31/12/2018 L.E.
Suppliers	431 067 540	343 470 574
Dividends payable	8 010 192	30 025
Accrued expenses	111 322 991	80 308 516
PPE creditors	23 512 505	1 717 261
Tax authority	30 035 589	28 602 036
Deposits for others	2 026 274	1 123 776
Sales tax installments on the imported machineries and equipment (Note No. 25)	7 310 572	7 990 574
Due to SODIC - current portion	-	1 930 787
Social Insurance Authority	6 830 566	5 096 410
Due to health insurance	53 833 523	15 656 123
Advances from customers	12 356 384	20 218 501
Other credit balances	9 590 050	6 646 777
	695 896 186	**512 791 360**

25 Other non-current liabilities

	31/12/2019 L.E.	31/12/2018 L.E.
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 7 310 572 as at 31/12/2019 (L. E 7 990 574 as at 31/12/2018) are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	12 104 545	19 415 111
Fixed assets purchase premiums	10 859 758	-
	22 964 303	**19 415 111**

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 275 909 475 on 31/12/2019 representing net book value of taxable assets and liabilities:

Deferred Tax (Lease Contracts)

	Balance 31/12/2019 L.E	Balance 31/12/2018 L.E
Deferred tax liability	(6 741 399)	(14 303 574)
Deferred tax asset	4 591 541	11 292 482
Deferred liability (Lease contracts)	**(2 149 858)**	**(3 011 092)**
Deferred tax liability from fixed assets	(273 759 617)	(241 914 730)
Total deferred tax liability	**(275 909 475)**	**(244 925 822)**

	Balance on 1/1/2019 L.E	Movement during the year L.E	Balance on 31/12/2019 L.E
Deferred tax liability	**244 925 822**	**30 983 653**	**275 909 475**

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2019 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution percentage 31/12/2019	Contribution percentage 31/12/2018	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 “Egy-food”	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
Company under joint control			
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.

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 31/12/2019 L.E.	Carrying amount 31/12/2018 L.E.
Trade and other receivables	(18)	365 155 938	434 116 386
Banks - credit facilities	(22)	398 940 324	719 051 689
Total long-term loans	(21)	977 418 135	865 385 940
Finance Lease Liability	(29-1)	98 799 260	159 715 989

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 398 940 324 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 L.E.	Contractual cash flows L.E.
Banks - credit facilities	398 940 324	2 001 000 000

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its 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	GBP
Trade and other receivables	2 106 151	288 288	-
Cash at banks and on hand	561 993	21 568	-
Creditors and other credit balances	(7 756 436)	(787 612)	(48 941)
31 December 2019	**(5 088 292)**	**(477 756)**	**(48 941)**
31 December 2018	**(1 218 299)**	**(171 363)**	**1 024 697**

The following significant exchange rates applied during the period:

	Average rate 31/12/2019	Average rate 31/12/2018	Closing Rate 2019	Closing Rate 2018
USD	16.78	17.86	16.09	17.95
Euro	18.80	21.07	18.07	20.56

Interest rate risk

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

	31/12/2019 L.E.	31/12/2018 L.E.
Total liabilities	2 593 192 943	2 605 164 766
Less: cash at bank and on hand	(99 423 816)	(30 403 615)
Net debt	**2 493 769 127**	**2 574 761 151**
Total equity	2 727 039 491	2 637 673 504
Net debt to equity ratio	**91.45%**	**%97.61**

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:

	Contract value				
Description	Contractual value L.E	Accrued interest L.E	Contract period Months	Purchase value at end of contract L.E	Quarterly Installment value L.E
Contract from 24/3/2016 to 23/3/2026	257 625 930	120 728 031	120	1	5 838 578

- 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). This transformation has resulted the following:

Description	31/12/2019 L.E	31/12/2018 L.E
Record of cost of land	43 397 821	43 397 821
Record of cost of building and construction	76 025 576	76 025 576
Record of accumulated depreciation	13 595 034	12 454 643
Record of loan (liability from lease contract)	98 799 260	159 715 989
Cancel of prepaid expense	9 752 769	10 634 610
Cancel of deferred income	87 011 956	94 155 322
Record of retained earnings	-	26 374 741
Record of deferred tax liabilities	15 606 080	14 303 574
Record of deferred tax assets	9 635 166	11 292 482

29-1 Lease contract liabilities

	31/12/2019 L.E	31/12/2018 L.E
Liabilities from lease contract current portion (suppliers and other credit balances) – note no. 24	11 597 450	18 905 275
Long-term liability from lease contract non-current portion	87 201 810	140 810 714
Total	**98 799 260**	**159 715 989**

Payment of lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	31/12/2019 L.E	31/12/2018 L.E	31/12/2019 L.E	31/12/2018 L.E
Liabilities for one year	11 597 450	18 905 274	11 756 700	27 892 849
Liabilities between 1-5 years	87 201 810	110 452 712	29 569 749	72 385 491
Liabilities more than 5 years	-	30 358 003	-	2 805 223

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 31/12/2019 amounting to LE 9 556 186 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 102 904 633 on 31/12/2019.

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 year, 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	
		31/12/2019 L.E.	31/12/2018 L.E.	31/12/2019 L.E.	31/12/2018 L.E.
ArJu	Current account	(361 060)	2 043 611	421 867	782 927
				421 867	**782 927**

32-2 Board of Director remuneration

The total allowances received by the board of directors during the year is amounted to LE 19 975 000.

33 Income tax – current

	31/12/2019 L.E.	31/12/2018 L.E.
Tax differences of previous years	1 333 281	(293 529)
Income taxes	(103 663 033)	(51 136 832)
Investment tax on dividends	(21 491 918)	(23 737 712)
	(123 821 670)	**(75 168 073)**

34 Goodwill

	31/12/2019 L.E.	31/12/2018 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
	97 092 890	**97 092 890**

35 Comparative figure

35-1 Accounting policies applied in the preparation of the annual financial statements on 31 December 2019. 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.

Restatements effect on the financial statements are as follows:

Description	31/12/2018 L.E
Increase in PPE	106 968 754
Decrease in debit balances-long term	7 436 192
Decrease in debit balances-short term	3 198 418
Decrease in deferred income	79 868 590
Decrease in deferred capital gain- short term	14 286 733
Increase in lease liability	159 715 987
Increase in deferred tax liabilities from lease contract	1 941 182

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

Description	Before restatements From 1/1/2018 to 31/12/2018 L.E	Restatements From 1/1/2018 to 31/12/2018 L.E	After restatements From 1/1/2018 to 31/12/2018 L.E
Deferred realized gain	14 286 733	(14 286 733)	-
Finance lease expense	(49 440 757)	49 440 757	-
Depreciation expense	-	1 520 522	1 520 522
Interest and finance expense	-	32 773 863	32 773 863
Deferred tax expense	-	3 011 092	3 011 092

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

Description	Before restatements From 1/1/2018 to 31/12/2018 L.E	Restatements From 1/1/2018 to 31/12/2018 L.E	After restatements From 1/1/2018 to 31/12/2018 L.E
Finance lease instalments	28 978 529	(28 978 529)	-
Change in Trade and other receivables	(68 579 997)	573 894	(68 006 103)
Change in lease contracts liabilities	(28 978 529)	14 075 377	(14 903 142)
Depreciation expense	274 239 124	1 520 522	275 759 646

Restatements effect on the financial statements are as follows:

Description	31/12/2018 L.E
Decrease in debit balances-short term	15 399 339
Increase in cash and cash equivalent	5 739 339
Decrease in credit facilities	9 660 000
Decrease General & Adminstrative Expenses	10 715 478
Increase in Selling & Marketing Expenses	10 715 478

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

Description	Before restatements From 1/1/2018 to 31/12/2018 L.E	Restatements From 1/1/2018 to 31/12/2018 L.E	After restatements From 1/1/2018 to 31/12/2018 L.E
Change in Trade and other receivables	(68 006 103)	15 399 339	(53 754 552)
(Payments)/collection proceeds from overdraft & credit facility	(215 137 381)	(9 660 000)	(225 137 381)