

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
For the financial period ended
30 June 2020
and review report**

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

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
for the period ended 30 June 2020

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Report on Limited Review of Consolidated Interim Financial Statements

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

Introduction


We have performed a limited review for the accompanying consolidated interim statement of financial position of Juhayna Food Industries S.A.E as of 30 June 2020 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

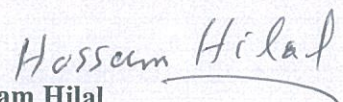
Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the Six-months then ended in accordance with Egyptian Accounting Standards.

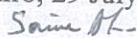

Hatem Montasser
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Cairo, 29 July 2020



Grant Thornton - Mohamed Hilal

Public Accountants
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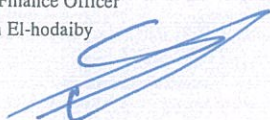
Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial position
As of 30 June 2020

Translated from Arabic

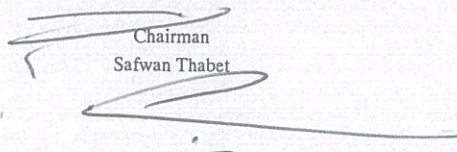
	Note No.	30/06/2020 L.E	31/12/2019 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 205 169 294	3 292 283 938
Projects under construction	(13)	144 084 459	97 358 181
Plant wealth - productive	(14-1)	16 252 218	12 515 921
Plant wealth – not productive	(14-2)	15 413 020	15 864 959
Biological wealth	(15)	208 187 992	195 121 514
Investments under joint control (equity)	(11)	15 683 583	14 864 149
Goodwill	(34)	97 092 890	97 092 890
Right to use asstes	(29-2)	51 786 502	-
Other - long term asset		736 280	740 417
Non-current assets		3 754 406 238	3 725 841 969
Current assets			
Biological assets - Feeding Sector		4 080 579	13 948 353
Biological assets - Existing Agriculture		7 418 229	17 213 765
PPE held for sale		4 866 137	6 243 248
Inventories	(17)	1 141 603 181	1 043 417 616
Trade and other receivables	(18)	416 994 666	414 143 667
Due from related parties	(32-2)	4 895 187	-
Cash at banks and on hand	(19)	219 283 378	96 717 667
Current assets		1 799 141 357	1 591 684 316
Total assets		5 553 547 595	5 317 526 285
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		616 671 512	594 085 534
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		816 889 871	859 988 077
Total equity attributable to the shareholders of the parent company		2 705 886 893	2 726 399 121
Non-controlling interest		657 675	640 370
Total equity		2 706 544 568	2 727 039 491
Non-current liabilities			
Long - term loans	(21)	671 161 628	692 546 563
Other non current liabilities	(25)	11 896 265	22 964 303
Lease contract liabilities - non current portion	(29)	120 263 412	87 201 810
Deferred tax liabilities	(26)	278 042 978	275 909 475
Non-current liabilities		1 081 364 283	1 078 622 151
Current liabilities			
Provision for claims	(23)	10 684 242	16 474 211
Bank Credit facilities	(22)	628 890 862	398 940 324
Creditors and other credit balances	(24)	724 825 930	695 896 186
Income tax payable		94 032 799	103 663 033
Due to related parties	(32-1)	-	421 867
Lease contract liabilities- current portion	(29)	24 208 707	11 597 450
Loans-current portion	(21)	282 996 204	284 871 572
Current liabilities		1 765 638 744	1 511 864 643
Total liabilities		2 847 003 027	2 590 486 794
Total equity and total liabilities		5 553 547 595	5 317 526 285

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

Chief Finance Officer
Sameh El-hodaiby



Chairman
Safwan Thabet



Cairo, 29 July 2020

"Limited review report "attached".

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim income statement
For the financial period ended 30 June 2020

Translated from Arabic

	Note No.	Financial Period From 1/1/2020 To 30/6/2020 L.E.	Financial Period From 1/1/2019 To 30/6/2019 L.E.	Financial Period From 1/4/2020 To 30/6/2020 L.E.	Financial Period From 1/4/2019 To 30/6/2019 L.E.
Net sales		3 680 090 550	3 750 810 334	1 898 685 417	2 016 710 451
Cost of sales		(2 483 100 964)	(2 597 969 348)	(1 245 348 242)	(1 366 571 707)
Gross profit		1 196 989 586	1 152 840 986	653 337 175	650 138 744
Other operating income	(5)	14 602 648	34 414 322	3 795 581	12 266 690
Selling and Marketing expenses	(6)	(568 196 990)	(572 990 561)	(335 613 458)	(340 689 855)
General and administrative expenses	(7)	(126 210 547)	(117 331 386)	(67 860 107)	(61 519 706)
Other expenses	(8)	(68 153 162)	(43 169 748)	(41 352 218)	(19 288 980)
Board of directors remuneration	(32-3)	(10 245 000)	(9 660 000)	(5 385 000)	(4 700 000)
Results from operating activities		438 786 535	444 103 613	206 921 973	236 206 893
Share in the gain of company under joint control		819 434	2 965 183	-	107 343
Cost of the end of service		(15 394 533)	(10 326 552)	(704 972)	(1 741 023)
Net finance (expense)	(9)	(90 939 444)	(184 428 969)	(44 733 789)	(95 308 474)
Net profit before income tax		333 271 992	252 313 275	161 483 212	139 264 739
Income tax - current	(33)	(99 431 544)	(65 376 865)	(40 187 888)	(26 153 564)
Deferred tax	(26)	(2 133 503)	(7 296 021)	(3 210 033)	(4 612 112)
Net profit for the period		231 706 945	179 640 389	118 085 291	108 499 063
Distributed as follows					
Parent Company's share in profit		231 656 327	179 570 711	118 063 426	108 483 133
Non-controlling interest		50 618	69 678	21 865	15 930
		231 706 945	179 640 389	118 085 291	108 499 063

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of comprehensive income
For the financial period ended 30 June 2020

Translated from Arabic

	Financial Period From 1/1/2020 To 30/6/2020 L.E	Financial Period From 1/1/2019 To 30/6/2019 L.E	Financial Period From 1/4/2020 To 30/6/2020 L.E	Financial Period From 1/4/2019 To 30/6/2019 L.E
Net profit for the period	231 706 945	179 640 389	118 085 291	108 499 063
Total other comprehensive income	<u>231 706 945</u>	<u>179 640 389</u>	<u>118 085 291</u>	<u>108 499 063</u>
Distributed as follows				
Parent Company's share in profit	231 656 327	179 570 711	118 063 426	108 483 133
Non-controlling interest	50 618	69 678	21 865	15 930
	<u>231 706 945</u>	<u>179 640 389</u>	<u>118 085 291</u>	<u>108 499 063</u>

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

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Consolidated interim statement of changes in equity

For the financial period ended 30 June 2020

Translated from Arabic

	Disclosure	Issued & paid up capital L.E	Legal reserve L.E	General reserve- issuance premium L.E	Retained earnings L.E	Non-controlling interest L.E	Total L.E
Balance as at 1 January 2019 before adjustments		941 405 082	552 519 162	330 920 428	784 087 944	978 001	2 609 910 617
Restatement arising from lease contract liabilities		-	1 495 162	-	26 256 638	11 087	27 762 887
Balance as at 1 January 2019 after adjustments		941 405 082	554 014 324	330 920 428	810 344 582	989 088	2 637 673 504
Dividends to shareholders		-	-	-	(188 281 016)	-	(188 281 016)
Dividends from subsidiaries to non controlling interest		-	-	-	(50 927 506)	-	(50 927 506)
Holding Company's share in reserves & retained earnings of subsidiaries		-	23 771 473	-	(23 771 473)	(99 100)	(99 100)
Restatement arising from previous years adjustments		-	-	-	254 904	(270 805)	(15 901)
Total other comprehensive income for the period ended 30 June 2019		-	-	-	179 570 711	69 678	179 640 389
Balance as at 30 June 2019		941 405 082	577 785 797	330 920 428	727 190 202	688 861	2 577 990 370
Balance as at 1 January 2020		941 405 082	594 085 534	330 920 428	859 988 077	640 370	2 727 039 491
Dividends to shareholders		-	-	-	(188 281 016)	-	(188 281 016)
Dividends from subsidiaries to non controlling interest		-	-	-	(63 920 852)	-	(63 920 852)
Holding company share from reserve and retained earnings of subsidiaries		-	22 585 978	-	33 313	(33 313)	-
Total other comprehensive income for the period ended 30 June 2020		-	-	-	(22 585 978)	-	-
Balance as at 30 June 2020		941 405 082	616 671 512	330 920 428	816 889 871	657 675	2 706 544 568

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

		Financial Period From 1/1/2020 To 30/6/2020	Financial Period From 1/1/2019 To 30/6/2019
	Note No.	L.E	L.E
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		333 271 992	252 313 275
Adjustments for:			
PPE depreciation	(12)	144 138 994	133 816 100
Amortization of right to -use land		4 137	4 135
Capital losses	(8)	16 641 336	2 449 975
Amortization of asset right of use		7 452 328	-
Finance cost of asset right of use	(29)	2 733 031	-
Amortization of animal wealth	(15)	12 701 889	8 712 478
Amortization of plant wealth (productive)	(14-1)	218 546	200 084
Impairment of Fixed assets (Reverse)		(12 496 867)	-
Biological write down (Reverse)	(5)	(1 476 011)	-
Change in Investments under joint control	(11)	(819 434)	(2 965 183)
Impairment of trade and other receivables	(8)	6 671 877	2 303 567
Provision for claims formed	(23)	1 266 375	360 675
Herd births	(15)	(6 067 800)	(7 289 100)
Herd capitalized	(15)	(38 971 199)	(44 350 428)
Losses from selling cows	(8)	10 824 770	4 582 154
Losses from calves death	(8)	334 960	4 075 732
Losses from calves sales		9 040 923	-
Foreign exchange (losses) / gain	(9)	(93 208)	6 998 279
Credit interests	(9)	(9 356 368)	(6 217 075)
Finance interests & expenses	(9)	97 655 989	183 647 765
		<u>573 676 260</u>	<u>538 642 433</u>
Collected credit interests	(9)	9 356 368	6 217 075
Finance interest & expenses paid	(9)	(97 655 989)	(183 647 765)
Changes in:			
Inventories	(17)	(89 488 953)	(397 283 278)
Biological assets- Exiting Agriculture		9 795 536	4 293 882
Trade and other receivables	(18)	(2 490 994)	(52 998 986)
Creditors & other credit balances	(24)	21 624 621	143 295 751
Due to related parties	(32-2)	(4 895 187)	11 695 928
Due from related parties	(32-1)	(421 866)	-
Dividends paid to employees		(63 920 851)	(50 927 506)
Income tax paid		(109 061 777)	(58 049 045)
Sales tax on capital goods -paid		(3 762 750)	(4 263 341)
Impairment of trade and other receivables used		(7 031 884)	-
Impairment in inventories used		(8 696 612)	-
Provision for claims used		(7 056 345)	(3 867 696)
Net cash flows result from/ (used in) operating activities		<u>219 969 577</u>	<u>(46 892 548)</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(154 906 831)	(115 651 941)
Proceeds from sale of PPE		48 388 842	21 138 975
Compensation of calves death		1 704 300	-
Acquisition of plant and animal wealth	(14,15)	(18 593 589)	(21 058 621)
Proceeds from the sale of plant and animal wealth	(14,15)	23 800 150	21 898 745
Net cash flows (used in) investing activities		<u>(99 607 128)</u>	<u>(93 672 842)</u>
Cash flows from financing activities			
Collection proceeds from overdraft & credit facility	(22)	229 950 536	549 874 221
Payment for Bank long term loans	(21)	(23 260 303)	(115 630 185)
Payment of financial lease contract liabilities	(29)	(16 299 163)	(9 294 953)
Dividends paid to shareholders		(188 281 016)	(188 281 016)
Decrease in non-controlling interest			(88 971)
Net cash flows from financing activities		<u>2 110 054</u>	<u>236 579 096</u>
Change in cash & cash equivalents during the period		<u>122 472 503</u>	<u>96 013 706</u>
The effect of foreign exchange difference	(9)	93 208	(6 998 279)
Cash & cash equivalents at 1 January		96 717 667	14 832 303
Cash & cash equivalents at 30 June		<u>219 283 378</u>	<u>103 847 730</u>

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements
For the financial period ended 30 June 2020

1 Reporting the entity

The Company was established in 1995 according to the Investment Law No. (230) of 1989 as replaced by the investment incentives and guarantees law No. (8) 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.

The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 50 years starting from the date of registration in the commercial registry.

The address of the Company's registered office is building no.2 Polygon Sodic West, Sheikh Zayed Giza.

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

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

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors 29 July on 2020.

2-2 Basis of measurement

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

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

2-3 Functional and presentation currency

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

2-4 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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

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

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

3 Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

3-2 Foreign currency

Foreign currency transactions

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

3-3 Investment under joint control

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

3-4 Financial instruments

Non-derivative financial assets

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

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

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

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

Debtors

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

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

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

Cash and cash equivalents

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

Non-derivative financial liabilities

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

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

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

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

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

3-5 Intangible assets and goodwill

Recognition & Measurement

Goodwill

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

3-6 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

Subsequent costs

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

Depreciation

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

The estimated useful lives are as follows:

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

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

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

3-7 Projects under construction

Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets. Projects under construction are measured at cost less accumulated impairment losses (note no. 13). No depreciation is charged until the project is completed and transferred to fixed asset

3-8 Government grants

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

3-9 Plant wealth

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

3-10 Lease Contracts**Operating lease contracts**

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

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

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

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

- **Finance leases contracts (sales and re-leasing operation):**

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

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

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

3-11 Inventories

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

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

3-12 Transactions with related parties:

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

3-13 Impairment

Non –derivative financial assets

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

Non-financial assets

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

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

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

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

3-14 Defined contribution plans

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

3-15 Provisions

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

3-16 Revenue

Net revenue

Revenue for sale of goods is recognized based on the transaction price of the received or receivable payment. The transaction price is determined considering returns, trade discounts and volume rebates. Revenue is recognized in the income statement when pervasive evidence exists of the settlement of contractual performance obligation by transfer of goods to the customer. Pervasive evidence usually exists in the form of an executed sales agreement. Settlement of the performance obligation has pervasively occurred when control (up to and including 30 June 2020; risks and rewards) over the goods has been transferred to the customer, associated costs and possible return of goods can then be estimated reliably and there is no continuing control or involvement with the goods.

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

Export subsidy revenue

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

3-17 Rental income

Rental income from other assets is recognized in other income.

3-18 Finance income and finance costs

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

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

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

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

3-19 Current tax

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

Deferred tax

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

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 voluntarily according to law (12) of 2003 and related Egyptian Laws and the policy approved and declared by the company.

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

3-23 Segmentation report

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

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

3-24 The new and adjusted accounting standard

- On 18 March 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:
- The Financial Regulatory Authority decided in its declaration on April 12, 2020 to postpone the application of the new Egyptian accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the periodic (quarterly) financial statements that will be issued during the year 2020 that companies implement these standards and these amendments On the annual financial statements of these companies at the end of the fiscal year ending December 31, 2020 and the inclusion of the combined effect in full at the end of the year, with companies committing to adequate disclosure in their periodic lists during the year 2020 about this fact and its accounting impact, if any.
- Juhayna Food Industries has implemented early for each of the new Egyptian Accounting Standard No. (47) financial instruments, and a new Egyptian Accounting Standard (49) leasing contracts.

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	Standard No. (47) comprise revised stipulations regarding classification and measurement of financial instruments. Including a new model of expected credit losses for the purposed of calculating impairment of financial assets. The revised model requires the recognition of impairment to be based in expected credit losses rather that the basis of triggering events for credit losses.	Standard No. (47) does not have a significant impact on the classification of and measurement of financial assets of the Group. Also does not have impact on financial liabilities for the Group . A minor increase in the provision for doubtful trade receivable resulted from applying the expected credit loss .model	This standard applies to financial periods beginning on or after 1 st of January 2020, and the early adoption is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied. -These ammendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"	The company assessed the impact of applying Standard No. (48) to its financial statements. In view of the nature of the contracts, that are primarily related to the sale of goods with no separate performance obligations requiring revenue to be reported over time pursuant to Standard No. (48)	The Management is currently assessing the impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after 1 st of January 2020, and the early adoption is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	The new Egyptian Accounting Standard No. (49) "Lease Contracts" comprises that lessees must recognize right of use assets and lease liabilities in the balance sheet, except for short term leases (less than 12 months) and leases of low value. The assets and liabilities related to operating leases are recognized in the	The Management is currently assessing the impact of implementing the amendment of the standard on the financial statements. The disclosure no. (32) represent the adjustments	This standard No. (49) Applies to financial periods beginning on or after 1 st of January 2020, and the early adoption is permitted if Egyptian Accounting Standard

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
	statement of financial position. Standard No. (49) results in an increase in the group assets and lease liabilities. Furthermore, interest expenses related to lease agreements are no longer reported as part of operating profit, but as finance costs.	of applying the new accounting standard no. (49).	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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows: <ul style="list-style-type: none"> - (EAS 15) Related Party Disclosures - (EAS 17) Consolidated and Separate Financial Statements - (EAS 18) Investments in Associates - (EAS 24) Income Taxes - (EAS 29) Business Combinations - (EAS 30) Periodical Financial Statements - (EAS 44) Disclosure of Interests in Other Entities. 	Standard No. (42) has been applied before and made an impact on the group results and statements.	This standard applies to financial periods beginning on or after 1 st of January 2020, and the early adoption is permitted. -The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019
Egyptian Accounting Standard No. (22) as amended " Earnings per Share	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after 1 st of January 2020.
Egyptian Accounting Standard No. (4) as amended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after 1 st of January 2020.

4 Determination of fair value

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

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

Cows	4 years
Orange trees	35 years

5 Other operating income

	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/1/2019 to 30/06/2019 L.E	Financial period From 1/4/2020 to 30/06/2019 L.E	Financial period From 1/4/2019 to 30/06/2019 L.E
Export subsidy revenue	-	17 045 782	-	7 480 713
Capital gain	-	-	(450 418)	-
Increase in biological wealth due to newborn	3 493 611	7 289 100	780 811	3 492 000
Inventory write down (reverse)	2 925 171	-	453 203	-
Biological write down (reverse)	1 580 098	-	425 098	-
Other revenues	6 603 768	10 079 440	2 586 887	1 293 977
	<u>14 602 648</u>	<u>34 414 322</u>	<u>3 795 581</u>	<u>12 266 690</u>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

6 Selling and marketing expenses

	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/1/2019 to 30/6/2019 L.E	Financial period From 1/4/2020 to 30/6/2020 L.E	Financial period From 1/4/2019 to 30/6/2019 L.E
Advertising expenses	243 572 151	245 962 059	168 009 833	167 919 383
Salaries and wages	137 132 690	137 901 124	71 269 407	68 472 069
Depreciation	32 067 086	26 978 308	16 164 335	13 003 030
Vehicles expenses	49 252 245	48 550 601	24 443 192	25 282 843
Rent	3 930 309	8 382 653	1 638 648	4 417 002
Temporary labor contractors	12 550 584	9 941 697	6 789 116	5 520 137
Shipping & export expenses	20 933 973	23 326 797	9 173 009	15 163 451
Others	68 757 952	71 947 322	38 125 918	40 911 940
	568 196 990	572 990 561	335 613 458	340 689 855

7 General and administrative expenses

	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/1/2019 to 30/06/2019 L.E	Financial period From 1/4/2020 to 30/6/2020 L.E	Financial period From 1/4/2019 to 30/06/2019 L.E
Salaries and wages	67 436 222	58 239 684	34 281 791	29 029 379
Depreciation expense	8 660 468	9 248 718	4 274 168	4 670 764
Rent expense	5 367 774	6 400 853	2 663 521	3 213 375
Subscription fees and licenses	15 697 027	15 952 941	8 912 063	8 434 961
Other administrative expenses	29 049 056	27 489 190	17 728 564	16 171 227
	126 210 547	117 331 386	67 860 107	61 519 706

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

8 Other expenses

	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/1/2019 to 30/06/2019 L.E	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/4/2019 to 30/06/2019 L.E
Donations	8 282 037	2 794 358	4 291 051	2 562 364
Expected credit losses	6 671 877	2 303 567	3 436 018	2 549 925
Property tax	1 587 454	5 309 685	128 377	486 828
Provision for claims	1 266 375	360 675	722 500	360 675
Health insurance	17 882 425	19 664 135	9 180 792	9 152 837
Capital losses	16 641 336	2 449 975	16 641 336	8 826
Loss from selling and death of animal wealth	11 159 730	6 705 386	4 658 072	4 836 328
Others	4 661 928	3 581 967	2 294 072	(668 803)
	<u>68 153 162</u>	<u>43 169 748</u>	<u>41 352 218</u>	<u>19 288 980</u>

9 Net finance (expense)

	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/4/2020 to 30/6/2020 L.E	Financial period From 1/4/2019 to 30/06/2019 L.E
Interest expense	(100 389 020)	(183 647 765)	(49 172 904)	(94 530 560)
Interest income	9 356 368	6 217 075	5 021 780	2 431 426
Gain / (Loss) from foreign currency exchange	93 208	(6 998 279)	(582 665)	(3 209 340)
	<u>(90 939 444)</u>	<u>(184 428 969)</u>	<u>(44 733 789)</u>	<u>(95 308 474)</u>

10 Segmentation reports

10-1 Segmentation reports for the financial period ended 30 June 2020

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments						Total L.E 30/06/2020
	Dairy sector L.E 30/06/2020	chilled sector L.E 30/06/2020	Juices sector L.E 30/06/2020	Concentrates sector L.E 30/06/2020	Agriculture sector L.E 30/06/2020	Undistributed Items L.E 30/06/2020	
Net Sales	1 861 025 384	974 082 396	614 146 914	101 220 529	38 289 135	91 326 192	3 680 090 550
Sales between segments	(1 767 035 234)	(720 086 364)	(524 159 752)	(103 438 833)	(9 543 537)	-	-
Other operating income	2 858 099	795 490	1 380 310	1 765 744	7 063 907	1 558 532	15 422 082
Expenses	281 952 907	372 191 637	158 083 457	15 916 691	41 954 546	9 040 438	879 139 676
Other Information							
Depreciation	37 883 839	41 869 977	31 463 791	10 962 588	21 958 799	-	144 138 994
Assets	1 657 279 660	1 464 830 921	1 002 221 189	462 034 116	849 510 043	117 671 666	5 553 547 595
Liabilities	1 228 411 255	628 311 044	483 210 585	316 760 743	190 309 400	-	2 847 003 027

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

10 Segmentation reports

10-2 Segmentation reports for the financial period ended 30 June 2019

Translated from Arabic

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							Total L.E 30/06/2019
	Dairy sector L.E 30/06/2019	chilled sector L.E 30/06/2019	Juices sector L.E 30/06/2019	Concentrates sector L.E 30/06/2019	Agriculture sector L.E 30/06/2019	Undistributed items L.E 30/06/2019	Elimination of consolidated transactions L.E 30/06/2019	
Net Sales	1 771 366 243	961 069 591	707 440 110	168 264 000	20 238 652	122 431 738	3 750 810 334	
Sales between segments	(1 397 054 971)	(892 956 442)	(612 098 252)	(69 589 436)	(124 359 103)	-	-	
Other operating income	10 353 228	5 843 085	4 890 809	8 467 349	1 849 991	5 975 043	37 379 505	
Expenses	(317 018 425)	(377 907 511)	(180 182 299)	(38 568 573)	(10 118 886)	(14 111 522)	(937 907 216)	
Other Information								
Depreciation	39 013 813	41 473 018	30 921 525	9 185 784	13 221 960	-	133 816 100	
Assets	1 673 067 286	1 486 121 212	1 022 960 696	569 432 767	852 659 258	173 152 931	5 777 394 150	
Liabilities	1 183 042 389	863 002 340	596 375 326	339 280 688	205 224 182	12 478 855	3 199 403 780	

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		Non current assets		Total assets		Current liabilities		Total liabilities		Revenues		Expenses		Net profit		Cost of investment	
		L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
30 June 2020																			
Arju Company For food Industrial	50.75	16 027 661	105 337	16 132 998	2 117 353	2 117 353	4 861 945	(4 042 511)	819 434	15 683 583									
Balance as of 30 June 2020		16 027 661	105 337	16 132 998	2 117 353	2 117 353	4 861 945	(4 042 511)	819 434	15 683 583									
31 December 2019																			
Arju Company For food Industrial	50.75	18 003 873	114 847	18 118 720	3 383 252	3 383 252	35 281 480	(28 992 326)	6 289 154	14 864 149									
Balance as at 31 December 2019		18 003 873	114 847	18 118 720	3 383 252	3 383 252	35 281 480	(28 992 326)	6 289 154	14 864 149									

12. Property, plant and equipment

Description	Land*		Buildings & constructions		Machinery & equipment		Transportation & transport vehicles		Tools		Empty plastic containers & Palettes		Display ref.'s		Wells		Office furniture & equipment		Computers		Total	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as at 1/1/2019	214 436 240	1 607 824 983	2 225 869 405	285 676 062	111 442 778	63 927 406	96 235 776	44 137 411	32 136 463	107 511 305	4 789 197 919											
Additions of the year	15 931 380	29 879 349	289 200 237	29 417 311	27 359 443	9 094 466	2 294 000	229 929	2 294 000	21 589 249	424 995 564											
Disposals of the year	(252 000)	(717 590)	(63 638 820)	(15 821 045)	(4 394 733)	(6 518 714)	(1 212 475)	-	(1 212 475)	(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	5 121 382 179											
Additions during the period	-	1 791 345	36 307 121	49 654 646	6 458 861	7 846 335	2 838 600	-	84 606	3 199 037	108 180 551											
Disposals during the period	(45 648 512)	(4 739 958)	(20 437 783)	(4 594 028)	(5 594 028)	(5 786 877)	(20 195)	(4 542 740)	(25 919)	(842 277)	(87 638 059)											
Cost as of 30/06/2020	184 467 308	1 634 038 129	2 467 300 240	348 226 974	135 272 321	68 562 816	97 841 706	39 824 600	34 356 209	131 334 328	5 141 924 631											
Accumulated depreciation as at 1/1/2019	-	175 016 202	985 269 339	148 332 303	64 399 935	36 139 991	79 152 959	9 879 268	16 908 579	98 341 627	1 613 440 203											
Depreciation of the year	-	33 900 881	160 082 233	29 337 904	13 801 207	9 661 356	10 143 165	1 852 740	2 624 579	8 768 093	270 172 158											
Accumulated depreciation of disposals of the year	-	(431 790)	(42 850 127)	(13 350 020)	(4 150 964)	(6 483 798)	(1 163 620)	-	(117 456)	(71 054)	(68 618 829)											
Accumulated depreciation as of 31/12/2019	-	208 485 293	1 102 501 445	164 320 187	74 050 178	39 317 549	88 132 504	11 732 008	19 415 702	107 038 666	1 814 993 829											
Depreciation of the period	-	17 264 921	87 416 670	15 292 393	7 741 723	5 994 371	3 099 887	840 414	1 366 210	5 122 405	144 138 994											
Accumulated depreciation of disposals of the period	-	(630 489)	(13 020 202)	(1 808 626)	(18 084)	(5 786 677)	(18 084)	(2 028 411)	(24 013)	(772 616)	(24 089 118)											
Accumulated depreciation as of 30/06/2020	-	225 119 725	1 176 897 913	179 612 580	79 983 275	39 525 243	91 214 307	10 544 011	20 757 899	111 388 455	1 935 043 408											
fixed assets impairment as of 30 June 2020	-	132 189	1 349 811	-	-	-	-	229 929	-	-	1 711 929											
Net book value as of 30/06/2020	184 467 308	1 408 786 215	1 289 052 516	169 314 394	55 289 046	29 037 573	6 627 399	29 050 660	13 598 310	19 945 873	3 205 162 294											
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											

*Cost of fully depreciated assets are amounted to L.E 270 979 450 as at 30 June 2020.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

13 Projects under constructions

	30/6/2020	31/12/2019
	L.E	L.E
Buildings and constructions in progress	3 190 845	2 743 390
Machineries under installation	85 330 167	49 354 549
Transformers	5 328 693	5 328 695
Advance payments for purchase of fixed assets	47 497 330	47 030 594
Wells and water pump	354 000	964 698
Transportation vehicles under preparation	26 220	-
Computer software	1 929 079	2 034 411
Lake	572 530	572 530
	144 228 864	108 028 867
Less:		
Impairment of projects under construction	(144 405)	(10 670 686)
	144 084 459	97 358 181

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

	30/6/2020	31/12/2019
	L.E	L.E
Cost at the beginning of the period / year	14 045 612	13 880 181
Additions during the period / year	3 954 843	165 431
Cost at end of the period / year	18 000 455	14 045 612
Less:		
Accumulated depreciation at beginning of the period / year	(1 529 691)	(1 127 540)
Depreciation during the period / year	(218 546)	(402 151)
Accumulated depreciation at end of the period / year	(1 748 237)	(1 529 691)
Net	16 252 218	12 515 921

14-2 Plant wealth – unproductive

	30/6/2020	31/12/2019
	L.E	L.E
Citrus Fruit trees	15 413 020	15 864 959
Protection trees	-	25 208
	15 413 020	15 890 167
Less: impairment	-	(25 208)
	15 413 020	15 864 959

Juhayna Food Industries

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

15 Biological wealth

Translated from Arabic

	30/06/2020		31/12/2019	
	L.E	L.E	L.E	L.E
Amount of flock of livestock at the beginning of the period/year	150 444 219	236 439 784	171 931 209	
Adding:				
Transferred from projects under construction	-	15 090 685	17 892 821	
Transferred from biological wealth (Flock of dairy livestock - unproductive)	23 130 293	(23 130 293)	-	
* Births of flock				
Female	-	4 262 600	10 295 500	
Capital cost during drying -off	4 751 820	29 695 891	76 189 753	
	<u>178 326 332</u>	<u>290 240 780</u>	<u>276 309 283</u>	
Biological wealth sales	19 891 754	32 497 503	32 403 957	
The death of live stock losses	2 102 537	2 961 602	7 465 542	
	<u>21 994 291</u>	<u>35 459 105</u>	<u>39 869 499</u>	
Cost of flock of livestock as of the end of the period/year	<u>156 332 041</u>	<u>254 781 675</u>	<u>236 439 784</u>	
Accumulated depreciation				
Beginning of the period/year	41 318 270	41 318 270	28 804 771	
Depreciation milking cows during the period/end	12 701 889	12 701 889	19 864 058	
Accumulated depreciation of disposals of sales case	(6 599 757)	(6 599 757)	(6 463 379)	
Accumulated depreciation of disposals of death case	(826 719)	(826 719)	(887 180)	
Accumulated depreciation as of end period/year	<u>46 593 683</u>	<u>46 593 683</u>	<u>41 318 270</u>	
Net amount of flock of livestock as of end period/year	<u>109 738 358</u>	<u>208 187 992</u>	<u>195 121 514</u>	

* Calves 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 management measure the cost of flocks of dairy livestock because active market to rely on to determine the fair value is unavailable

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

16 Tax status

16-1 Holding Company

A. Corporate tax

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

The period from the beginning of operation till year 2009

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

Years from 2010 till 2013

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

Years from 2014 till 2018

The company received tax Forms (19) based on estimate tax inspection from the tax authority and the company was objected in due time, the company is coordinating with the tax commissioner to start actual inspection of company's records.

Year 2019

The Company submitted the annual tax return in the due date and didn't requested for inspection.

Salaries tax

The period from the beginning of operation till year 2014

The tax inspection performed, and differences settled.

Year 2015/2016

The tax inspection performed and paid

Year 2017/2018

The company prepare for tax inspection.

B. Stamp tax

The period from the beginning of operation till 2014

The tax inspection performed, and differences settled.

Year 2015/2016

The tax inspection performed, and differences settled.

Year 2017/2018

The tax inspection not performed yet

C. Sales tax/ Value added tax

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

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

Years 2016 till 2018

Dispute was resolved in the internal committee and paid.

D. Withholding tax

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

16-2 Subsidiaries

First: Corporate tax

The Company that enjoy the corporate tax exemption

Inmaa for agriculture development & biological wealth.

Tax exemption ending date

19/03/2021

The Companies that are not exempted.

Egyptian Companies for Food Industries: -

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

Modern Company for Concentrates: -

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

International company for food industries: -

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

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004, years from 2005-2008 the tax authority did not file for inspection, years from 2009-2012 was inspected and payment 2013-2018 not inspected

Tiba for Trading and Distribution

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

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

Al Marwa for Food Industries

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

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Livestock

The inspection performed and waiting for tax assessment form.

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.

Year 2015/2016 Inspection was performed and waiting for the forms

Years 2017/2019 not inspected yet.

Al-Marwa for Food industries

- Inspection was performed from starting activity till 2018 and tax settled.

Year 2019 not inspected yet.

Tiba for Trading and Distributing

- Inspection was performed from starting of activity till 2015 and differences settled.

Year 2016/2019 waiting for inspection.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

International Company for Modern Food Industries	- Tax inspection was performed from start of activity till 2015 and tax settled Year 2016/2018 under inspection. Year 2019 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	- Tax inspection was performed till 2016 and tax differences settled. Year 2017/2019 not inspected yet
Modern Concentrates Industrial Company	- Tax inspection was performed from start of activity till 2015 and tax settled Year 2016/2018 under inspection. Year 2019 not inspected yet.
Inmaa for Agriculture Development Co. and Biological Wealth	Tax inspection was performed from start of activity till 2011 and differences settled. Years 2012/2015 under inspection. Years 2016/2019 not inspected yet.
Inmaa for livestock	From the beginning of activity till 2016 was inspected and settled. Years 2017/2019 not inspected yet.
Inmaa for agriculture	-From the beginning of activity till 2019 are prepared for inspection.
Third: Stamp tax	
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 31/12/2017. Years 2018/2019 not inspected yet.
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 31/12/2017. Years 2018/2019 not inspected yet.
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2015. Years 2018/2019 not inspected yet.
International Company For Modern Food Industries	-Inspection has been performed and difference settled till 31/12/2018. Year 2019 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	-Inspection has been performed and difference settled till 31/12/2017. Years 2018/2019 not inspected yet.
Modern Concentrates Industrial Company	- Inspection has been performed and difference settled till 31/12/2017. Years 2018/2019 not inspected yet.
Inmaa for agricultural development and biological wealth	- -Inspection has been performed and difference settled till 31/12/2017. Years 2018/2019 not inspected yet.
Inmaa for livestock	- -Inspection has been performed and difference settled till 31/12/2017. Years 2018/2019 not inspected yet.
Inmaa for agricultural reclamation	-- Inspection has been performed and difference settled till 31/12/2017. Years 2018/2019 not inspected yet.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

Subsidiaries

Egyptian Company for Dairy Products

Al-Marwa for Food Industries

International Company For Modern Food Industries

Tiba for Trading and Distribution

Inmaa for Agriculture Development and biological wealth.

Modern concentrates Industrial Company

Inmaa for livestock

Inmaa for agricultural reclamation

The Egyptian Company for Food Industries "Egyfood"

Tax inspection ending date

- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015
Years 2016/2019 waiting for forms.

-Inspected and difference settled 31/12/2015
Years 2016/2019 waiting for forms.

-The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 31/12/2017
Years 2018/2019 not inspected yet.

-The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
Years 2016/2019 not inspected yet.

- The tax inspection performed till 31/12/2014 and differences settled.
Years 2015/2019 waiting for forms.

-The inspection was performed since beginning of activity till 31/12/2013, preparing for tax inspection till December 2019.

-The tax inspection performed from 15/3/2012 till 31/8/2016
Years 1/19/2016 till /2019 not inspected yet.

-Inspected and difference is settled from beginning of activity till August 2016
Years 1/19/2016 till /2019 not inspected yet.

-The tax inspection performed till 31/12/2015 and differences settled.
Years 2016/2019 waiting for forms.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

17 Inventories

	30/6/2020	31/12/2019
	L.E	L.E
Raw materials	392 478 470	404 452 459
Packaging and packing materials	199 583 390	109 265 440
Finished products	383 057 560	381 587 813
Spare parts and miscellaneous supplies	88 312 588	81 757 692
Goods in transit - L/C's for goods purchase	78 171 173	66 354 212
	<u>1 141 603 181</u>	<u>1 043 417 616</u>

18 Trade and other receivables

	30/6/2020	31/12/2019
	L.E	L.E
Trade receivables	234 924 101	205 713 019
Less: Expected credit losses	(17 115 810)	(10 443 933)
	<u>217 808 291</u>	<u>195 269 086</u>
Notes receivables	229 181	454 909
Suppliers – advance payments	24 111 380	35 701 049
Prepaid expenses	25 141 218	13 286 680
Export subsidy*	71 032 644	78 004 378
Tax Authority	19 405 847	50 670 468
Customs Authority	3 681 430	11 195 758
Deposits with others	8 369 382	8 286 693
Debtors- sold assts	37 010 000	13 250 000
Other debit balances	14 312 003	12 131 356
	<u>421 101 376</u>	<u>418 250 377</u>
Less: Impairment in other debit balances	(4 106 710)	(4 106 710)
	<u>416 994 666</u>	<u>414 143 667</u>

* The collection occurred during 2020 is EGP 6 971 734. The company continues to collect the outstanding balance with the Export Development Fund.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

19 Cash at bank and on hand

	30/6/2020	31/12/2019
	L.E	L.E
Time deposits *	30 288 102	9 355 046
Banks – current accounts	150 604 408	80 032 416
Cash on hand	20 534 771	4 592 438
Cash in transit	17 856 097	2 737 767
	<u>219 283 378</u>	<u>96 717 667</u>

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

20 Share capital

	30/6/2020	31/12/2019
	L.E	L.E
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

20-1 General reserve

The balance of general reserve is as follows: -

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

21 Loans

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

	Current portion	Non-current	Total
	L.E	L.E	L.E
Commercial International Bank (CIB)	178 821 500	370 447 758	549 269 258
Attijariwafa Bank	30 479 249	166 901 370	197 380 619
European Bank for Reconstruction & Development	14 545 455	-	14 545 455
HSBC bank	52 750 000	133 812 500	186 562 500
Qatar National bank (QNB)	6 400 000	-	6 400 000
Balance at 30/6/2020	<u>282 996 204</u>	<u>671 161 628</u>	<u>954 157 832</u>
Balance at 31/12/2019	<u>284 871 572</u>	<u>692 546 563</u>	<u>977 418 135</u>

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

22 Bank Credit facilities

This balance amounted to L.E 628 890 862 as at 30/6/2020 (against L.E 398 940 324 as at 31/12/2019), represents the drawn down portion of the L.E 1.889 billion (in aggregate principal) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

23 Provision for claims

Description	Balance at	Formed	Used during	Balance at
	01/01/2020	during the	the period	30/6/2020
	L.E	L.E	L.E	L.E
Provision for claims	16 474 211	1 266 375	(7 056 344)	10 684 242

24 Creditors and other credit balances

	30/6/2020	31/12/2019
	L.E	L.E
Suppliers	470 340 504	431 067 540
Notes payable	500 000	-
Dividends payable	36 417	8 010 192
Accrued expenses	109 521 354	111 322 991
PPE creditors	14 789 987	23 512 505
Tax authority	25 658 211	30 035 589
Deposits for others	1 707 976	2 026 274
Sales tax installments on the imported machineries and equipment (Note No. 25)	6 744 817	7 310 572
Social Insurance Authority	5 730 045	6 830 566
Due to health insurance	71 402 154	53 833 523
Advances from customers	11 868 942	12 356 384
Other credit balances	6 525 523	9 590 050
	724 825 930	695 896 186

Juhayna Food Industries Company (S.A.E.)
Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

25 Other non-current liabilities

	30/6/2020	31/12/2019
	L.E	L.E
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 6 744 817 as at 30/6/2020 (L. E 7 310 572 as at 31/12/2019) are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	8 341 795	12 104 545
Fixed assets purchase premiums	3 554 470	10 859 758
	<u>11 896 265</u>	<u>22 964 303</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 278 042 978 on 30/6/2020 representing net book value of taxable assets and liabilities:

-Deferred Tax (Lease Contracts)

	Balance 30/6/2020	Balance 31/12/2019
	L.E	L.E
Deferred tax liability	(6 391 846)	(6 741 399)
Deferred tax asset	3 210 283	4 591 541
Deferred asset/ liability (Lease contracts)	(3 181 563)	(2 149 858)
Deferred tax liability from fixed assets	(274 861 415)	(273 759 617)
Total deferred tax liability	<u>(278 042 978)</u>	<u>(275 909 475)</u>
	Balance on 1/1/2020	Balance on 30/6/2020
	L.E	L.E
Deferred tax liability	<u>275 909 475</u>	<u>278 042 978</u>
	<u>2 133 503</u>	

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2020 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution % 30/6/2020	Contribution % 31/12/2019	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Livestock	Indirect 99.862 %	Indirect 99.862 %	Egypt
Inmaa for Agriculture and improvement	Indirect 99.964 %	Indirect 99.964 %	Egypt
<u>Company under joint control</u>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

28 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

Credit risk

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

Trade and other receivables

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

Credit risk

Exposure to credit risk

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

	Note	Carrying amount	
		30/6/2020	31/12/2019
		L.E	L.E
Trade and other receivables	(18)	393 907 389	352 277 441

Liquidity risk

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

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

Banks - credit facilities in a principal amount of L.E 628 890 862 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

		Carrying amount	Contractual cash flows
		L.E	L.E
Banks - credit facilities	(22)	628 890 862	1 889 000 000
Total loans	(21)	954 157 832	1 831 000 000
Finance lease – liabilities	(29-1)	92 660 494	125 000 000
Operating lease – liabilities	(29-2)	51 811 626	-

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

Market risk

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

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

Currency risk

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

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

Foreign currency risk

Exposure to currency risk

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

	USD	Euro
Trade and other receivables	1 863 653	3 886
Cash at banks and on hand	2 692 580	1 462 108
Creditors and other credit balances	(14 974 776)	(2 356 303)
30 June 2020	(10 418 543)	(890 309)
31 December 2019	5 088 292	(477 756)

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

	Average rate		Closing Rate	
	30/6/2020	31/12/2019	2020	2019
USD	15.87	16.78	16.18	16.09
Euro	17.48	18.8	18.13	18.07

Interest rate risk

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

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.

	30/6/2020	31/12/2019
	L.E	L.E
Total liabilities	2 847 003 027	2 590 486 794
Less: cash at bank and on hand	(219 283 378)	(96 717 667)
Net debt	2 627 719 649	2 493 769 127
Total equity	2 706 544 568	2 727 039 491
Net debt to equity ratio	97%	91.45%

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

29 Lease contracts**Lease contracts (Sale and lease back)****- Juhayna holding**

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

Description	Contract value		Contract period Months	Purchase value at end of contract L.E	Quarterly Installment value L.E
	Contractual value L.E	Accrued interest L.E			
	Contract from 24/3/2016 to 23/3/2025	125 000 000			

- In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 on leasing contracts, the initial application date of this standard is the beginning of the annual reporting period in which the Finance Leasing Law No. 95 of 1995 was amended and the Financial Leasing and Factoring Law No. 176 For the year 2018, in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with IAS 20 (Accounting Standards and Standards for Financial Leasing Transactions).

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Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

29-1 Lease contract liabilities

	30/6/2020	31/12/2019
	L.E	L.E
Liabilities from lease contract current portion	13 250 346	11 597 450
Long-term liability from lease contract non-current portion	79 410 148	87 201 810
	<u>92 660 494</u>	<u>98 799 260</u>

of lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities for one year	13 250 346	11 597 450	8 443 229	9 097 072
Liabilities between 1-5 years	79 410 148	87 201 810	18 210 944	22 264 964

29-2 Operating Lease contract liabilities

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

	30/6/2020	31/12/2019
	L.E	L.E
Buildings, Warehouses and stores	59 238 830	-
Amortization during the ended period	(7 452 328)	-
Net book value	<u>51 786 502</u>	<u>-</u>

During the period ended at 30-06-2020 the group has been charged by 2 733 031 as an interest resulted from the renting contracts.

Operation lease contract liability

	30/6/2020	31/12/2019
	L.E	L.E
Liabilities from lease contract current portion	10 958 361	-
Long-term liability from lease contract non-current portion	40 853 265	-

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

Payment of lease contracts liabilities are as follows:

	Liabilities in present value		Accrued interest	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities for one year	10 958 361		4 839 137	
Liabilities between 1-5 years	34 576 084		9 307 436	
Liabilities more than 5 years	6 277 180	-	1 075 029	-

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 30/6/2020 amounting to LE 8 361 126 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 96 247 311 on 30/6/2020.

32 Related party transactions

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

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

32-1 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2020	31/12/2019	30/6/2020	31/12/2019
		L.E	L.E	L.E	L.E
ArJu	Current account	-	(361 060)	-	421 867
				-	421 867

32-2 Due From related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2020	31/12/2019	30/6/2020	31/12/2019
		L.E	L.E	L.E	L.E
Arju	Current account	5 317 054	-	4 895 187	-
				4 895 187	-

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2020

32-3 Board of Director remuneration

The total allowances received by the board of directors during the period is amounted to LE 10 245 000 (compared to 9 660 000 during the period ended 30-6-2019).

33 Income tax – current

	Financial period From 1/1/2020 to 30/6/2020 L.E	Financial period From 1/1/2019 to 30/06/2019 L.E
Prior period Tax differences	-	1 333 280
Income taxes	(94 032 799)	(58 464 650)
Investment tax on dividends	(5 398 745)	(8 245 495)
	<u>(99 431 544)</u>	<u>(65 376 865)</u>

34 Goodwill

	30/6/2020 L.E	31/12/2019 L.E
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	<u>97 092 890</u>	<u>97 092 890</u>

35 Significant events

The second half of March witnessed the beginning of the impact of the outbreak of the emerging Corona virus on the Egyptian market, and the Egyptian government announced unprecedented measures to combat the virus infection & its spread Juhayna group has formed a risk committee to manage the crisis, and the objectives of this period have been defined in maintaining all employees and securing them from Corona risks, as well as continuing production and sales operations to ensure the provision and delivery of the company's products to the consumer Indeed, all risks were studied and evaluated and taken a series of precautionary measures to reduce risks on all employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations) and meeting the needs of the local market in this period And there is no effect on the company's current economic situation (its financial position, business results and cash flow).