

Translation from Arabic

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

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Giza – Cairo -Egypt**

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

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim financial statements**  
**for the period ended 30 September 2020**

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## **Report on Limited Review of Separate Interim Financial Statements**

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

### ***Introduction***


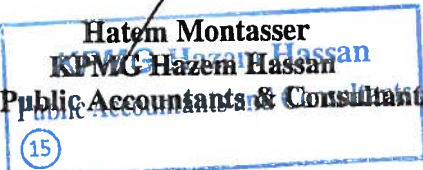
We have performed a limited review for the accompanying separate interim statement of financial position of Juhayna Food Industries S.A.E as of 30 September 2020 and the related separate interim statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then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

### ***Scope of Limited Review***

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

### ***Conclusion***

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

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


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

Cairo, 21 October 2020

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim Statement of financial position**  
**As of 30 September 2020**

Translated from Arabic

	Note no.	30/9/2020 L.E	31/12/2019 L.E
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	164 756 593	168 763 032
Projects under construction	(14)	2 031 679	2 034 411
Investment in subsidiaries and under joint control companies	(13-1), (13-2)	2 253 491 193	2 253 491 193
Paid on account of investment	(13-4)	20 000 000	-
<b>Total non-current assets</b>		<b>2 440 279 465</b>	<b>2 424 288 636</b>
<b>Current assets</b>			
Debtors and other debit balances	(17)	4 270 660	4 892 798
Due from related parties	(28-1)	158 812 478	401 582 652
Cash at banks and on hand	(18)	2 713 048	18 627 976
<b>Total current assets</b>		<b>165 796 186</b>	<b>425 103 426</b>
<b>Total assets</b>		<b>2 606 075 651</b>	<b>2 849 392 062</b>
<b>Equity</b>			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		439 752 945	421 358 503
General reserve - share issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		785 651 933	964 311 419
<b>Total equity</b>		<b>2 497 730 388</b>	<b>2 657 995 432</b>
<b>Non-current liabilities</b>			
Lease contract liabilities-non current portion	(27)	75 882 665	87 201 809
Deferred tax liabilities	(25)	7 065 081	5 044 914
Other liabilities	(24)	-	102 282
<b>Total non-current liabilities</b>		<b>82 947 746</b>	<b>92 349 005</b>
<b>Current liabilities</b>			
Provisions	(22)	1 301 363	1 943 367
Credit facilities	(21)	-	67 984 317
Suppliers and other credit balances	(23)	8 742 593	12 915 703
Lease contract liabilities-current portion	(27)	13 589 887	11 597 450
Due to related parties	(28-2)	1 631 509	529 438
Income tax Liabilities		132 165	4 077 350
<b>Total current liabilities</b>		<b>25 397 517</b>	<b>99 047 625</b>
<b>Total liabilities</b>		<b>108 345 263</b>	<b>191 396 630</b>
<b>Total equity and liabilities</b>		<b>2 606 075 651</b>	<b>2 849 392 062</b>

The notes from no. (1) to no.(30) are an integral part of these separate financial statements and should be read there to.

Chief Financial Officer  
Sameh El-hodaiby

Chairman  
Safwan Thabet

Cairo, 21 October 2020

"Limited review report attached"

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of profit or loss**  
**For the financial period ended 30 september 2020**

Translated from Arabic

	Note no.	Financial period From 1/1/2020 To 30/9/2020 L.E	Financial period From 1/1/2019 To 30/9/2019 L.E	Financial period From 1/7/2020 To 30/9/2020 L.E	Financial period From 1/7/2019 To 30/9/2019 L.E
Revenue from Investment in subsidiaries	(5)	107 974 900	154 914 900	-	-
Other revenues	(6)	3 255 810	2 890 696	1 013 000	1 434 443
General and administrative expenses	(7)	(2 582 287)	(3 143 284)	( 884 298)	( 671 977)
Other Operating expenses	(9)	(1 638 610)	(1 921 604)	( 22 647)	( 317 970)
<b>Gain (loss) from operating activities</b>		<b>107 009 813</b>	<b>152 740 708</b>	<b>106 055</b>	<b>444 496</b>
End of Service expenses	(10)	( 18 288)	-	-	-
Net finance expenses	(11)	(7 503 625)	(16 776 120)	(2 275 870)	(4 571 639)
<b>Net profit (loss) for the period before income tax</b>		<b>99 487 900</b>	<b>135 964 588</b>	<b>( 2 169 815)</b>	<b>( 4 127 143)</b>
Income tax	(15)	(5 530 910)	(8 203 105)	748 775	717 042
Deferred tax (expense)	(25)	(2 020 167)	(1 460 935)	( 463 403)	( 728 708)
<b>Net profit (loss) for the period after tax</b>		<b>91 936 823</b>	<b>126 300 548</b>	<b>( 1 884 443)</b>	<b>( 4 138 809)</b>
<b>Earning per share for the period (L.E /share )</b>	(20)	<b>0.085</b>	<b>0.115</b>	<b>(0.002)</b>	<b>(0.004)</b>

The notes from no. (1) to no.(30) are an integral part of these separate financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of other comprehensive income**  
**For the financial period ended 30 September 2020**

Translated from Arabic

	Financial period From 1/1/2020 To 30/9/2020 L.E	Financial period From 1/1/2019 To 30/9/2019 L.E	Financial period From 1/7/2020 To 30/9/2020 L.E	Financial period From 1/7/2019 To 30/9/2019 L.E
<b>Net profit (loss) for the period after tax</b>	91 936 823	126 300 548	(1 884 443)	(4 138 809)
<b>Total other comprehensive income for the period</b>	<u>91 936 823</u>	<u>126 300 548</u>	<u>(1 884 443)</u>	<u>(4 138 809)</u>

The notes from no. (1) to no.(30) are an integral part of these separate financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of changes in equity**  
**For the financial period ended 30 September 2020**

Translated from Arabic

Note no.	Issued & paid up capital		Legal Reserve		General reserve- issuance premium		Retained earnings		Total	
	L.E.		L.E.		L.E.		L.E.		L.E.	
<b>Balance as of 1 January 2019</b>	941 405 082		406 271 820		330 920 428		850 717 791		2 529 315 121	
Legal reserve formed	-	15 086 683	-	-	-	-	(15 086 683)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	(188 281 016)	(188 281 016)	(188 281 016)	(188 281 016)
Dividends to employees and board of directors	-	-	-	-	-	-	(50 927 506)	(50 927 506)	(50 927 506)	(50 927 506)
Total other comprehensive income for the financial period ended 30 September 2019	-	-	-	-	-	-	126 300 548	126 300 548	126 300 548	126 300 548
<b>Balance as of 30 September 2019</b>	<b>941 405 082</b>		<b>421 358 503</b>		<b>330 920 428</b>		<b>722 723 134</b>		<b>2 416 407 147</b>	
<b>Balance as of 1 January 2020</b>	941 405 082		421 358 503		330 920 428		964 311 419		2 657 995 432	
Legal reserve formed	-	18 394 442	-	-	-	-	(18 394 442)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	(188 281 016)	(188 281 016)	(188 281 016)	(188 281 016)
Dividends to employees and board of directors	-	-	-	-	-	-	(63 920 851)	(63 920 851)	(63 920 851)	(63 920 851)
Total other comprehensive income for the financial period ended 30 September 2020	-	-	-	-	-	-	91 936 823	91 936 823	91 936 823	91 936 823
<b>Balance as of 30 September 2020</b>	<b>941 405 082</b>		<b>439 752 945</b>		<b>330 920 428</b>		<b>785 651 933</b>		<b>2 497 730 388</b>	

The notes from no. (1) to no.(30) are an integral part of these separate financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of cash flows**  
**For the financial period ended 30 September 2020**

Translated from Arabic

	Note no.	Financial period	Financial period
		From 1/1/2020 To 30/9/2020 L.E.	From 1/1/2019 To 30/9/2019 L.E.
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax		99 487 900	135 964 588
<b>Adjustments for the period :</b>			
PP&E depreciation	(12)	6 252 986	6 703 905
Capital gain from sale of fixed assets	(6)	(1 275 810)	(786 254)
Impairment of trade receivables	(9)	-	1 187 615
Provisions formed	(22)	233 875	315 000
Credit interests	(11)	(533 010)	(417 312)
Finance interests and expenses	(11)	7 897 353	16 391 072
Forex loss	(11)	139 282	802 360
Revenue from Investment in subsidiaries	(5)	<u>(107 974 900)</u>	<u>(154 914 900)</u>
		<b>4 227 676</b>	<b>5 246 074</b>
<b>Changes in:</b>			
Debtors and other debit balances		622 138	640 696
Due from related parties		(3 513 109)	98 422 633
Suppliers and other credit balances		(4 275 392)	(5 483 363)
Provisions used	(22)	(875 879)	(2 782 143)
Due to related parties		<u>1 102 071</u>	<u>19 224 583</u>
		<b>(2 712 495)</b>	<b>115 268 480</b>
Collected credit interests		533 010	417 312
Finance interests and expenses paid		(7 897 353)	(16 391 072)
Dividends paid to board of directors and employees		(63 920 851)	(50 927 506)
Income tax paid		<u>(9 476 095)</u>	<u>(10 749 601)</u>
<b>Net cash flows (used in) resulted from operating activities</b>		<b><u>(83 473 784)</u></b>	<b><u>37 617 613</u></b>
<b>Cash flows from investing activities</b>			
Acquisition of PP&E and projects under construction	(12)	(2 444 997)	(2 401 631)
Proceeds from sale of fixed assets		<u>1 476 992</u>	<u>786 254</u>
<b>Net cash flows (used in) investing activities</b>		<b><u>(968 005)</u></b>	<b><u>(1 615 377)</u></b>
<b>Cash flows from financing activities</b>			
Collected/Paid from bank facilities		(67 984 317)	5 961 005
Payment of finance lease liability		(9 326 707)	(8 057 443)
Paid under investment		(20 000 000)	-
Dividends paid to shareholders		(188 281 016)	(188 281 016)
Collected from revenue from Investment in subsidiaries		<u>354 258 183</u>	<u>154 914 900</u>
<b>Net cash flows resulted from (used in) financing activities</b>		<b><u>68 666 143</u></b>	<b><u>(35 462 554)</u></b>
<b>Net change in cash and cash equivalents during the period</b>		<b>(15 775 646)</b>	<b>539 682</b>
<b>Net Change in Foreign Currency</b>		<b>(139 282)</b>	<b>(802 360)</b>
<b>Cash and cash equivalents at 1 Jan</b>		<b>18 627 976</b>	<b>1 865 349</b>
<b>Cash and cash equivalents at 30 September</b>		<b><u>2 713 048</u></b>	<b><u>1 602 671</u></b>

The notes from no. (1) to no.(30) are an integral part of these separate financial statements and should be read there to.



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

**1 Reporting the entity**

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

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

The address of the Company's registered office is Building no.2- Polygon- Sodic West- Sheikh Zayed, Giza. Mr. Safwan Thabet is the Chairman of the Board of Directors.

The Company is considered a holding Company.

**The Company's purpose**

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

**Registration in the Stock Exchange**

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

**2 Basis of preparation**

**2-1 Statement of compliance**

- The financial statements have been prepared in accordance with Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.
- The financial statements were authorized for issuance by the Board of Directors on 21 October 2020.

**2-2 Basis of measurement**

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

**2-3 Functional and presentation currency**

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

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

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

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

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

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

- Note (17) : Impairment of other debit balances.
- Note (22) : Provisions
- Note (25) : Deferred tax liabilities and assets

**3 Significant accounting policies**

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

**3-1 Foreign currency****Foreign currency transactions**

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

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

**3-2 Investments****3-2-1 Investments in subsidiary companies**

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

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

**3-2-2 Investment under joint control**

The companies under joint control are companies which the group has joint control on the investee company, the investments under joint control are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

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

**3-3 Financial instruments****Non-derivative financial assets**

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 September 2020**

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

**Cash and cash equivalents**

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

**Non-derivative financial liabilities**

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

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

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

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

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

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

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

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

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

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

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

**Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 September 2020**

Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**Depreciation**

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

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

Description	Estimated useful life (Years)
Buildings & Constructions	50
Transportation & Transport Vehicles	5
Tools	6-7
Office equipment & Furniture	10
Computers	3
Machineries & equipments	10

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

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

**3-5 Projects under construction**

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

**3-6 Lease contracts****Operating lease contracts:**

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

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

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

At inception, the ROU asset comprises, the initial lease liability, initial direct costs, and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 September 2020**

the lease term or useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator for impairment, as for owned assets.

**Finance lease contracts (sale and lease back):**

- If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for as sales transaction or not.

**In case of the transfer of asset is not sales transaction:**

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

**3-7 Impairment in value****Non –derivative financial assets**

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

**Non-financial assets**

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

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

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

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

**3-8 Advantages of Pensions**

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

**3-9 Provisions**

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

**3-10 Revenue**

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

**Dividends revenue from subsidiaries**

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

**Rental income**

Rental income from other assets is recognized in other income.

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

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

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

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

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

**3-12 Income tax**

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

**Current income tax:**

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

**Deferred tax:**

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

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

**3-13 Legal reserve**

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

**3-14 End of service benefits**

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – to a formal detailed plan to either terminate the employment contract before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary leave) according to law (12) of 2003 and related Egyptian Laws and policies approved and declared by the company. If the benefit is payable for a year of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

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

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

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

- On 18 March 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:
- The Financial Regulatory Authority decided in its declaration on 12 April, 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 in the annual financial statements of these companies at the year end, also disclosing in the quarterly statement during the year 2020. The prime minister decision number 1871 for the year 2020 dated 17 September 2020 included replacing first of January 2020 by first of January 2021 in the Egyptian accounting standards number 47, 48, and 49.
- 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 than the basis of triggering events for credit losses.	Standard No. (47) does not have a significant impact on the classification of and measurement of financial assets of the company. Also does not have impact on financial liabilities for the company.	This standard applies to financial years beginning on or after 1 <sup>st</sup> of January 2021, provided that the amended Egyptian Accounting Standards (1), (25), (26) and (40) are simultaneously applied.  -These ammendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersed Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability	The amendment of the standard on the financial statements is implemented.	This standard No. (49) applies to financial years beginning on or after 1 <sup>st</sup> of January 2021, if Egyptian Accounting Standard No. (48) "Revenue from Contracts with

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

	<p>that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating one or finance lease contracts.</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>		<p>Customers" is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20,"Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subject to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting year in which Law No. (95) of 1995 was cancelled and Law No. (176) of 2018 was issued.</p>
Egyptian Accounting Standard No. (22) as ammended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial years beginning on or after 1 <sup>st</sup> of January 2020.
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial years beginning on or after 1 <sup>st</sup> of January 2020.



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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

**4- Determination of fair value**

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

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

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

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

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

**4-1 Non-derivative financial liabilities**

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

**5 - Revenue from Investment in subsidiaries**

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial period From 1/7/2020 To 30/9/2020 L.E	Financial period From 1/7/2019 To 30/9/2019 L.E
Egyptian Company For Dairy Products	63 993 600	39 996 000	-	-
Egyptian Company For Food Industries (Egyfood)	16 996 600	31 993 600	-	-
Tiba For Trading And Distribution	13 986 000	-	-	-
Eldawlya For Modern Food Industries	12 998 700	-	-	-
Al-Marwa For Food Industries	-	82 925 300	-	-
	<b>107 974 900</b>	<b>154 914 900</b>	<b>-</b>	<b>-</b>
<b>Less: Tax on revenue from investment in subsidiaries</b>	<b>(5 398 745)</b>	<b>(7 745 745)</b>	<b>-</b>	<b>-</b>

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

## 6 Other revenues

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E	Financial period from 1/7/2019 To 30/9/2019 L.E
Income from rental assets to subsidiaries	1 980 000	1 980 000	660 000	660 000
Gain from sale of fixed assets	1 275 810	786 254	353 000	650 001
Refund of services fees	-	124 442	-	124 442
	<u>3 255 810</u>	<u>2 890 696</u>	<u>1 013 000</u>	<u>1 434 443</u>

## 7 General and administrative expenses

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E	Financial period from 1/7/2019 To 30/9/2019 L.E
Personnel expenses	56 499 523	47 526 779	19 408 620	16 637 354
Depreciation expenses	6 254 987	6 714 597	2 080 986	1 914 539
Subscription and licenses fees	540 058	470 381	73 400	162 034
Other administrative expenses	10 623 181	11 215 882	3 497 979	3 306 350
Expense charged to subsidiaries*	(71 335 462)	(62 784 355)	(24 176 687)	(21 348 300)
	<u>2 582 287</u>	<u>3 143 284</u>	<u>884 298</u>	<u>671 977</u>

\* The amount of L.E 71 335 462 of general and administrative expenses was deducted and charged to subsidiaries (note 29).

## 8 Board of Directors remunerations

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E	Financial period from 1/7/2019 To 30/9/2019 L.E
Board of directors' remunerations	705 000	885 000	210 000	525 000
Expenses charged to subsidiaries*	(705 000)	(885 000)	(210 000)	(525 000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* The amount of L.E 705 000 of board of directors' expenses was deducted and charged to subsidiaries (note 29).

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

## 9 Other operating expenses

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E	Financial period from 1/7/2019 To 30/9/2019 L.E
Impairment of debit balances	-	1 187 615	-	-
Provisions for claims	233 875	315 000	-	315 000
Property tax	1 274 760	166 564	-	-
Donations	120 000	-	20 000	-
Health insurance contribution	9 975	252 425	2 647	2 970
	<u>1 638 610</u>	<u>1 921 604</u>	<u>22 647</u>	<u>317 970</u>

## 10 End of Service Cost

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E	Financial period from 1/7/2019 To 30/9/2019 L.E
End of service	1 193 966	1 462 892	-	-
Expenses charged to subsidiaries*	(1 175 678)	(1 462 892)	-	-
	<u>18 288</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* The amount LE 1 175 678 of the end of service was deducted and charged to subsidiaries (note 29).

## 11 Net finance expenses

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E	Financial period from 1/7/2019 To 30/9/2019 L.E
Interest expense	(11 805 697)	(25 076 122)	(2 341 638)	(7 471 940)
Interest income	533 010	417 312	45 911	34 254
Gain/ Loss from Foreign currency exchange	(139 282)	(802 360)	15 014	(20 468)
Expenses Charged to subsidiary companies*	3 908 344	8 685 050	4 843	2 886 515
	<u>(7 503 625)</u>	<u>(16 776 120)</u>	<u>(2 275 870)</u>	<u>(4 571 639)</u>

\*The amount of L.E 3 908 344 of finance expenses was deducted and charged to subsidiaries (note 29).

Juhayna Food Industries

Notes to the separate interim financial statements for the financial period ended 30 September 2020

Translated from Arabic

12-Property, plant, and equipment

Description	Lands		Buildings & constructions		Buildings and constructions result from lease		Machineries & equipments		Transportation & transport vehicles		Tools		Office furnitures & equipments		Computers		Total	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as of 1/1/2019	13 237 982	111 973 490	44 387 809	1 160 409	5 520 826	4 452 645	5 550 047	61 868 451	248 151 659									
Additions during the year	-	49 305	-	-	811 404	25 555	315 338	10 919 658	12 121 260									
Disposals during the year	-	-	-	-	(932 687)	-	-	(9 997)	(942 684)									
Cost as of 31/12/2019	13 237 982	112 022 795	44 387 809	1 160 409	5 399 543	4 478 200	5 865 385	72 778 112	259 330 235									
Additions during the period	-	-	-	-	-	-	12 422	2 435 307	2 447 729									
Disposals during the period	-	(316 000)	-	-	(453 000)	-	-	(621 325)	(1 390 325)									
Cost as of 30/9/2020	13 237 982	111 706 795	44 387 809	1 160 409	4 946 543	4 478 200	5 877 807	74 592 094	260 387 639									
Accumulated depreciation as of 1/1/2019	-	2 657 802	9 765 318	1 160 409	5 226 697	4 350 478	2 791 178	56 865 571	82 817 453									
Depreciation for the year	-	2 240 210	887 756	-	312 197	18 062	326 391	4 907 818	8 692 434									
Depreciation of disposals	-	-	-	-	(932 687)	-	-	(9 997)	(942 684)									
Accumulated depreciation as of 31/12/2019	-	4 898 012	10 653 074	1 160 409	4 606 207	4 368 540	3 117 569	61 763 392	90 567 203									
Depreciation of the period	-	1 676 655	665 817	-	144 210	15 942	262 745	3 487 617	6 252 986									
Depreciation of disposals	-	(114 818)	-	-	(453 000)	-	-	(621 325)	(1 189 143)									
Accumulated depreciation as of 30/9/2020	-	6 459 849	11 318 891	1 160 409	4 297 417	4 384 482	3 380 314	64 629 684	95 631 046									
Net book value as of 30/9/2020	13 237 982	105 246 946	33 068 918	-	649 126	93 718	2 497 493	9 962 410	164 756 593									
Net book value as of 31/12/2019	13 237 982	107 124 783	33 734 735	-	793 336	109 660	2 747 816	11 014 720	168 763 032									

• The cost of fully depreciated assets and still in use amounted to L.E. 71 281 395 as of 30 September 2020.

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

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

13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Total Investment cost		Impairment in the value of investment as at		Net Investment	
							30/09/2020	L.E.	30/09/2020	L.E.	30/09/2020	L.E.
<b>(13-1) Investment in subsidiary companies</b>												
Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	-	359 911 533	359 911 533
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	-	499 950 000	499 950 000
The Egyptian Company For Food Industries "Egyfood"	SAE	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	-	386 893 852	386 893 852
Tiba for Trading and Distribution	SAE	1 998 000	99.90	100	199 800 000	100	199 800 000	-	199 800 000	-	199 800 000	199 800 000
Al-Marwa for Food Industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	-	196 815 808	196 815 808
Enmaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	-	599 970 000	599 970 000
<b>(13-2) Investment in under joint control companies</b>												
Arju For Food Industries	SAE	1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	-	10 150 000	10 150 000
Balance as at 30 September 2020					2 209 658 000		2 253 491 193	-	2 253 491 193	-	2 253 491 193	2 253 491 193
<b>(13-3) Investments available for sale</b>												
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	(100 000)	-	-
Balance as at 30 September 2020					100 000		100 000	(100 000)	-	(100 000)	-	-
<b>(13-4) Paid on account of investment</b>												
Tiba for Trading and Distribution	SAE	2 000 000	100	100	200 000 000	10	200 000 000	-	20 000 000	-	20 000 000	20 000 000
Balance as at 30 September 2020					200 000 000		200 000 000	-	20 000 000	-	20 000 000	20 000 000

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

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

## 14 Projects under constructions

	30/9/2020	31/12/2019
	L.E	L.E
Software programs	2 031 679	2 034 411
	<u>2 031 679</u>	<u>2 034 411</u>

## 15 Income tax expenses

	Financial period from 1/1/2020 To 30/9/2020	Financial period from 1/1/2019 To 30/9/2019	Financial period from 1/7/2020 To 30/9/2020	Financial period from 1/7/2019 To 30/9/2019
	L.E	L.E	L.E	L.E
Dividends tax (note 5)	(5 398 745)	(7 745 745)	-	-
Income tax	(132 165)	(457 360)	748 775	717 042
Deferred tax (expense) from lease contract	(1 349 501)	(1 259 477)	(317 796)	(515 448)
Deferred tax (expense)/income	(670 666)	(201 458)	(145 607)	(213 260)
	<u>(7 551 077)</u>	<u>(9 664 040)</u>	<u>285 372</u>	<u>(11 666)</u>

## Reconciliation of effective tax rate

	Financial period from 1/1/2020 To 30/9/2020	Financial period from 1/1/2019 To 30/9/2019
	L.E	L.E
<b>Profit for the period before income tax</b>	<b>99 487 900</b>	<b>135 964 588</b>
Investment revenues tax	(5 398 745)	(7 745 745)
Income tax	(132 165)	(457 360)
Deferred tax expense/income from lease contract	(1 349 501)	(1 259 477)
Deferred tax income/(Expense)	(670 666)	(201 458)
<b>Total tax expenses based on statement of profit or loss</b>	<b>(7 551 077)</b>	<b>(9 664 040)</b>
<b>Profit before tax</b>	<b>99 487 900</b>	<b>135 964 588</b>
Income tax using the Company's domestic tax rate (22.5%)	22 384 778	30 592 032
Provisions formed	52 622	338 088
Tax on revenue exempted by law	(24 294 353)	(34 855 853)
Other adjustments	(3 673 957)	(4 277 372)
<b>Income Tax</b>	<b>(5 530 910)</b>	<b>(8 203 105)</b>
<b>Effective tax rate</b>	<b>%5.6</b>	<b>% 6</b>

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

**Notes to the separate interim financial statements for the financial Period ended 30 September 2020**

**16 Tax status**

**16-1 Corporation tax**

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

**The 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 2016**

The company received tax Forms (19) based on estimate tax inspection from the tax authority and the company was objected in due time.

**Years from 2017 till 2019**

The Company submitted the annual tax return in the due date and did not requested for inspection.

**16-2 Payroll tax**

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

The tax inspection is performed, and differences are settled.

**Year 2011/2016**

The tax inspection is performed, and differences are settled.

**Year 2017/2019**

These tax years are preparing for inspection.

**16-3 Stamp tax**

**The period from the beginning of operation till 2016**

The tax inspection is performed, and differences are settled.

**Year 2017/2018**

The tax inspection is performed and pending forms

**Year 2019**

Not asked for tax inspection.

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

**From 2013 to 2015**

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

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

**The period from 2016 till 2018**

The tax inspection is performed, and payment was settled.

**Year 2019**

Not asked for tax inspection.

**16-5 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 separate interim financial statements for the financial Period ended 30 September 2020

**17 Debtors and Other debit balances**

	<b>30/09/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Suppliers – advance payments	417 000	347 149
Prepaid expenses	2 598 405	3 355 811
Deposits with others	247 708	377 794
Other debit balances	1 107 547	912 044
	<u>4 370 660</u>	<u>4 992 798</u>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<u>4 270 660</u>	<u>4 892 798</u>

**18 Cash at banks and on hand**

	<b>30/9/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Banks – current accounts	2 506 450	18 432 576
*Time deposits	-	120 749
Cash on hand	206 598	74 651
	<u>2 713 048</u>	<u>18 627 976</u>

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

**19 Capital****Authorized capital**

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

**Issued and paid up capital**

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

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

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



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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

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

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

**20 Earnings per share**

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

	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/1/2019 To 30/9/2019 L.E	Financial Period from 1/7/2020 To 30/9/2020 L.E	Financial period from 1/7/2019 To 30/9/2019 L.E
Net profit according to profit or loss statement	91 936 823	126 300 548	(1 884 443)	(4 138 809)
<b>Less:</b>				
Employees share (Estimated)	8 733 998	11 998 552	-	-
Board of directors (Estimated)	3 153 573	6 091 671	-	-
<b>Net payable to shareholders</b>	<b>80 049 252</b>	<b>108 210 325</b>	<b>(1 884 443)</b>	<b>(4 138 809)</b>
Weighted average to number of shares	941 405 082	941 405 082	941 405 082	941 405 082
<b>EPS (L.E/Share)</b>	<b><u>0.085</u></b>	<b><u>0.115</u></b>	<b><u>(0.002)</u></b>	<b><u>(0.004)</u></b>

**21 Credit facilities**

	30/9/2020 L.E	31/12/2019 L.E
The value of this credit facility is L.E 50 million borrowed from QNB with a monthly variable interest with a guarantee of a promissory note amounted to L.E 50 million	-	49 404 072
The value of credit facilities is L.E 51 million borrowed from HSBC with a monthly variable interest with a guarantee of a promissory note amounted to L.E 51 million	-	18 580 245
	<u>-</u>	<u>67 984 317</u>

**22 Provision**

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

Description	Balance on 1/1/2020 L.E	Provision formed L.E	Provision used L.E	Balance on 30/9/2020 L.E
Provision for claims	1 943 367	233 875	(875 879)	1 301 363

## 23 Suppliers and other credit balances

	30/9/2020 L.E	31/12/2019 L.E
Suppliers	3 153 835	7 506 170
Accrued expenses	276 561	1 106 775
Taxes- tax authority	1 405 861	1 322 074
Taxes-Value added tax	2 200 233	1 477 262
Sales tax installments on the imported machineries and equipment-short term (Note.24)	102 282	102 282
Dividends payable	36 417	27 337
Accrued health insurance	681 338	671 363
Social Insurance Authority	237 988	269 005
Other credit balances	648 078	433 435
	<u>8 742 593</u>	<u>12 915 703</u>

## 24 Other liabilities

	30/9/2020 L.E	31/12/2019 L.E
The value of sales tax installments on the imported machineries and equipment due from September 2017 till January 2021 as agreed with the Sales Tax Authority.	-	102 282
Net liability value as of 30/9/2020	<u>-</u>	<u>102 282</u>

## 25 Deferred tax liabilities

## Deferred tax asset and liabilities arising from lease contract

	30/09/2020 L.E	31/12/2019 L.E
Deferred tax liabilities	(5 992 355)	(6 741 399)
Deferred tax assets	2 492 995	4 591 541
Deferred tax assets	<u>(3 499 360)</u>	<u>(2 149 858)</u>
Deferred tax liabilities and assets		
Fixed assets (liabilities)	<u>(3 565 721)</u>	<u>(2 895 056)</u>
Total deferred tax liabilities	<u>(7 065 081)</u>	<u>(5 044 914)</u>

Deferred tax movement

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

	1/1/2020	Deferred tax expense during the period ended 30 September 2020	30/9/2020
	L.E	L.E	L.E
Total Deferred tax liability	5 044 914	2 020 167	7 065 081

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

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

- Credit risk
- Liquidity risk
- Market risk.

**Risk management framework**

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

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

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

**Credit risk**

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

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

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

	Carrying amount	
	30/09/2020	31/12/2019
	L.E	L.E
Debtors and other debit balances	4 270 660	4 892 798
Due from related parties	158 812 478	401 582 652

**Liquidity risk**

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 September 2020**

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

The company is keeping the following credit process:

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

	30/09/2020	31/12/2019
	L.E	L.E
Credit facilities	-	67 984 317
Suppliers and other credit balances	8 742 593	12 915 703
Due to related parties	1 631 509	529 438
lease contract liabilities	89 472 552	98 799 259

**Market risk**

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

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

**Currency risk**

The Company is exposed to currency risk 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
Cash at bank and on hand	6 630	1 452
Creditors & other credit balances	(9 122)	(949)
<b>30 September 2020</b>	<b>(2 492)</b>	<b>503</b>
<b>31 December 2019</b>	<b>5 808</b>	<b>1 525</b>

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	2020/9/30	2019/12/31	2020/9/30	2019/12/31
USD	15,88	16,78	15,80	16,09
Euro	17,91	18,80	18,51	18,07

**Interest rate risk**

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 September 2020**

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

**Capital management**

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

	<b>30/09/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Total liabilities	108 345 263	191 396 630
Less: cash at banks and on hand	<u>(2 713 048)</u>	<u>(18 627 976)</u>
<b>Net debt</b>	<b>105 632 215</b>	<b>172 768 654</b>
Total equity	<u>2 497 730 388</u>	<u>2 657 995 432</u>
<b>Net debt to equity ratio</b>	<b><u>%4.23</u></b>	<b><u>% 6.50</u></b>

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

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

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

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

- In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 for leasing contracts, the initial application date for this standard is the beginning of the annual report period in which the financial leasing law No. 95 of 1995 and its amendments has been canceled and the law regulating financial leasing no. 176 for the year 2018 in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with Egyptian accounting standard no. (20) (Standards for Financial Leasing Transactions) which resulted in the following:
- The company made an agreement with Tiba For Trading and Distribution Company -Subsidiary company- with a percentage of 99,9% for leasing the administrative building of the subsidiary company with a monthly rental value with a total amount of L.E 1 980 000 during the financial period ended 30 September 2020 (An amount of L.E 1 980 000 during the period ended 30 September 2019).
- The finance interests of the lease contract amounted to L.E 7 897 353 during the financial period ended 30 September 2020.

**Loan (arising from lease contract)**

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 September 2020**

	30/9/2020	31/12/2019
	L.E	L.E
Liabilities From lease contract (current portion)	13 589 887	11 597 450
Long-term liability from lease contract (non-current portion)	75 882 665	87 201 809
<b>Total</b>	<b>89 472 552</b>	<b>98 799 259</b>

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

	Loan principal		Accrued interest	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities during one year	13 589 887	11 597 450	8 103 689	9 097 072
Liabilities between 1-5 years	75 882 665	87 201 809	16 315 034	22 264 964

**28 Related party transactions**

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

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

**28-1 Due from related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/09/2020	31/12/2019	30/09/2020	31/12/2019
		L.E	L.E	L.E	L.E
	Collection / Current	-	(52 492 817)		
Tiba For Trading and Distribution	Dividends	-	34 640 325	-	37 177 558
	Leases	-	2 640 000		
International Company for Modern Food Industries	Collection	(3 222 622)	(770 816)	9 317 974	65 420 709
	Expenses allocation	11 713 427			
	Dividends	12 348 765	64 593 540		
	Dividends collections	(76 942 305)			
El Marwa For Food Industries	Current	2 635 579	(82 770 902)	6 074 734	374 682
	Expenses allocation	3 064 473			
	Dividends	-	82 925 300		
EGY Food	Collection	(10 469 099)	(109 673 249)	8 787 675	118 752 555
	Expenses allocation	16 381 039	-		

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

Notes to the separate interim financial statements for the financial Period ended 30 September 2020

	Dividends	16 146 770	115 876 820		
	Dividends collections	(132 023 590)			
Modern Concentrates Industrial Company	Current	134 026	(77 365)	1 329 169	220 392
	Expenses allocation	974 751			
Enmaa For Agriculture Development and Biological Wealth	Collections	(13 801 280)	19 516 313	112 439 327	126 240 607
Egyptian Company for Dairy Products	Expenses allocation	37 905 802			44 850 762
	Collections	(34 020 279)	(44 435 164)	12 164 942	
	Dividends	60 793 920	76 567 343		
	Dividends collections	(97 365 263)			
Enmaa For Livestock	Current	157 019	698 853	8 673 680	8 516 661
Arju for food industries	Collection	(25 193)	17 030	3 533	28 726
Enmaa For Agricultural Reclamation		550 882		21 444	-
				<b>158 812 478</b>	<b>401 582 652</b>

**28-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/9/2020 L.E	31/12/2019 L.E	30/9/2020 L.E	31/12/2019 L.E
Enmaa For Reclamation and Agriculture	Current	-	(1 613 744)	-	529 438
Tiba for trading and distribution	Collection	24 487 008			
	Expenses allocation	(18 338 266)			
	Dividends	(13 286 700)		1 631 509	
	Dividends collections	47 927 025			
	Lease	(1 980 000)			
				<b>1 631 509</b>	<b>529 438</b>

**29 Distribution some of the holding companies' expenses**

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

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 September 2020****30 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).