

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated financial statements  
For the financial year ended  
31 December 2020  
And auditors' report**

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

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

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated financial statements**

**For the financial year ended 31 December 2020**

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**Auditors report**

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

***Introduction***

We have audited the consolidated statement of financial position of Juhayna Food Industries S.A.E as of 31 December 2020, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Financial Statements***

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

***Auditors Responsibility***

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

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

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


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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Juhayna Food Industries S.A.E as of 31 December 2020, and of its consolidated financial performance and cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

**Emphasis of the matter**

We draw attention to note No. 36 of the consolidated financial statements, which describes the effect of major events to the company during the financial year ended 31 December 2020 and the subsequent period.

  
**Hatem Montasser**  
**KPMG Hazem Hassan**  
**Public Accountants & Consultants**  
**KPMG Hazem Hassan**  
**Public Accountants and Consultants**  
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**Cairo, 15 September 2021**

  
**Grant Thornton - Mohamed Hilal**  
**Hossam Hilal**  
**Grant Thornton - Mohamed Hilal**  
**Public Accountants**

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

Translated from Arabic

	Note No.	31/12/2020 L.E	31/12/2019 L.E
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	3 147 991 528	3 792 283 938
Projects under construction	(13)	160 673 699	97 358 181
Plant wealth - productive	(14-1)	16 486 823	12 515 921
Plant wealth - not productive	(14-2)	22 187 917	15 864 959
Biological wealth	(15)	196 167 984	195 121 514
Investments under joint control (equity)	(11)	14 471 707	14 864 149
Goodwill	(34)	97 092 890	97 092 890
Right to use assets	(29-2)	44 325 662	-
Other - long term asset		732 144	740 417
<b>Non-current assets</b>		<b>3 700 130 354</b>	<b>3 725 841 969</b>
<b>Current assets</b>			
Biological assets - Feeding Sector		48 501	13 948 353
Biological assets - Existing Agriculture		12 242 286	17 213 765
PPE held for sale		6 636 111	6 243 248
Inventories	(17)	873 968 773	1 043 417 616
Trade and other receivables	(18)	360 164 022	414 143 667
Cash at banks and on hand	(19)	182 542 538	96 717 667
<b>Current assets</b>		<b>1 435 602 231</b>	<b>1 591 684 316</b>
<b>Total assets</b>		<b>5 135 732 585</b>	<b>5 317 526 285</b>
<b>Equity</b>			
Issued and paid up capital		941 405 082	941 405 082
Legal reserve	(20)	637 021 541	594 085 534
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		993 211 902	859 988 077
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 902 558 943</b>	<b>2 726 399 121</b>
Non-controlling interest		714 909	640 370
<b>Total equity</b>		<b>2 903 273 852</b>	<b>2 727 039 491</b>
<b>Non-current liabilities</b>			
Long - term loans	(21)	270 774 821	692 546 563
Other non current liabilities	(25)	18 268 729	22 964 303
Lease contract liabilities - non current portion	(29)	108 412 444	87 201 810
Deferred tax liabilities	(26)	286 882 065	275 909 475
<b>Non-current liabilities</b>		<b>684 278 059</b>	<b>1 078 622 151</b>
<b>Current liabilities</b>			
Provision for claims	(23)	50 854 882	16 474 211
Bank credit facilities	(22)	276 599 740	398 440 324
Creditors and other credit balances	(24)	674 165 586	695 896 186
Income tax payable	(33)	192 929 560	103 663 033
Due to related parties	(32-1)	-	421 867
Lease contract liabilities- current portion	(29)	23 736 357	11 597 450
Loans-current portion	(21)	329 894 549	284 871 572
<b>Current liabilities</b>		<b>1 548 180 674</b>	<b>1 511 864 643</b>
<b>Total liabilities</b>		<b>2 232 458 733</b>	<b>2 590 486 794</b>
<b>Total equity and total liabilities</b>		<b>5 135 732 585</b>	<b>5 317 526 285</b>

The notes from No.(1) to No.(37) are an integral part of these consolidated financial statements and should read there to.

Chief Finance Officer  
Samah El-hodaby

Chairman  
Mohammed Abdullah Mohammed Aldehaim

Cairo, 15 September 2021

\*Audit report report "attached".

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of profit or loss**  
**For the financial year ended 31 December 2020**

**Translated from Arabic**

	Note No.	31/12/2020 L.E.	31/12/2019 L.E.
Net sales		7 641 854 109	7 635 856 497
Cost of sales	(8-1)	(5 092 839 603)	(5 332 731 977)
<b>Gross profit</b>		<b>2 549 014 506</b>	<b>2 303 124 520</b>
Other operating income	(5)	45 914 514	66 087 378
Selling and Marketing expenses	(6)	(1 230 189 865)	(1 194 793 398)
General and administrative expenses	(7)	(308 699 973)	(278 072 668)
Other expenses	(8-2)	(218 615 019)	(97 456 291)
<b>Results from operating activities</b>		<b>837 424 163</b>	<b>798 889 541</b>
Share in the (Loss) /gain of company under joint control		( 392 442)	6 289 154
Net finance (expense)	(9)	( 161 212 082)	( 321 612 257)
<b>Net profit before income tax</b>		<b>675 819 639</b>	<b>483 566 438</b>
Current income tax	(33)	( 236 359 147)	( 123 821 670)
Deferred tax	(26)	( 10 972 590)	( 30 983 653)
<b>Net profit for the year</b>		<b>428 487 902</b>	<b>328 761 115</b>
<b>Distributed as follows</b>			
Parent Company's share in profit		428 376 245	328 676 436
Non-controlling interest		111 657	84 679
		<b>428 487 902</b>	<b>328 761 115</b>
<b>Earning per share for the year (L.E /share )</b>	(35)	<b>0.46</b>	<b>0.35</b>

The notes from No.(1) to No.(37) are an integral part of these consolidated financial statements and should read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of comprehensive income**  
**For the financial year ended 31 December 2020**

**Translated from Arabic**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
<b>Net profit for the Year</b>	<b>428 487 902</b>	<b>328 761 115</b>
<b>Total other comprehensive income</b>	<b>428 487 902</b>	<b>328 761 115</b>
<b>Distributed as follows</b>		
Parent Company's share in profit	428 376 245	328 676 436
Non-controlling interest	111 657	84 679
	<b>428 487 902</b>	<b>328 761 115</b>

The notes from No.(1) to No.(37) are an integral part of these consolidated financial statements and should read there to.

## Juhayna Food Industries

(An Egyptian Joint Stock Company)

Consolidated statement of changes in equity

For the financial year ended 31 December 2020

Disclosure	Issued & paid up capital L.E	Legal reserve L.E	General reserve- issuance premium L.E	Retained earnings L.E	Non-controlling interest L.E	Total L.E
Balance as at 1 January 2019 before adjustments	941 405 082	552 519 162	330 920 428	784 087 944	978 001	2 609 910 617
Restatement arising from lease contract liabilities	-	1 495 717	-	26 251 173	15 997	27 762 887
Balance as at 1 January 2019 after adjustments	941 405 082	554 014 879	330 920 428	810 339 117	993 998	2 637 673 504
Dividends to shareholders	-	-	-	(188 281 016)	-	(188 281 016)
Dividends to employees and board of directors	-	-	-	(50 927 506)	-	(50 927 506)
Dividends from subsidiaries to non controlling interest	-	-	-	251 701	( 438 307)	( 186 606)
Holding Company's share in reserves & retained earnings of subsidiaries	-	40 070 655	-	(40 070 655)	-	-
Total other comprehensive income for the Year ended 31 December 2019	-	-	-	328 676 436	84 679	328 761 115
Balance as at 31 December 2019	941 405 082	594 085 534	330 920 428	859 988 077	640 370	2 727 039 491
Balance as at 1 January 2020	941 405 082	594 085 534	330 920 428	859 988 077	640 370	2 727 039 491
Dividends to shareholders	-	-	-	(188 281 016)	-	(188 281 016)
Dividends to employees and board of directors	-	-	-	(63 972 525)	-	(63 972 525)
Dividends from subsidiaries to non controlling interest	-	-	-	37 118	( 37 118)	-
Holding company share from reserve and retained earning of subsidiaries	-	42 935 997	-	(42 935 997)	-	-
Total other comprehensive income for the Year ended 31 December 2020	-	-	-	428 376 245	111 657	428 487 902
Balance as at 31 December 2020	941 405 082	637 021 531	330 920 428	993 211 902	714 909	2 903 273 852

The notes from No.(1) to No.(37) are an integral part of these consolidated financial statements and should read there to.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of cash flows**  
**For the financial year ended 31 December 2020**

Translated from Arabic

		31/12/2020	31/12/2019
	Note No.	L.E	L.E
<b>Cash flows from operating activities</b>			
Net profit for the year before income tax and minority interest in profits		675 819 639	483 566 438
<b>Adjustments for:</b>			
PPE depreciation	(12)	286 329 918	270 172 158
Capital losses	(8)	16 516 151	(10 167 110)
Amortization of asset right of use		8 273	8 271
Amortization of animal wealth	(15)	26 583 250	19 864 058
Amortization of plant wealth ( productive)	(14-1)	471 063	402 151
Impairment of Fixed assets and Project under construction		24 920 137	4 890 000
Biological write down	(8)	289 588	
Biological write down (Reverse)	(5)	(3 179 588)	-
Change in Investments under joint control	(11)	392 442	(6 289 154)
Impairment of trade receivables(Reverse)		(1 653 387)	-
Impairment of trade and other receivables	(8)	21 691 583	4 249 210
Impairment of the Inventory		11 955 299	-
Inventory write down (reverse)	(5)	(2 645 192)	-
Provision for claims formed	(23)	58 490 324	7 528 379
Herd birth	(8)	(15 249 100)	(15 868 900)
Herd capitalization	(8)	(68 520 036)	(98 752 108)
Loss from selling and death of animal wealth		25 081 483	17 070 107
Foreign exchange (losses) / gain	(9)	2 660 103	5 432 830
Credit interests	(9)	(14 366 296)	(14 309 318)
Finance interests & expenses	(9)	178 238 481	330 488 745
		<u>1 223 834 135</u>	<u>998 285 757</u>
Collected credit interests	(9)	14 330 263	14 309 318
Finance interest & expenses paid	(9)	(178 238 481)	(330 488 745)
<b>Changes in:</b>			
Inventories	(17)	163 189 072	20 152 176
Biological assets- Exiting Agriculture		14 214 138	(2 607 594)
Trade and other receivables	(18)	36 203 700	70 195 109
Due to related parties	(32-2)		( 361 061)
Creditors & other credit balances	(24)	(21 730 600)	193 964 583
Due from related parties	(32-1)	( 421 867)	-
Change in PPE held for sale		( 392 863)	
Dividends paid to employees		(63 972 525)	(50 927 506)
Income tax paid		(147 056 588)	(71 295 469)
Sales tax on capital goods -paid		(4 755 574)	(7 310 566)
Impairment of trade and other receivables used		(2 262 250)	(4 402 582)
Impairment in inventories used		(3 050 336)	(8 696 612)
Provision for claims used		(24 109 653)	(7 441 952)
Impairment in fixed asset and Project under construction usage		(23 162 696)	
<b>Net cash flows result from operating activities</b>		<u>982 617 875</u>	<u>813 374 856</u>
<b>Cash flows from investing activities</b>			
Acquisition of PPE & projects under construction	(12,13)	(304 490 090)	(330 928 237)
Proceeds from sale of PPE		80 863 472	45 503 919
Acquisition of plant and animal wealth	(14,15)	(35 098 267)	(30 531 290)
Proceeds from the sale of plant and animal wealth	(14,15)	62 938 470	47 362 471
<b>Net cash flows (used in) investing activities</b>		<u>(195 786 415)</u>	<u>(268 593 137)</u>
<b>Cash flows from financing activities</b>			
Collection proceeds from overdraft & credit facility	(22)	(122 340 584)	(341 422 015)
Payment for Bank long term loans	(29)	(10 976 121)	(60 916 729)
Payment of financial lease contract liabilities	(21)	(376 748 765)	112 032 195
Dividends paid to shareholders		(188 281 016)	(188 281 016)
Decrease in non-controlling interest		-	( 186 611)
<b>Net cash flows (used in) financing activities</b>		<u>(698 346 486)</u>	<u>(478 774 176)</u>
<b>Change in cash &amp; cash equivalents during the year</b>		<u>88 484 974</u>	<u>66 007 543</u>
<b>The effect of foreign exchange difference</b>	(9)	(2 660 103)	(5 432 830)
<b>Cash &amp; cash equivalents at 1 January</b>		<u>96 717 667</u>	<u>36 142 954</u>
<b>Cash &amp; cash equivalents at 31 December</b>		<u>182 542 538</u>	<u>96 717 667</u>

The notes from No.(1) to No.(37) are an integral part of these consolidated financial statements and should read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements**  
**For the Financial Year ended 31 December 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: 6<sup>th</sup> Oct. city the industrial zone No. 1, plot No. 39, 40.

Mr. Mohammed Abdullah Mohammed Aldeghaim is the Chairman of the Board of Directors.

The Company is considered a holding Company.

The Company is listed in the Egyptian Stock Exchanges in the (A) list and from the begging of June 2021 it was moved to (D).

**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 with laws and regulation**

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

The financial statements were authorized for issue by the Board of Directors on 15<sup>th</sup> of September 2021

**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).

**2-2 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 financial statements for the Financial Year ended 31 December 2020

**2-3 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 except as mentioned in note (3-24) .

**3-1 Basis of consolidation****Subsidiaries**

Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries is 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. In general currency gain or loss are recognized in the profit and loss statement.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 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.

### **3-4 Financial instruments**

#### **3-4-1 Financial assets**

Starting from January 1, 2020, the Group has early adopted the Egyptian Accounting Standard no. 47 (for more details, please refer to note no. 3-17).

#### **A. Classification:**

Starting from January 1, 2020 the Group classified its financial assets into the following measurement categories:

- financial assets at fair value through profit or loss or through other comprehensive income, and
- financial assets measured at amortized cost.

The classification depends on the Company's business model for managing those financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded either in the statement of profit or loss or in other comprehensive income. For investments in equity instruments that are not held for sale, this will depend on whether the Group has made an irrevocable election at the initial recognition of accounting for these investments to be at fair value thorough other comprehensive income.

The Group reclassifies its investments when and only when its business model for managing those assets changes.

#### **B. Recognition and derecognition:**

The normal way of buying and selling financial assets, on the trade date, which is the date on which the Group has a commitment to buy or sell the financial asset. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred.

#### **C. Measurement:**

On initial recognition, the Group measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the statement of profit or loss.

Embedded financial assets are considered entirely embedded derivatives when determining whether their cash flows are solely payments of principal and interest.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

### **Debt instruments:**

The measurement of debt instruments depends on the company's business for managing the asset and characteristics of cash flow of the asset, there are three measurement categories by which the Group classifies debt instruments:

- **Amortized cost:** Assets held to maturity date to collect contractual cash flows, where those cash flows represent only payment of original amount and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate item in the statement of profit or loss.
- **Fair value through other comprehensive income:** Assets held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where the cash flows of assets represent only payment of original amount and interest, are measured at fair value through other comprehensive income. Changes in carrying amount are taken into other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When the financial asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income from equity is reclassified to profit or loss and recognized in other income/(expenses). Interest income from these financial assets is included in financing income using the interest rate method, and impairment expense is presented as a separate item in the statement of profit or loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for depreciated cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented under other income / (expenses) in the period in which they arise. Impairment expenses as a separate item in the statement of profit or losses.

### **Equity instruments**

The Group subsequently measures all investments in equity instruments at fair value. When the company's management chooses to present the fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposal of the investment. Dividends from these investments continue to be recognized in the statement of profit or loss as other income when the company's right to receive dividends is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income/(expenses) in the statement of profit or loss. Impairment losses (and reversals of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

#### **d- Impairment:**

The Group assesses the expected credit losses associated with the investment in debt instruments, which are carried at amortized cost and fair value through other comprehensive income. Where the applied impairment methodology depends on whether there is a significant deterioration in the credit risk of customers, the Group applies the simplified approach allowed by Egyptian Accounting Standard no. 47, which requires recognizing expected losses over the life of the initial recognition of customers.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

### **Financial derivatives**

When needed, the Group companies enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Derivatives are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the coverage relationship type and the nature of hedged item.

### **3-4-2 Financial liabilities and equity instruments issued by the Group**

#### **Classification as debt or equity**

Financial instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement at the date of issuance of these instruments.

#### **Equity instruments**

Equity instruments represent any contract that gives the Group the right to the net assets of an entity after deducting all of its obligations.

Equity instruments issued by the Group are recorded at the value of the proceeds received or the net value of the assets transferred, deduct the costs of issuance directly attributable to the transaction.

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities (at fair value through profit or loss) or other financial liabilities.

#### **Other financial liabilities**

The Group has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### **3-4-3 De-recognition of financial instruments from books**

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

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

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The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Debtors**

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

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

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

**Cash and cash equivalents**

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

**Non-derivative financial liabilities**

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

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

The Company classifies non – derivative financial liabilities into the other financial liabilities' category. Such financial liabilities are recognised initially at the fair value plus any directly attributable transaction costs. 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 subsidiaries. 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



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Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

### 3-6 Property, plant and equipment

#### Recognition and measurement

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

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

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

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

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

#### Subsequent costs

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

#### Depreciation

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

The estimated useful lives are as follows:

Description	Estimated useful life (Years)
Buildings & Constructions	13.3- 50
Machinery & Equipment	More than 1-13
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	More than 1-10
Empty plastic containers & pallets	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



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Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**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 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 (sale and lease back):**

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, 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

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in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

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

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

### **3-12 Transactions with related parties:**

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

### **3-13 Impairment**

#### **Non –derivative financial assets**

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

#### **Non-financial assets**

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

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

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

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

### **3-14 Defined contribution plans**

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

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**3-15 Provisions**

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

**3-16 Revenue****Sales of goods**

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

**3-17 Rental income**

Rental income from other assets is recognized in other income.

**3-18 Finance income and finance costs**

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

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

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

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

**3-19 Income tax****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

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3-20 Assets held for sale**

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

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets & biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

**3-21 Legal reserve**

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

**3-22 End of service benefits**

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work 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 reporting**

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

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

<b>Segmentation reports</b>	<b>Operations</b>
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

**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 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, The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers", 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 Years beginning on or after 1 <sup>st</sup> of January 2021, 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.	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	The Management is currently assessing the impact of implementing the amendment of the	Standard No (48) applies to Financial Years beginning on or after 1 <sup>st</sup> of January

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Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
(48) "Revenue from Contracts with Customers"	related to the sale of goods with no separate performance obligations requiring revenue to be reported over time pursuant to Standard No. (48)	standard on the financial statements	2021, 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 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.	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 of applying the new accounting standard no. (49).	This standard No. (49) Applies to Financial Years beginning on or after 1 <sup>st</sup> of January 2021, and the early adoption is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was cancelled and Law No. (176) of 2018 was issued.

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Notes to the consolidated financial statements for the Financial Year ended 31 December 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"> <li>- (EAS 15) Related Party Disclosures</li> <li>- (EAS 17) Consolidated and Separate Financial Statements</li> <li>- (EAS 18) Investments in Associates</li> <li>- (EAS 24) Income Taxes</li> <li>- (EAS 29) Business Combinations</li> <li>- (EAS 30) Periodical Financial Statements</li> <li>- (EAS 44) Disclosure of Interests in Other Entities.</li> </ul>	Standard No. (42) has been applied before and made an impact on the group results and statements.	This standard applies to Financial Years beginning on or after 1 <sup>st</sup> 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.	It has no effect on the company	This amendment is introduced and shall apply to Financial Years beginning on or after 1 <sup>st</sup> of January 2020.

**4 Determination of fair value**

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

**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 Year 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



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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

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**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Export subsidy revenue	21 988 060	23 787 558
Capital gain	-	10 167 110
Increase in biological wealth due to newborn	4 301 416	15 868 900
Proceeds from the sale of Scrap	-	7 986 646
Income from leased assets	3 015 337	4 470 954
Inventory write down (reverse)	2 645 192	-
Impairment of plant wealth (reverse)	25 788	-
Impairment of trade and other receivables (Reverse)	1 653 387	-
Biological write down (Reverse)	3 179 588	-
Other income	9 105 746	3 806 210
	<b><u>45 914 514</u></b>	<b><u>66 087 378</u></b>

**6 Selling and marketing expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Advertising expenses	556 150 195	532 559 564
Salaries and wages	277 147 875	269 693 379
Depreciation	63 719 398	52 479 489
Vehicles expenses	102 799 484	94 760 447
Shipping & export expenses	42 878 144	58 407 836
Rent	7 338 397	17 752 891
Temporary labor contractors	27 032 954	22 092 987
Others	153 123 418	147 046 805
	<b><u>1 230 189 865</u></b>	<b><u>1 194 793 398</u></b>



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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**7 General and administrative expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Salaries and wages	129 014 472	122 725 376
Depreciation expense	16 952 409	17 634 777
Rent expense	12 013 868	12 608 299
Subscription fees and licenses	32 998 499	32 459 837
Board of directors' remuneration (Note 32-1)	43 982 598	14 235 734
Cost of the end of service	11 875 000	19 975 000
Other administrative expenses	61 863 127	58 433 645
	<u><b>308 699 973</b></u>	<u><b>278 072 668</b></u>

**8 Cost of Sales and Other expense****8-1 Cost of sales**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Raw materials	4 406 360 948	4 615 524 253
Manufacturing Salaries and Wages	117 682 114	115 238 585
Other Manufacturing expenses	568 796 541	601 969 139
	<u><b>5 092 839 603</b></u>	<u><b>5 332 731 977</b></u>

**8-2 Other expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Impairment of fixed assets, and projects under construction	24 920 137	4 890 000
Impairment of receivable and other debit balances	21 691 583	4 249 210
Donations	12 309 788	9 054 728
Write down of inventory value at net realizable value	11 955 299	-
Real estate tax	3 691 765	4 310 220
Provision for claims formed	58 490 324	7 528 379
Health insurance	32 815 667	38 177 398
Loss from selling and death of animal wealth	24 318 172	17 070 106
Capital losses	16 516 151	-
Other	11 906 133	12 176 250
	<u><b>218 615 019</b></u>	<u><b>97 456 291</b></u>

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**9 Net finance (expense)**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Interest expense	(178 238 481)	(330 488 745)
Interest income	14 366 296	14 309 318
Gain / (Loss) from foreign currency exchange	2 660 103	(5 432 830)
	<b><u>(161 212 082)</u></b>	<b><u>(321 612 257)</u></b>

10 Segmentation reports

10-1 Segmentation reports for the financial year ended 31 December 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 segmentat as follows:

	Activity Segments										Total L.E 31/12/2020	
	Dairy sector L.E 31/12/2020	chilled sector L.E 31/12/2020	Juices sector L.E 31/12/2020	Concentrates sector L.E 31/12/2020	Agriculture sector L.E 31/12/2020	Undistributed Items L.E 31/12/2020	Elimination of consolidated transactions L.E 31/12/2020					
Net Sales	3 902 419 832	1 957 502 252	1 391 132 269	153 559 202	48 599 408	188 641 146	-				7 641 854 109	
Sales between segments	3 625 443 596	1 443 718 134	1 118 770 377	202 508 243	14 234 125	-	(6 404 674 475)				-	
Other operating income	2 514 209	3 240 502	3 674 189	21 125 809	11 247 634	4 112 171	-				45 914 514	
Expenses	(676 234 869)	(747 146 499)	(358 871 658)	(32 090 396)	(90 287 237)	(14 478 722)	-				(1 919 109 381)	
<b>Other Information</b>												
Depreciation	109 303 879	79 545 139	61 040 371	27 417 055	9 023 474	-	-				286 329 918	
Assets	1 475 856 108	1 389 816 558	882 090 251	455 734 154	820 670 916	111 564 598	-				5 135 732 585	
Liabilities	1 001 173 932	567 407 942	340 098 141	274 325 748	49 452 970	-	-				2 232 458 733	

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

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 segment as follows:

	Activity Segments							Total L.E
	Dairy sector L.E	Chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	Undistributed items L.E	Elimination of consolidated transactions L.E	
	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019	
Net Sales	3 759 569 334	1 811 004 623	1 525 934 034	256 227 929	30 814 055	252 306 522	-	7 635 856 497
Sales between segments	3 185 855 521	1 369 431 700	1 243 405 756	124 924 051	-	-	(5 923 617 028)	-
Other operating income	11 220 364	5 357 391	10 692 247	16 713 961	21 490 757	6 901 812	-	72 376 532
Expenses	(666 203 159)	(681 278 667)	(413 656 769)	(46 020 536)	(63 752 162)	(21 023 319)	-	(1 891 934 614)
<b>Other Information</b>								
Depreciation	79 408 914	82 171 847	62 952 220	18 687 417	26 951 760	-	-	270 172 158
Assets	1 431 123 174	1 361 103 103	942 563 058	514 206 147	891 312 004	179 924 948	-	5 320 232 434
Liabilities	919 779 554	696 973 062	433 010 112	332 824 498	210 183 849	421 868	-	2 593 192 943

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

Notes to the consolidated financial statements for the financial year ended 31 December 2020

11 Investment under joint control (equity)

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Current liabilities		Total liabilities		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
<b>31 December 2020</b>													
Arju Company For food Industrial	50.75	15 956 384	15 225	15 971 609	1 499 902	1 499 902	14 471 707						
<b>Balance as of 31 December 2020</b>		<b>15 956 384</b>	<b>15 225</b>	<b>15 971 609</b>	<b>1 499 902</b>	<b>1 499 902</b>	<b>14 471 707</b>						
<b>31 December 2019</b>													
Arju Company For food Industrial	50.75	18 003 873	114 847	18 118 720	3 383 252	3 383 252	14 864 149						
<b>Balance as at 31 December 2019</b>		<b>18 003 873</b>	<b>114 847</b>	<b>18 118 720</b>	<b>3 383 252</b>	<b>3 383 252</b>	<b>14 864 149</b>						

12 Property, plant and equipment

Description	Land	Buildings & constructions	Machinery & equipment	Transportation & transport vehicles	Tools	Empty plastic containers & Palettes	Display relig.'s	Wells	Office furniture & equipment	Computers	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as at 1/1/2019	214 436 240	1 607 824 983	2 225 869 495	285 676 062	111 442 778	63 927 406	96 235 776	44 137 411	32 136 463	107 511 305	4 789 197 919
Additions of the year	15 931 580	29 879 349	289 200 237	29 417 311	27 359 443	9 094 466	-	229 929	2 294 000	21 589 249	424 995 564
Disposals of the year	( 252 000)	( 717 590)	( 63 638 820)	( 15 821 045)	( 4 394 733)	( 6 518 714)	( 1 212 475)	-	( 132 941)	( 122 986)	( 92 811 304)
Cost as of 31/12/2019	230 115 820	1 636 986 742	2 451 430 912	299 272 328	134 407 488	66 503 158	95 023 301	44 367 340	34 297 522	128 977 568	5 121 382 179
Additions during the year	396 968	6 033 193	153 333 818	53 862 402	15 017 694	11 037 941	4 241 391	1 002 149	1 002 149	6 148 837	251 074 393
Disposals during the year	( 45 648 512)	( 4 751 207)	( 72 979 449)	( 27 979 033)	( 1 476 767)	( 8 154 428)	( 17 472 548)	( 4 577 740)	( 1 275 266)	( 1 295 519)	( 185 610 469)
Transfer of assets held for sale during the year	-	-	( 3 291 662)	-	-	-	-	-	-	-	( 3 291 662)
Cost as of 31/12/2020	184 864 276	1 638 268 728	2 528 493 619	325 155 697	147 948 415	69 386 671	81 792 144	39 789 600	34 024 405	133 830 866	5 183 554 441
Accumulated depreciation as at 1/1/2019	-	175 016 202	985 269 339	148 332 303	64 399 935	36 139 991	79 152 959	9 879 268	16 908 579	98 341 627	1 613 440 203
Depreciation of the year	-	33 900 881	160 082 233	29 337 904	13 801 207	9 661 356	10 143 165	1 852 740	2 624 579	8 768 093	270 172 158
Accumulated depreciation of disposals of the year	-	( 431 790)	( 42 850 127)	( 13 350 020)	( 4 150 964)	( 6 483 798)	( 1 163 620)	-	( 117 456)	( 71 054)	( 68 618 829)
Accumulated depreciation as of 31/12/2019	-	208 485 293	1 102 501 445	164 320 187	74 050 178	39 317 549	88 132 504	11 732 008	19 415 702	107 038 666	1 814 993 532
Depreciation of the year	-	34 767 219	175 735 480	30 715 165	13 096 990	12 247 486	5 619 013	1 606 954	2 677 943	9 863 668	286 329 918
Accumulated depreciation of disposals of the year	-	( 631 576)	( 36 797 929)	( 24 181 523)	( 504 566)	( 8 154 424)	( 17 313 595)	( 2 061 311)	( 725 232)	( 1 152 352)	( 91 522 508)
Accumulated depreciation as of 31/12/2020	-	242 620 936	1 241 438 996	170 853 829	86 642 602	43 410 611	76 437 922	11 277 651	21 368 413	115 749 982	2 009 800 942
Fixed assets impairment as of 31 December 2020	( 10 354 591)	( 132 189)	( 15 045 262)	-	-	-	-	( 229 929)	-	-	( 25 761 971)
Net book value as of 31/12/2020	174 509 685	1 395 515 603	1 272 009 361	154 301 868	61 305 813	25 976 060	5 354 222	28 282 020	12 655 992	18 080 904	3 147 991 528
Fixed assets impairment as of 31 December 2019	(10 492 090)	(440 628)	(2 030 606)	-	-	-	-	(1 141 385)	-	-	(14 104 709)
Net book value as of 31/12/2019	219 623 730	1 428 060 821	1 346 898 861	134 952 141	60 357 310	27 185 609	6 090 797	31 493 947	14 881 820	21 938 902	3 292 283 936

\*Cost of fully depreciated assets are amounted to L.E. 357 929 551 as at 31 December 2020.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**13 Projects under constructions**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Buildings and constructions in progress	5 570 405	2 743 390
Machineries under installation	144 895 978	49 354 549
Generators	2 530 613	5 328 695
Advance payments for purchase of fixed assets	4 949 848	47 030 594
Wells and water pumps	-	964 698
Computer software	2 700 055	2 034 411
Lake	26 800	572 530
	<u>160 673 699</u>	<u>108 028 867</u>
<b>Less:</b>		
Impairment of projects under construction	-	(10 670 686)
	<u>160 673 699</u>	<u>97 358 181</u>

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

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Cost at the beginning of the year	14 045 612	13 880 181
Additions during the year	4 441 965	165 431
Cost at end of the year	<u>18 487 577</u>	<u>14 045 612</u>
<b>Less:</b>		
Accumulated depreciation at beginning of the year	(1 529 691)	(1 127 540)
Depreciation during the year	(471 063)	(402 151)
<b>Accumulated depreciation at end of the year</b>	<u>(2 000 754)</u>	<u>(1 529 691)</u>
<b>Net</b>	<u>16 486 823</u>	<u>12 515 921</u>

**14-2 Plant wealth – unproductive**

	<b>Fruit trees</b>	<b>acres of citrus + 330 connecting network project</b>	<b>190 acres Lemon</b>	<b>Total</b>
	<b>L.E</b>	<b>L.E</b>		<b>L.E</b>
Balance at 1 Jan	7 492 215	8 372 744	-	15 864 959
Additions	-	15 391 434	4 616 148	20 007 582
Transferred for plant-produced wealth	-	(4 441 965)	-	(4 441 965)
Reclassification	-	(9 242 659)	-	(9 242 659)
	<u>7 492 215</u>	<u>10 079 554</u>	<u>4 616 148</u>	<u>22 187 917</u>

Juhayna Food Industries

Notes to the consolidated financial statements for the financial year ended 31 December 2020

Translated from Arabic

15 Biological wealth

	biological wealth (Flock of dairy livestock - productive)		biological wealth (Flock of dairy livestock - unproductive)		Total	
	L.E		L.E		31/12/2020	31/12/2019
Amount of flock of livestock at the beginning of the year	150 444 219		85 995 565		236 439 784	171 931 209
<b>Adding:</b>						
Addition during the year	-	-	2 868 851		2 868 851	
Transferred from projects under construction	-	-	12 221 834		12 221 834	17 892 821
Transferred from biological wealth (Flock of dairy livestock - unproductive)	68 057 655		(68 057 655)		-	
<b>* Births of flock</b>						
Female	-					
Capital cost during drying -off	4 751 819		9 992 400		9 992 400	10 295 500
	<u>223 253 693</u>		<u>58 118 244</u>		<u>62 870 063</u>	<u>76 189 753</u>
			<u>101 139 239</u>		<u>324 392 932</u>	<u>276 309 283</u>
Biological wealth sales	45 949 745		25 983 622		71 933 367	32 403 957
The death of live stock losses	5 361 227		2 083 365		7 444 592	7 465 542
<b>Cost of flock of livestock as of the end of the year</b>	<u>51 310 972</u>		<u>28 066 987</u>		<u>79 377 959</u>	<u>39 869 499</u>
<b>Accumulated depreciation</b>	<u>171 942 721</u>		<u>73 072 252</u>		<u>245 014 973</u>	<u>236 439 784</u>
Beginning of the year	41 318 270		-		41 318 270	28 804 771
Depreciation of the year	26 583 250		-		26 583 250	19 864 058
Accumulated depreciation of disposals of sales case	(17 029 211)		-		(17 029 211)	(6 463 379)
Accumulated depreciation of disposals of death case	(2 025 320)		-		(2 025 320)	( 887 180)
Accumulated depreciation as of end year	<u>48 846 989</u>		<u>-</u>		<u>48 846 989</u>	<u>41 318 270</u>
<b>Net amount of flock of livestock as of end year</b>	<u>123 095 732</u>		<u>73 072 252</u>		<u>196 167 984</u>	<u>195 121 514</u>

\*

\*\*

Calfs of flocks are measured at fair value deducted by sale cost. Any increase or decrease in fair value under 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 relay on to determine the fair value is unavailable



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

Notes to the consolidated financial statements for the Financial Year ended 31 December 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 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.

#### **Year 2017 - 2019**

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

#### **B. Payroll tax**

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

The tax inspection performed, and differences settled.

#### **Year 2017/2019**

The company prepare for tax inspection.

#### **C. Stamp tax**

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

The tax inspection performed, and differences settled.

#### **Year 2011/2016**

The tax inspection performed, and differences settled.

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

The tax inspection is performed and pending forms

#### **Year 2019**

Not asked for tax inspection

#### **D. 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**

The tax inspection is performed and pending forms

#### **Years 2019**

Not asked for tax inspection

#### **E. 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 financial statements for the Financial Year ended 31 December 2020

## 16-2 Subsidiaries

### First: Corporate tax

#### The Company that enjoy the corporate tax exemption

	<b>Tax exemption ending date</b>
Inmaa for agriculture development & biological wealth.	19/03/2021
Inmaa for Livestock	02/11/2029

#### The Companies that are not exempted.

##### **Egyptian Companies for Food Industries: -**

Inspected from Beginning of its activity to 2012. 2013-2019 not requested for inspection.

##### **Modern Company for Concentrates: -**

Inspected from Beginning of its activity to 2009. Years 2010-2012 the objection was made in legal date. Years 2013-2019 not requested for inspection.

##### **International company for food industries: -**

Inspected from Beginning of its activity to 2008. Years 2009-2014 the objection was made and waiting result. Year 2015-2019 not requested for inspection.

##### **Egyptian Company for Dairy Products**

The tax inspection performed and settled till 2004, years from 2005-2008 was not requested for inspection. Years from 2009-2012 was inspected and settled. 2013-2015 the objection was made in legal date. Years 2016-2019 not requested for inspection.

##### **Tiba for Trading and Distribution**

The company was not requested for inspection from beginning of its activity until 2008.

Year 2009-2012 was inspected and settled. Years 2013-2017 the estimated inspection of the period and the objection was made, and a decision was issued to re-examine the actual and ongoing inspection. Years 2018-2019 the declarations were submitted on the legal date and not requested for inspection.

##### **Al Marwa for Food Industries**

The company was inspected from the beginning of its operations till 2009 and settled till 2005. Years 2010-2013 the inspection is under process. Years 2014-2018 the objection was made in legal date. 2019 not requested for inspection.

##### **Inmaa for Agriculture Development and Reclamation**

The company not inspected yet.

##### **Inmaa for Livestock**

The company not inspected yet.

### Second: Salaries tax

#### Subsidiaries

	<b>Tax inspection ending date</b>
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. 2019the inspection not requested Year 2019 not inspected yet.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

Tiba for Trading and Distributing	- Inspection was performed from starting of activity till 2015 and differences settled. Year 2016/2019 waiting for inspection.
International Company for Modern Food Industries	- Tax inspection was performed from start of activity till 2016 and tax settled Year 2017-2019 under inspection.
The Egyptian Company for Food Industries "Egyfood"	- Tax inspection was performed till 2018 and tax differences settled. Year 2019 not inspected yet
Modern Concentrates Industrial Company	- Tax inspection was performed from start of activity till 2018 and tax settled Year 2019 not inspected yet.
Inmaa for Agriculture Development Co. and Biological Wealth	- Tax inspection was performed and settled till 2010. Years 2011 – 2015 was inspected and settled. Years 2016/2019 waiting for inspection.
Inmaa for livestock	From the beginning of activity till 2016 was inspected and settled. Years 2017/2019 waiting for inspection.
Inmaa for agriculture	-From the beginning of activity till 2019 was inspected and waiting for the results.
<b>Third: Stamp tax</b>	
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
International Company for Modern Food Industries	-Inspection has been performed and difference settled till 2018. Year 2019 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	- From the beginning of activity till 2012 was inspected and settled - Years 2013 – 2019 not inspected yet.
Modern Concentrates Industrial Company	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Inmaa for agriculture	Years till 2018 was inspected and settled, and 2019 was not inspected yet
Inmaa for livestock	- Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**Fourth: Value added tax (Sales tax)**

Egyptian Company for Dairy Products	- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015 Years 2016/2019 inspected and settled.
Al-Marwa for Food Industries	-Inspected and difference settled 2015 Years 2016/2019 waiting for forms.
International Company For Modern Food Industries	-The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 2017 Years 2018/2019 not inspected yet.
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 2015. Years 2016/2019 not inspected yet.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 2014 and differences settled. Years 2015/2019 waiting for forms.
Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 2013, preparing for tax inspection till 2019.
Inmaa for livestock	-The tax inspection performed from 15/3/2012 till 31/8/2016 Years 1/19/2016 till /2019 not inspected yet.
Inmaa for agricultural reclamation	-Inspected and difference is settled from beginning of activity till August 2016 Years 1/19/2016 till /2019 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	-The tax inspection performed till 2019

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**17 Inventories**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Raw materials	152 410 563	404 452 459
Packaging and packing materials	104 392 404	109 265 440
Finished goods	457 561 289	381 587 813
Spare parts and miscellaneous supplies	79 737 847	81 757 692
Goods in transit - L/C's for goods purchase	79 866 670	66 354 212
	<b><u>873 968 773</u></b>	<b><u>1 043 417 616</u></b>

**18 Trade and other receivables**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Trade receivables	216 445 863	205 713 019
Less: Expected credit losses	(13 469 889)	(10 443 933)
	<b><u>202 975 974</u></b>	<b><u>195 269 086</u></b>
Notes receivables	648 379	454 909
Suppliers – advance payments	19 381 202	35 701 049
Prepaid expenses	11 074 597	13 286 680
Export subsidy*	33 696 922	78 004 378
Tax Authority	46 495 494	50 670 468
Customs Authority	4 051 106	11 195 758
Deposits with others	9 284 122	8 286 693
Debtors- sales of PP&E	35 510 000	13 250 000
Other debit balances	15 902 936	12 131 356
	<b><u>379 020 732</u></b>	<b><u>418 250 377</u></b>
Less: Impairment in other debit balances	(18 856 710)	(4 106 710)
	<b><u>360 164 022</u></b>	<b><u>414 143 667</u></b>

\* The collection occurred during 2020 is EGP 60 784 026. The company continues to collect the outstanding balance with the Export Development Fund.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**19 Cash at bank and on hand**

	31/12/2020	31/12/2019
	L.E	L.E
Time deposits *	95 233 076	9 355 046
Banks – current accounts	70 617 916	80 032 416
Cheques under collection	3 137 987	-
Cash on hand	1 761 454	4 592 438
Cash in transit	11 792 105	2 737 767
	<u>182 542 538</u>	<u>96 717 667</u>

Cash and cash equivalent in cash flow

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

**20 Share capital**

	31/12/2020	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

Less:

- Nominal value of issued shares with a premium	(205 972 632)
- Issuance fees	(38 507 164)
- Legal reserve formed to reach 50 % of paid up capital	(350 398 732)
- Difference between the nominal value and the cost of own shares cancelled on 5/2/2012.	(73 580 254)

330 920 428**21 Loans**

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

	Long term loans		Total
	Current portion	Non-current	L.E
	L.E	L.E	
Commercial International Bank (CIB)	269 871 822	163 337 321	433 209 143
European Bank for Reconstruction & Development	7 272 727	-	7 272 727
HSBC bank	52 750 000	107 437 500	160 187 500
<b>Balance at 31/12/2020</b>	<u>329 894 549</u>	<u>270 774 821</u>	<u>600 669 370</u>
<b>Balance at 31/12/2019</b>	<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 and joint grantees.

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**22 Bank Credit facilities**

This balance amounted to L.E 276 599 740 as at 31/12/2020 (against L.E 398 940 324 as at 31/12/2019), represents the drawn down portion of the L.E 1.835 billion (of the group) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with collators

**23 Provision for claims**

Description	Balance at	Formed	Used during	Balance at
	01/01/2020	during the	the period	31/12/2020
	L.E	L.E	L.E	L.E
Provision for claims	16 474 211	58 490 324	(24 109 653)	50 854 882

**24 Creditors and other credit balances**

	31/12/2020	31/12/2019
	L.E	L.E
Suppliers	447 604 517	431 067 540
Dividends payable	13 961 437	8 010 192
Accrued expenses	115 123 034	111 322 991
PPE creditors	856 769	23 512 505
Tax authority	22 416 016	30 035 589
Deposits for others	2 492 161	2 026 274
Sales tax installments on the imported machineries and equipment (Note No. 25)	5 834 174	7 310 572
Social Insurance Authority	5 289 770	6 830 566
Due to health insurance	35 191 568	53 833 523
Advances from customers	7 846 177	12 356 384
Other credit balances	17 549 963	9 590 050
	<b>674 165 586</b>	<b>695 896 186</b>

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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**25 Other non-current liabilities**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
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 5 834 174 as at 31/12/2020 (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.	18 208 729	12 104 545
Fixed assets purchase premiums	-	10 859 758
	<u>18 208 729</u>	<u>22 964 303</u>

**26 Deferred tax liabilities**

Deferred tax liability amounted to L.E 286 882 065 on 31/12/2020 representing net book value of taxable assets and liabilities:

**-Deferred Tax (Lease Contracts)**

	<b>Balance</b>	<b>Balance</b>
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Deferred tax liability	(5 443 057)	(6 741 399)
Deferred tax asset	1 737 533	4 591 541
Deferred asset/ liability (Lease contracts)	<u>(3 705 524)</u>	<u>(2 149 858)</u>
Deferred tax liability from fixed assets	(283 176 541)	(273 759 617)
Total deferred tax liability	<u>(286 882 065)</u>	<u>(275 909 475)</u>
	<b>Balance on</b>	<b>Balance on</b>
	<b>1/1/2020</b>	<b>30/9/2020</b>
	<b>L.E</b>	<b>L.E</b>
Deferred tax liability	<u>275 909 475</u>	<u>286 882 065</u>
	<b>Movement during</b>	<b>Movement during</b>
	<b>the period</b>	<b>the period</b>
	<b>L.E</b>	<b>L.E</b>
	<u>10 972 590</u>	<u>10 972 590</u>



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

Notes to the consolidated financial statements for the Financial Year ended 31 December 2020

**27 Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2020 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution % 30/9/2020	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
<b><u>Company under joint control</u></b>			
Arju Company for Food Industries*	50.75 % under joint control	50.75 % under joint control	Egypt

\*Arju Food Industries was established on the basis of an agreement between Juhayna Food Industries and Arla Food Industries, which aims to sell Arla's products using the Juhayna Group distribution network through Tiba for Trading and Distribution (a subsidiary of Juhayna Group) and the agreement stipulated that Arju will produce cheese from the product of Puck (the brand owned by Arla Industries) This is through the Egyptian Company for Dairy Products (a subsidiary of Juhayna Group) and at present the two parties are studying alternatives to production in 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

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by the Company. The Company's Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

#### **Credit risk**

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

#### **Trade and other receivables**

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

#### **Credit risk**

##### **Exposure to credit risk**

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

	Note	Carrying amount	
		31/12/2020	31/12/2019
		L.E	L.E
Trade and other receivables	(18)	264 845 903	260 986 383

#### **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 283 756 153 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:

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		<b>Carrying amount</b>	<b>Contractual cash flows</b>
		L.E	L.E
Banks - credit facilities	(22)	276 599 740	(122 340 584)
Total loans	(21)	600 669 370	(367 748 765)
Finance lease – liabilities	(29-1)	86 144 943	(10 976 121)
Operating lease – liabilities	(29-2)	460 338 859	-

**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:

	<b>USD</b>	<b>Euro</b>
Trade and other receivables	1 477 960	59 613
Cash at banks and on hand	3 790 514	72 444
Creditors and other credit balances	(15 492 546)	(894 257)
<b>31 December 2020</b>	<b>(10 224 072)</b>	<b>(762 200)</b>
<b>31 December 2019</b>	<b>(5 088 292)</b>	<b>(477 756)</b>

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

	Average rate		Closing Rate	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
USD	15.85	16.78	15.78	16.09
Euro	18.16	18.80	19.36	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.

**Capital management**

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

	31/12/2020	31/12/2019
	L.E	L.E
Total liabilities	2 232 458 733	2 590 486 794
Less: cash at bank and on hand	(182 542 538)	(96 717 667)
<b>Net debt</b>	<b>2 049 916 195</b>	<b>2 493 769 127</b>
Total equity	2 903 273 852	2 727 039 491
<b>Net debt to equity ratio</b>	<b>71%</b>	<b>91.45%</b>

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

**29 Lease contracts****29-1 Liabilities arising from lease contracts****- Lease contracts (Sale and lease back)**

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 m<sup>2</sup>. The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Contract value		Contract period	Purchase value at end of contract	Quarterly Installment value
	Contractual value	Accrued interest			
	L.E	L.E			
Contract from 24/3/2016 to 23/3/2025	125 000 000	120 728 031	Months 120	L.E 1	L.E 5 838 578

- In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 on leasing contracts, the initial application date of this standard is the beginning of the annual reporting period in which the Finance Leasing Law No. 95 of 1995 was amended and the Financial Leasing and Factoring Law No.

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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).

**Lease contract liabilities**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Liabilities from lease contract current portion	14 255 047	11 597 450
Long-term liability from lease contract non-current portion	71 889 896	87 201 810
	<b>86 144 943</b>	<b>98 799 260</b>

**Lease contracts liabilities are as follows:**

	<b>Payment of liability principal</b>		<b>Payment of accrued interest</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>
Liabilities for one year	14 255 047	11 597 450	6 990 979	11 756 700
Liabilities between 1-5 years	71 889 896	87 201 809	12 974 210	29 569 749

**29-2 Operating Lease contract liabilities**

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

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>L.E</b>	<b>L.E</b>
Buildings, Warehouses and stores	59 247 345	-
Amortization during the ended period	(14 921 683)	-
<b>Net book value</b>	<b>44 325 662</b>	<b>-</b>

During the period ended at 31-12-2020 the group has been charged by 4 150 373 as an interest resulted from the renting contracts.

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**Operation lease contract liability**

	31/12/2020	31/12/2019
	L.E	L.E
Liabilities from lease contract current portion	9 511 310	-
Long-term liability from lease contract non-current portion	36 522 549	-

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

	Liabilities in present value		Accrued interest	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities for one year	9 511 310	-	4 254 794	-
Liabilities between 1-5 years	33 571 606	-	7 974 662	-
Liabilities more than 5 years	2 950 943	-	1 403	-

**30 Contingencies**

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company has given guarantees on 31/12/2020 amounting to LE 4 029 436 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 61 210 543 on 31/12/2020.

**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 Board of Director's remuneration**

The total allowances received by the board of directors during the period amounted to LE 11 875 000

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**32-2 Due to related parties**

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

**33 Income tax – current**

	Financial Year 31/12/2020 L.E	Financial Year 31/12/2019 L.E
Income tax at the beginning of the year	103 663 033	51 136 832
Prior period Tax differences	-	(1 333 281)
Income tax expense	192 965 593	103 663 033
Investment tax on dividends	43 393 554	(21 491 918)
Taxes paid during the year	(147 056 587)	(71 295 469)
Accrued interest income on the tax advances	(36 033)	
	<u>192 929 560</u>	<u>103 663 033</u>

**34 Goodwill**

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

**35 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 Year 31/12/2020 L.E	Financial Year 31/12/2019 L.E
Parent Company's share in profit	428 376 245	328 676 436
Weighted average number of shares	941 405 082	941 405 082
EPS (L.E/Share)	<u>0.46</u>	<u>0.35</u>

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

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### 36 Significant events

#### 36-1 Events at the end of the fiscal year

- On December 2, 2020, Safwan Thabet, Chairman of the Company, was detained for investigations that is related to him in person but had nothing to do with the Group or its business activity.
- On December 8, 2020, the Board of Directors was held, and Mr. Mohammed Abdullah El Dogheim became the Chairman and Engineer Safwan Thabet became a board member.

#### 36-2- Subsequent events to the end date of fiscal year:

- On January 19, 2021, the Board of Directors was held and accepted the resignation of Engineer /Safwan Thabet from the membership of the board of directors and appointing Mr. Ahmed Elwakeel as a board member. The company's commercial register was amended with changes.
- On February 2, 2021, Mr. Seif Thabet - CFO of Juhayna and Chairman of the Board of Directors of the companies (The Egyptian Dairy Products / The Egyptian Food Industries "Egyfood" / The International Modern Food Industries / Tiba for Trade and Distribution / Al Marwa Food Industries / The Modern Concentrates Industry) was detained for investigations that is related to him in person and had nothing to do with the Group or its business activity
- On February 21, 2021, the Boards of Directors of the following subsidiaries ( El Masreya Dairy for dairy product Company , Egyptian Company for Food Industries (Egyfood), International Company for Modern Food Industries (El-Dawleya) , Tiba for Trade and Distribution, Al Marwa for Food Industries, Modern Concentrates Manufacturing Company), were held and Mr. Ahmed Al-Amin was appointed as Vice Chairman having the same powers and terms of references as that of the Chairman and the resignation of Engineer/ Safwan as a BOD member of these companies was accepted .The minutes of the Board of Directors were approved by the General Authority for Investment and Free Zones (GAFI) and annotation was made to the effect of these changes in the commercial register of these companies except for Tiba Company, since this matter requires obtaining security approvals from the National Authority for the Development of the Sinai Peninsula (SDA)as this Company owns a sales branch in Sinai at (Al-Tur City), in addition to Modern Concentrates Manufacturing Company due to holding another BOD Meeting for this company on June 6, 2021, which was approved by the General Authority for Investment and Free Zones (GAFI) and annotation is being done in the commercial register to this effect.
- On March 7, 2021, the Board of Directors of Juhayna Food Industries Company formed an ad hoc steering committee to take decisions regarding the duties assigned to the managing director. This Committee is comprised of four of the company's general managers; namely (General Manager of the financial Sector - General Manager of the Logistics Sector - Head of the Offshore Markets and Export Sector - General Manager of Tiba for Trade and Distribution Company). On 1 September 2021 the General Manager of Tiba for Trade and Distribution Company has resigned.
- As of April 2021, the Company encountered the issue of withdrawing the licenses of some cars and vehicles used in transporting its products, and not renewing the expired licenses by the Sixth of October Traffic Department (Giza Governorate). The company



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took legal measures as a grievance was filed to the competent authorities and the Company resorted to the judiciary - the Court of State Council (by virtue of lawsuit No. 59508 for judicial year No. 75) in order to keep the rights of the company and revoke this resolution taken to the detriment of the company. The cars which ceased to render the transportation service for these reasons until this date reached 400 cars. The company has replanned, distributed, integrated some sales routes and relied on the leased cars to continue the sale process without any impact thereon.

- On June 6, 2021, the Board of Directors was held to accept the resignation of Mr. Yasser Suleiman Hesham Al-Malwani from the BOD membership and the appointment of Mr. Jean-Anders Lindh Green, a member of the Board of Directors and annotation was made in the Commercial Register to this effect.
- Subsidiaries have financial debt covenants "financial indicators" in respect of the medium-term loans granted thereto and the subsidiaries obtained a waiver from banks in respect of the breach of the debt covenants "financial indicators" on December 31, 2020.
- The limits of the credit facilities whose date of renewal fell due before December 31, 2020, or during the period subsequent to the fiscal year ending on this date and which have not been renewed until this date amounted to EGP 375 million and an amount of EGP .68 million was used therefrom. The companies obtained the banks' approval in respect of continuing to receive these facilities until the issuance of financial statements for 2020 and annotation is made in the commercial register of (Tiba for Trade and Distribution Company and Modern Concentrates Manufacturing Company) to the effect of the completion of the renewal procedures.
- - The Company (from the beginning of these events until this date) continues to practice its normal course of business activity (producing, marketing, selling, and distributing dairy products, juices, coolers and distribution to third parties as well as dealing with suppliers, customers, banks, governmental and non-governmental bodies.

### 37 Covid-19 impact

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).