

Translation from Arabic

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

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Public Accountants and Consultants
A member of Grant Thornton international
87 Ramsis St., Cairo**

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate 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 separate statement of financial position of Juhayna Food Industries S.A.E as of 31 December 2020, and the related separate 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 separate financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risk of material misstatement of the separate 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 separate 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 separate 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 separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Juhayna Food Industries S.A.E as of 31 December 2020, and of its separate 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 separate financial statements.

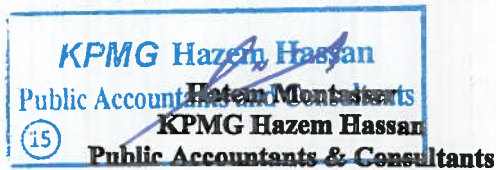
Emphasis of the matter

We draw attention to note No. 28 of the separate financial statements, which describes the effect of major events to the company during the financial year ended 31 December 2020 and the subsequent period.

Report on Other Legal and Regulatory Requirements

The company maintains proper books of accounts, which include all that is required by law and the status of the company, and the separate financial statements are in agreement there to.

The financial information included in the Board of Directors' report prepared in accordance with law No. 159 of 1981 and its executive regulation, are in agreement with the Company's books of account.



Cairo, 15 September 2021

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

Translated from Arabic

	Note no.	31/12/2020 L.E	31/12/2019 L.E
Assets			
Non-current assets			
Property, plant and equipment	(11)	163 685 076	168 763 032
Projects under construction	(13)	2 558 905	2 034 411
Investment in subsidiaries and under joint control companies	(12-1), (12-2)	2 253 491 193	2 253 491 193
Paid on account of investment	(12-4)	20 000 000	-
Total non-current assets		2 439 735 174	2 424 288 636
Current assets			
Debtors and other debit balances	(16)	3 475 630	4 892 798
Due from related parties	(26-2)	507 629 982	401 582 652
Cash at banks and on hand	(17)	1 516 023	18 627 976
Total current assets		512 621 635	425 103 426
Total assets		2 952 356 809	2 849 392 062
Equity			
Issued and paid up capital	(18)	941 405 082	941 405 082
Legal reserve		439 752 945	421 358 503
General reserve - share issuance premium	(18-1)	330 920 428	330 920 428
Retained earnings		1123 787 823	964 311 419
Total equity		2 835 866 278	2 657 995 432
Non-current liabilities			
Lease contract liabilities-non current portion	(25-1)	71 889 896	87 201 809
Deferred tax liabilities	(14-2)	7 629 604	5 044 914
Other liabilities	(23)	-	102 282
Total non-current liabilities		79 519 500	92 349 005
Current liabilities			
Provisions	(21)	1 301 363	1 943 367
Credit facilities	(20)	-	67 984 317
Suppliers and other credit balances	(22)	9 022 981	12 915 703
Lease contract liabilities-current portion	(25-1)	14 225 047	11 597 450
Due to related parties	(26-3)	-	529 438
Income tax Liabilities		12 421 640	4 077 350
Total current liabilities		36 971 031	99 047 625
Total liabilities		116 490 531	191 396 630
Total equity and liabilities		2 952 356 809	2 849 392 062

The notes from no. (1) to no.(29) are an integral part of these separate financial statements and should be read there to.

Chief Financial Officer
Sameh El-hodaiby

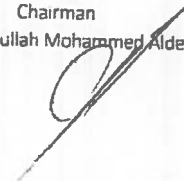


Cairo, 15 September 2021

" Auditor's report attached"

Chairman

Mohammed Abdullah Mohammed Aldeghaim



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

Translated from Arabic

		2020	2019
	Note no.	L.E	L.E
Revenue from Investment in subsidiaries	(5)	487 923 000	419 843 350
Other revenues	(6)	4 918 135	3 558 397
General and administrative expenses	(7)	(2 834 991)	(5 190 433)
Other Operating expenses	(9)	(1 986 234)	(1 965 404)
Gain from operating activities		488 019 910	416 245 910
Net finance expenses	(10)	452 688	(20 863 206)
Net profit for the year before income tax		488 472 598	395 382 704
Income tax	(14-1)	(55 815 195)	(25 069 518)
Deferred tax (expense)	(14-2)	(2 584 690)	(2 424 353)
Net profit for the year after tax		430 072 713	367 888 833
Earning per share for the year (L.E /share)	(19)	0.379	0.323

The notes from no. (1) to no.(29) are an integral part of these separate financial statements and should be read there to.

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

Translated from Arabic

	2020	2019
	L.E	L.E
Net profit for the year after tax	<u>430 072 713</u>	<u>367 888 833</u>
Total other comprehensive income for the year	<u>430 072 713</u>	<u>367 888 833</u>

The notes from no. (1) to no.(29) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Statement of changes in equity
For the financial year ended 31 December 2020

Translated from Arabic

	Note no.	Issued & paid up capital		Legal Reserve		General reserve- issuance premium		Retained earnings		Total	
		L.E.		L.E.		L.E.		L.E.		L.E.	
Balance as of 1 January 2019		941 405 082		406 271 820		330 920 428		850 717 791		2 529 315 121	
Legal reserve formed		-	15 086 683	-	-	-	-	(15 086 683)	-	-	-
Dividends to shareholders		-	-	-	-	-	-	(188 281 016)	-	(188 281 016)	-
Dividends to employees and board of directors		-	-	-	-	-	-	(50 927 506)	-	(50 927 506)	-
Total other comprehensive income for the financial year ended 31 December 2019		-	-	-	-	-	-	367 888 833	-	367 888 833	-
Balance as of 31 December 2019		941 405 082		421 358 503		330 920 428		964 311 419		2 657 995 432	
Balance as of 1 January 2020		941 405 082		421 358 503		330 920 428		964 311 419		2 657 995 432	
Legal reserve formed		-	18 394 442	-	-	-	-	(18 394 442)	-	-	-
Dividends to shareholders		-	-	-	-	-	-	(188 281 016)	-	(188 281 016)	-
Dividends to employees and board of directors		-	-	-	-	-	-	(63 920 851)	-	(63 920 851)	-
Total other comprehensive income for the financial year ended 31 December 2020		-	-	-	-	-	-	430 072 713	-	430 072 713	-
Balance as of 31 December 2020		941 405 082		439 752 945		330 920 428		1 123 787 823		2 835 866 278	

The notes from no. (1) to no.(29) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)

Translated from Arabic

Statement of cash flows

For the financial year ended 31 December 2020

	Note no.	31/12/2020 L.E.	31/12/2019 L.E.
Cash flows from operating activities			
Net profit for the year before income tax		488 472 598	395 382 704
Adjustments :			
PP&E depreciation	(11)	8 362 319	8 692 434
Capital gain from sale of fixed assets	(6)	(1 621 810)	(793 954)
Credit interests	(10)	(604 054)	(457 303)
Finance interests and expenses	(10)	14 052 361	31 752 853
Forex loss	(10)	151 366	792 762
		<u>508 812 780</u>	<u>435 369 496</u>
Changes in:			
Debtors and other debit balances		1 417 168	3 841 157
Due from related parties		(106 047 330)	(119 417 328)
Suppliers and other credit balances		(3 995 004)	440 306
Impairment of other debtors	(9)	-	1 223 845
Provisions formed	(21)	233 875	315 000
Provisions	(21)	(875 879)	(2 787 780)
Impairment other debtors		-	(1 223 845)
Due to related parties		(529 438)	529 438
		<u>399 016 172</u>	<u>318 290 289</u>
Collected credit interests		604 054	457 303
Finance interests and expenses paid		(14 052 361)	(31 752 853)
Dividends paid to board of directors and employees		(63 920 851)	(50 927 506)
Income tax paid		(47 470 905)	(10 749 601)
Net cash flows resulted from operating activities		<u>274 176 109</u>	<u>225 317 632</u>
Cash flows from investing activities			
Acquisition of PP&E and projects under construction	(11)	(4 010 039)	(14 032 603)
Proceeds from sale of fixed assets		1 822 992	793 954
Net cash flows (used in) investing activities		<u>(2 187 047)</u>	<u>(13 238 649)</u>
Cash flows from financing activities			
Collected/paid from bank facilities	(20)	(67 984 317)	4 485 808
Payment of finance lease liability		(12 684 316)	(10 728 386)
(Paid) under investment		(20 000 000)	-
Dividends paid to shareholders		(188 281 016)	(188 281 016)
Net cash flows (used in) financing activities		<u>(288 949 649)</u>	<u>(194 523 594)</u>
Net change in cash and cash equivalents during the period		<u>(16 960 587)</u>	<u>17 555 389</u>
Net Change in foreign currency		<u>(151 366)</u>	<u>(792 762)</u>
Cash and cash equivalents at 1 Jan		<u>18 627 976</u>	<u>1 865 349</u>
Cash and cash equivalents at 31 December 2020	(17)	<u>1 516 023</u>	<u>18 627 976</u>

The notes from no. (1) to no.(29) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the 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) of 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.

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

The address of the Company's registered office is Building no.2- Polygon- Sodic West- Sheikh Zayed, Giza. Mr. Mohamed Abdallah Mohamed Aldeghaim "Saudi nationality" is the Chairman of the Board of Directors.

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

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

2 Basis of preparation

2-1 Statement of compliance

- The financial statements have been prepared in accordance with Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.
- The financial statements were authorized for issuance by the Board of Directors on 15 September 2021

2-2 Basis of measurement

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

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

- Note (16) : Impairment of other debit balances.
- Note (21) : Provisions
- Note (14) : Deferred tax liabilities and assets

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements except explanation note No. (3-16).

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

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

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

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

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

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

3-2-2 Investment under joint control

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

Non-derivative financial liabilities

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

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

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

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

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

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

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (Note 11).

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

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

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 for the current and comparative years are as follows:

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

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

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

3-5 Projects under construction

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

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

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

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

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

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

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

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 lease contracts (sale and lease back):

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

- **In case of the transfer of asset that is not sale transaction:**
The entity (lessee) must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

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

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

Non-financial assets

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

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

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

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

3-8 Advantages of Pensions

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

3-9 Provisions

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

Notes to the financial statements for the financial year ended 31 December 2020**3-10 Revenue****Dividends revenue from subsidiaries**

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

Rental income

Rental income from other assets is recognized in other income.

3-11 Finance income and finance costs

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

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

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

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

3-12 Income tax

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

Current income tax:

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

Deferred tax:

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

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

3-13 Legal reserve

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

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

3-14 End of service benefits

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

3-15 Transactions with related parties:

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

3-16 New Accounting Standards & Restated

- On 18 March 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:
- The Financial Regulatory Authority decided in its declaration on 12 April, 2020 to postpone the application of the new Egyptian accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the periodic (quarterly) financial statements that will be issued during the year 2020 that companies implement these standards and these amendments in the annual financial statements of these companies at the year end, also disclosing in the quarterly statement during the year 2020. The prime minister decision number 1871 for the year 2020 dated 17 September 2020 included replacing first of January 2020 by first of January 2021 in the Egyptian accounting standards number 47, 48, and 49.
- Juhayna Food Industries has implemented early for each of the new Egyptian Accounting Standard No. (47) financial instruments, and a new Egyptian Accounting Standard (49) leasing contracts.

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	Standard No. (47) comprise revised stipulations regarding classification and measurement of financial instruments. Including a new model of expected credit losses for the purposed of calculating impairment of financial assets. The revised model requires the recognition of impairment to be based in expected credit losses rather than the basis of triggering events for credit losses.	Standard No. (47) does not have a significant impact on the classification of and measurement of financial assets of the company. Also does not have impact on financial liabilities for the company.	This standard applies to financial years beginning on or after 1 st of January 2021, provided that the amended Egyptian Accounting Standards (1), (25), (26) and (40) are simultaneously applied. -These ammendments are effective as of the date of implementing Standard No. (47)
The new Egyptian	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersed	The amendment of the standard on the	This standard No. (49) applies to

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

Accounting Standard No. (49) "Lease Contracts	<p>Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating one or finance lease contracts.</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>	financial statements is implemented.	financial years beginning on or after 1 st of January 2021, Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20,"Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subject to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting year in which Law No. (95) of 1995 was cancelled and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (22) as ammended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	Has no effective on the company.	This amendment is introduced and shall apply to financial years beginning on or after 1 st of January 2020.

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

4- Determination of fair value

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

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

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

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

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

4-1 Non-derivative financial liabilities

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

5 - Revenue from Investment in subsidiaries

	2020	2019
	L.E	L.E
Egyptian Company for Dairy Products	204 979 500	78 492 150
Egyptian Company for Food Industries (Egyfood)	155 968 800	153 969 200
Tiba For Trading and Distribution	13 986 000	36 463 500
Eldawlya For Modern Food Industries	112 988 700	67 993 200
Al-Marwa For Food Industries	-	82 925 300
	487 923 000	419 843 350

6 Other revenues

	2020	2019
	L.E	L.E
Income from rental assets to subsidiaries	2 640 000	2 640 000
Gain from sale of fixed assets	1 621 810	793 955
Refund of services fees	-	124 442
Other revenues	656 325	-
	4 918 135	3 558 397

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

7 General and administrative expenses

	2020	2019
	L.E	L.E
Salaries and wages (Note 26-1)	73 652 795	64 481 986
Depreciation expenses	8 364 319	8 703 126
Subscription and licenses fees	856 332	564 455
Other administrative expenses	15 628 670	15 610 404
Expense charged to subsidiaries*	(95 667 125)	(84 169 538)
	2 834 991	5 190 433

* The amount of L.E 95 667 125 of general and administrative expenses was deducted and charged to subsidiaries (note 27).

8 Board of Directors remunerations

	2020	2019
	L.E	L.E
Board of directors' remunerations	795 000	1 095 000
Expenses charged to subsidiaries*	(795 000)	(1 095 000)
	-	-

* The amount of L.E 795 000 of board of directors' remunerations expenses was deducted as of 31 December 2020 (2019: L.E 1 095 000) and charged to subsidiaries (note 27).

9 Other operating expenses

	2020	2019
	L.E	L.E
* Provisions for claims	233 875	315 000
Impairment of debit balances	-	1 223 845
Property tax	1 441 924	169 709
Health insurance contribution	12 147	256 850
End of service	18 288	-
Donations	280 000	-
	1 986 234	1 965 404

* A provision is 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. The management reviews these provisions periodically and adjusts the amount of the provision according to the latest updates, discussions and agreements

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

10 Net finance expenses

	2020	2019
	L.E	L.E
Interest expense	(14 052 361)	(31 752 853)
Interest income	604 054	457 303
Gain/ Loss from Foreign currency exchange	(151 366)	(792 762)
Expenses Charged to subsidiary companies*	14 052 361	11 225 106
	<u>452 688</u>	<u>(20 863 206)</u>

* The amount of L.E 14 052 361 of finance expenses was deducted and charged to subsidiaries (note 27)

Juhayna Food Industries

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

Translated from Arabic

11-Property, plant, and equipment

Description	Lands		Buildings & constructions		Buildings and constructions result from lease		Machineries & equipments		Transportation & transport vehicles		Tools		Office furnitures & equipments		Computers		Total	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as of 1/1/2019	13 237 982	111 973 490	44 387 809	1 160 409	5 520 826	4 452 645	5 550 047	61 868 451	248 151 659									
Additions	-	49 305	-	-	811 404	25 555	315 338	10 919 658	12 121 260									
Disposals	-	-	-	-	(932 687)	-	-	(9 997)	(942 684)									
Cost as of 31/12/2019	13 237 982	112 022 795	44 387 809	1 160 409	5 399 543	4 478 200	5 865 385	72 778 112	259 330 235									
Additions	-	-	-	-	-	-	12 422	3 473 123	3 485 545									
Disposals	-	(316 000)	-	-	(773 000)	-	-	(621 325)	(1 710 325)									
Cost as of 31/12/2020	13 237 982	111 706 795	44 387 809	1 160 409	4 626 543	4 478 200	5 877 807	75 629 910	261 105 455									
Accumulated depreciation as of 1/1/2019	-	2 657 802	9 765 318	1 160 409	5 226 697	4 350 478	2 791 178	56 865 571	82 817 453									
Depreciation for the year	-	2 240 210	887 756	-	312 197	18 062	326 391	4 907 818	8 692 434									
Depreciation of disposals	-	-	-	-	(932 687)	-	-	(9 997)	(942 684)									
Accumulated depreciation as of 31/12/2019	-	4 898 012	10 653 074	1 160 409	4 606 207	4 368 540	3 117 569	61 763 392	90 567 203									
Depreciation	-	2 235 189	887 756	-	184 781	21 256	350 397	4 682 940	8 362 319									
Depreciation of disposals	-	(114 818)	-	-	(773 000)	-	-	(621 325)	(1 509 143)									
Accumulated depreciation as of 31/12/2020	-	7 018 383	11 540 830	1 160 409	4 017 988	4 389 796	3 467 966	65 825 007	97 420 379									
Net book value as of 31/12/2020	13 237 982	104 688 412	32 846 979	-	608 555	88 404	2 409 841	9 804 903	163 685 076									
Net book value as of 31/12/2019	13 237 982	107 124 783	33 734 735	-	793 336	109 660	2 747 816	11 014 720	168 763 032									

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

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

12- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Total investment cost	Impairment in the value of investment as at		Net Investment	
								31/12/2020	31/12/2020	31/12/2020	31/12/2020
			%	L.E.	L.E.	%	L.E.	L.E.	L.E.	L.E.	L.E.
(12-1) Investment in subsidiary companies											
Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	359 911 533	359 911 533
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	499 950 000	499 950 000
The Egyptian Company For Food Industries "Egyfood"	SAE	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	386 893 852	386 893 852
Tiba for Trading and Distribution	SAE	1 998 000	99.90	100	199 800 000	100	199 800 000	-	199 800 000	199 800 000	199 800 000
Al-Marwa for Food Industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	196 815 808	196 815 808
Enmaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	599 970 000	599 970 000
(12-2) Investment in under joint companies											
Arju For Food Industries**	SAE	1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	10 150 000	10 150 000
Balance as at 31 December 2020					<u>2 209 658 000</u>		<u>2 253 491 193</u>	<u>-</u>	<u>2 253 491 193</u>	<u>2 253 491 193</u>	<u>2 253 491 193</u>
(12-3) Investments available for sale											
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-	-
Balance as at 31 December 2020					<u>100 000</u>		<u>100 000</u>	<u>(100 000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(12-4) Paid on account of investment											
Tiba for Trading and Distribution	SAE	2 000 000	100	100	200 000 000	10	200 000 000	-	20 000 000	20 000 000	20 000 000
Balance as at 31 December 2020					<u>200 000 000</u>		<u>200 000 000</u>	<u>-</u>	<u>20 000 000</u>	<u>20 000 000</u>	<u>20 000 000</u>

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

** Arju Food Industries was established on the basis of an agreement between Juhayna Food Industries and Arja Food Industries, which aims to sell Arja'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 Arja 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

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

13 Projects under constructions

	31/12/2020	31/12/2019
	L.E	L.E
Software programs	2 558 905	2 034 411
	<u>2 558 905</u>	<u>2 034 411</u>

14 Income tax expenses

Income tax expense for year

	2020	2019
	L.E	L.E
Dividends tax	(43 393 555)	(20 992 168)
Income tax	(12 421 640)	(4 077 350)
Deferred tax (expense) from lease contract	(1 555 664)	(961 550)
Deferred tax (expense)/income	(1 029 026)	(1 462 803)
	<u>(58 399 885)</u>	<u>(27 493 871)</u>

(14-1) Reconciliation of effective tax rate

	2020	2019
	L.E	L.E
Profit for the period before income tax	488 472 598	395 382 704
Profit before tax		
Income tax using the Company's domestic tax rate (22.5%)	109 906 334	88 961 109
Taxes on expenses unrecognized by law	52 622	346 240
Tax on revenue exempted by law	(98 804 408)	(89 741 516)
Other adjustments	1 267 091	4 511 517
Dividends tax	43 393 555	20 992 168
Income Tax	<u>55 815 195</u>	<u>25 069 518</u>
Effective tax rate	<u>11.43%</u>	<u>6.34%</u>

(14-2) Deferred tax liabilities

Deferred tax assets and liability arising from lease contract

	31/12/2020	31/12/2019
	L.E	L.E
Deferred tax liabilities	(5 443 055)	(6 741 399)
Deferred tax assets	1 737 533	4 591 541
	<u>(3 705 522)</u>	<u>(2 149 858)</u>
Deferred tax liability and assets		
Fixed Assets (Liability)	(3 924 082)	(2 895 056)
Total deferred tax liability	<u>(7 629 604)</u>	<u>(5 044 914)</u>

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

Deferred tax movement

	1/1/2020	Deferred tax (expense) for the year ended 31/12/2020	31/12/2020
	L.E	L.E	L.E
Total Deferred tax liability	5 044 914	2 584 690	7 629 604

15 Tax status

1 Corporation tax

The corporate tax due from the Company is an annual tax according to income tax law No. 230 for the year 89 and adjusted to income tax law No. 8 for the year 97.

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 2018

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

Year 2019

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

2 Payroll tax

The period from the beginning of operation till year 2016

The tax inspection is performed, differences are settled, and all tax inspection were paid.

Year 2017/2019

These tax years are preparing for inspection.

3 Stamp tax

The period from the beginning of operation till 2016

The tax inspection is performed, differences are settled, and all tax inspection were paid.

Year 2017/2018

The tax inspection is performed and working on internal committee in the center.

Year 2019

Not asked for tax inspection.

4 Sales tax / Value added tax

The period from the beginning of operation till 2012

The tax inspection is performed, differences are settled, and all tax inspection were paid.

From 2013 to 2018

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

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

The tax inspection is performed, and payment was settled.

Year 2019

Not asked for tax inspection.

5 Withholding tax

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

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

16 Debtors and Other debit balances

	31/12/2020	31/12/2019
	L.E	L.E
Suppliers – advance payments	61 831	347 149
Prepaid expenses	2 152 797	3 355 811
Letter of guarantees margin	25 398	25 398
Deposits with others	247 708	377 794
Other debit balances	1 087 896	886 646
	<u>3 575 630</u>	<u>4 992 798</u>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<u>3 475 630</u>	<u>4 892 798</u>

17 Cash at banks and on hand

	31/12/2020	31/12/2019
	L.E	L.E
Banks – current accounts	1 257 130	18 432 576
*Time deposits	-	120 749
Cash on hand	258 893	74 651
	<u>1 516 023</u>	<u>18 627 976</u>

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

18 Capital

Authorized capital

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

Issued and paid up capital

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

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

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

18-1 General reserve - issuance premium

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

Collected from issuance premium of 205 972 632 shares during the year 2010 999 379 210

Less:

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

General reserve balance 330 920 428

19 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit 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 :

	2020 L.E	2019 L.E
Net profit according to profit or loss statement	430 072 713	367 888 833
Less:		
Employees share (Estimated)	(40 856 908)	(36 119 935)
Board of directors (Estimated)	(32 064 192)	(27 800 916)
Net payable to shareholders	357 151 613	303 967 982
Weighted average to number of shares	941 405 082	941 405 082
EPS (L.E/Share)	0.379	0.323

20 Credit facilities

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

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

21 Provision

Description	Balance on 1/1/2020 L.E	Provision formed L.E	Provision used L.E	Balance on 31/12/2020 L.E
*Provision for claims	1 943 367	233 875	(875 879)	1 301 363

* A provision is 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. The management reviews these provisions periodically and adjusts the amount of the provision according to the latest updates, discussions and agreements

22 Suppliers and other credit balances

	31/12/2020 L.E	31/12/2019 L.E
Suppliers	3 925 526	7 506 170
Accrued expenses	1 859 298	1 106 775
Taxes- tax authority	1 430 421	1 322 074
Taxes-Value added tax	765 613	1 477 262
Deposit to others	15 151	15 151
Sales tax installments on the imported machineries and equipment-short term	102 282	102 282
Dividends payable	36 417	27 337
Accrued health insurance	12 165	671 363
Social Insurance Authority	231 747	269 005
Other credit balances	644 361	418 284
	9 022 981	12 915 703

23 Other liabilities

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

24 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.

Notes to the financial statements for the financial year ended 31 December 2020**Risk management framework**

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

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

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

Credit risk

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

Credit risk**Exposure to credit risk**

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

	Carrying amount	
	31/12/2020	31/12/2019
	L.E	L.E
Debtors and other debit balances	3 475 630	4 892 798
Due from related parties	507 629 982	401 582 652

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 sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company is keeping the following credit process:

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

	31/12/2020	31/12/2019
	L.E	L.E
Credit facilities	-	67 984 317
Suppliers and other credit balances	9 022 981	12 915 703
lease contract liabilities	86 114 943	98 799 259

Notes to the financial statements for the financial year ended 31 December 2020**Market risk**

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

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

Currency risk

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

Foreign currency risk**Exposure to currency risk**

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

	USD	Euro
Debtors and other debit balances	141 035	949
Cash at bank and on hand	6 619	1 446
Creditors & other credit balances	(3 932)	-
31 December 2020	143 722	2 395
31 December 2019	5 807	1 525

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	31/12/2020	31/12/2019	2020	2019
USD	15.85	16,78	15.78	16,09
Euro	18.16	18.80	19.36	18,07

Capital management

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

	31/12/2020	31/12/2019
	L.E	L.E
Total liabilities	116 490 531	191 396 630
Less: cash at banks and on hand	(1 516 023)	(18 627 976)
Net debt	114 974 508	172 768 654
Total equity	2 835 866 278	2 657 995 432
Net debt to equity ratio	% 4.1	% 6.50

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

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

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

On 23/3/2016 the Company signed a contract with regard to a sale & lease back for a land (including the building built thereon), for land located on plot no. 21 of the Crazy Water's Corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Lease value		Lease period	Purchase value at end of contract	Quarterly lease value rounded
	Contractual value	Accrued interest	Months	L.E	L.E
	L.E	L.E			
Contract from 24/3/2016 To 23/3/2026	125 000 000	108 256 482	120	1	5 304 007

- In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 for leasing contracts, the initial application date for this standard is the beginning of the annual report period in which the financial leasing law No. 95 of 1995 and its amendments has been canceled and the law regulating financial leasing no. 176 for the year 2018 in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with Egyptian accounting standard no. (20) (Standards for Financial Leasing Transactions) which resulted in the following:
- The company made an agreement with Tiba For Trading and Distribution Company -Subsidiary company- with a percentage of 99,9% for leasing the administrative building of the subsidiary company with a monthly rental value with a total amount of L.E 1 980 000 during the financial period ended 31 December 2020 (An amount of L.E 1 980 000 during the period ended 31 December 2020).
- The finance interests of the lease contract amounted to L.E 10 111 110 during the financial period ended 30 December 2020.

25-1 Loan (arising from lease contract)

	31/12/2020	31/12/2019
	L.E	L.E
Liabilities From lease contract (current portion)	14 225 047	11 597 450
Long-term liability from lease contract (non-current portion)	71 889 896	87 201 809
Total	86 114 943	98 799 259

Payment of lease contracts liabilities are as follows:

	Loan principal		Accrued interest	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities during one year	14 225 047	11 597 451	6 990 979	11 756 700
Liabilities between 1-5 years	71 889 896	87 201 809	12 974 210	6 974 929

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

26 Related party transactions

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

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

26-1 Executive wages & Salaries

	31/12/2020	31/12/2019
	L.E	L.E
Salaries & wages	29 279 259	22 592 897

*Classified with general and administrative expense (Note 7).

26-2 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		L.E	L.E	L.E	L.E
Tiba For Trading and Distribution	Collections	(26 655 285)	(44 944 204)	5 613 660	37 177 558
	Dividends	13 986 000	34 640 325		
	Leases	2 640 000	2 640 000		
	Dividends collection	(48 626 325)	(34 640 325)		
	Expense distribution	27 091 712	27 091 712		
International Company for Modern Food Industries	Collections	(10 856 109)	(49 296 463)	94 488 322	65 420 709
	Dividends	102 989 700	63 593 540		
	Dividends collection	(77 592 240)	(63 593 540)		
	Expenses distribution	14 526 262	14 526 262		
El Marwa For Food Industries	Current Collections	5 425 384	-	7 926 950	374 682
	Expense distribution	(2 045 125)	(4 453 524)		
		4 172 009	4 607 922		
EGY Food	Dividends	142 071 580	147 870 420		
	Dividends collection	(132 873 420)	(147 870 420)	139 036 516	118 752 555
	Collections	(11 540 674)	(16 422 907)		

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

	Expense distribution	22 626 475	22 626 478		
	Current	293 317	-		
Modern Concentrates Industrial Company	Expense distribution	1 195 825	1 320 770	1 569 072	220 392
	Collections	(140 461)	(77 365)		
Enmaa For Agriculture Development and Biological Wealth	Current	104 989 675	19 516 313	231 230 282	126 240 607
Egyptian Company for Dairy Products	Collections	(43 894 046)	(9 742 202)	18 978 341	44 850 762
	Dividends	204 979 500	76 567 343		
	Dividends collection	(241 550 843)	(76 567 343)		
	Expense distribution	54 592 968	54 592 964		
Enmaa For Livestock	Current	209 663	698 853	8 726 324	8 516 661
Arju for food industries	Current	(28 726)	17 030	-	28 726
Enmaa For Agricultural Reclamation	Current	589 953	-	60 515	-
				507 629 982	401 582 652

26-3 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		L.E	L.E	L.E	L.E
Enmaa For Agricultural Reclamation	Current	-	(1 613 744)	-	529 438
				-	529 438

27 Distribution some of the holding companies' expenses

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

Notes to the financial statements for the financial year ended 31 December 2020**28 Significant events:****28-1 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 Mohammed Aldeghaim became the chairman and Engineer Safwan Thabet became a board member.

28-2 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-Abin 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 Tiba for trade and distribution 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 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 Off Shore 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 has resigned.

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

- 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 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 outsourcing transporting its products 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 subsequent to the year end.
- 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 including (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 .

29 Covid-19 events

The second half of March witnessed the beginning of the impact of the outbreak of the emerging Corona virus on the Egyptian market, and the Egyptian government announced unprecedented measures to combat the virus infection & its spread.

Juhayna group has formed a risk committee to manage the crisis, and the objectives of this period have been defined in maintaining all employees and securing them from Corona risks, as well as continuing production and sales operations to ensure the provision and delivery of the company's products to the consumer.

Indeed, all risks were studied and evaluated and taken a series of precautionary measures to reduce risks on all employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations) and meeting the needs of the local market in this period.

And there is no effect on the company's current economic situation (its financial position, business results and cash flow).

Appendix (1)**Juhayna Food Industries****Translation from Arabic****(An Egyptian Joint Stock Company)****Proposed appropriation statement****For the financial year ended 31 December 2020**

	31/12/2020	31/12/2019
	L.E.	L.E.
Net profit for the year	430 072 713	367 888 833
Retained earnings	693 715 110	596 422 586
Distributable profits	1 123 787 823	964 311 419
To be appropriated as follows		
Legal reserve	21 503 636	18 394 442
Employees' profit share	40 856 908	36 119 935
Shareholders' first trench Dividends	47 070 254	47 070 254
Board remuneration	32 064 192	27 800 916
Shareholders 'second trench dividends	141 210 762	141 210 762
Retained earnings	841 082 072	693 715 110
	1 123 787 823	964 311 419