

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim financial statements
For the financial period ended
30 June 2021
And review report**

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

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

For the period ended 30 June 2021

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Report on Limited Review of Separate Interim Financial Statements

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

Introduction

We have performed a limited review for the accompanying separate interim statement of financial position of Juhayna Food Industries S.A.E as of 30 June 2021 and the related separate interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as of 30 June 2021, and of its separate financial performance and its separate cash flows for the six-month period then ended in accordance with Egyptian Accounting Standards.

Emphasis of the matter

We draw attention to note No (27). of the separate financial statements, which describes the effect of major events to the company.

Samy Abdelhafiz Ahmed Ibrahim
KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, 15 February 2022

KPMG Hazem Hassan
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Juheyna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of financial position
As of 30 June 2021

Translated from Arabic

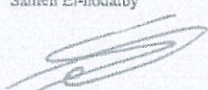
	Note no.	30/6/2021 L.E	31/12/2020 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	160 939 289	163 685 076
Projects under construction	(14)	1 659 979	2 558 905
Investment in subsidiaries and under joint control companies	(13-1)-(13-2)	2253 491 193	2253 491 193
Paid on account of investment	(13-4)	20 000 000	20 000 000
Total non-current assets		2 436 090 461	2 439 735 174
Current assets			
Debtors and other debit balances	(17)	39 425 789	3 475 630
Due from related parties	(25-2)	458 796 263	507 629 982
Cash at banks and on hand	(18)	1 715 519	1 516 023
Total current assets		499 937 571	512 621 635
Total assets		2 936 028 032	2 952 356 809
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		461 256 581	439 752 945
General reserve - share issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		1 100 428 424	1 123 787 823
Total equity		2 834 010 515	2 835 866 278
Non-current liabilities			
Lease contract liabilities-non current portion	(24)	64 274 433	71 889 896
Deferred tax liabilities	(15-2)	8 679 951	7 629 604
Total non-current liabilities		72 954 384	79 519 500
Current liabilities			
Provisions	(21)	970 395	1 301 363
Suppliers and other credit balances	(22)	10 923 622	9 022 981
Lease contract liabilities- current portion	(24)	14 890 562	14 225 047
Income tax liabilities		2 276 554	12 421 640
Total current liabilities		29 065 133	36 971 031
Total liabilities		102 017 517	116 490 531
Total equity and liabilities		2 936 028 032	2 952 356 809

The notes from no. (1) to no.(28) are an integral part of these separate interim financial statements and should be read there to.

Chief Financial Officer Assistant
Mohamed Elbadry



Chief Financial Officer
Sameh El-hodaiby



Chairman
Ahmed Elwakil



Cairo, February 15, 2022

"Limited review report "attached"

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of profit or loss
For the financial period ended 30 June 2021

Translated from Arabic

	Note no.	Financial period From 1/1/2021 To 30/6/2021 L.E	Financial period From 1/1/2020 To 30/6/2020 L.E	Financial period From 1/4/2021 To 30/6/2021 L.E	Financial period From 1/4/2020 To 30/6/2020 L.E
Revenue from Investment in subsidiaries	(5)	-	107 974 900	-	-
Other revenues	(6)	1 320 000	2 242 810	660 000	676 314
General and administrative expenses	(7)	(1 543 711)	(1 697 989)	(379 908)	(520 659)
Other Operating expenses	(9)	(627 995)	(1 615 963)	(626 281)	(4 140)
(loss) Gain from operating activities		(851 706)	106 903 758	(346 189)	151 515
End of service	(10)	-	(18 288)	-	-
Net finance income/ (expenses)	(11)	46 290	(5 227 755)	20 628	(2 033 452)
Net (loss) profit for the year before income tax		(805 416)	101 657 715	(325 561)	(1 881 937)
Current Income tax	(15-1)+(5)	-	(6 279 685)	-	633 569
Deferred tax	(15-2)	(1 050 347)	(1 556 764)	(553 153)	(812 161)
Net (loss) profit for the year after tax		(1 855 763)	93 821 266	(878 714)	(2 060 529)
Earning per share for the year (L.E /share)	(20)	(0.002)	0.081	(0.001)	(0.002)

The notes from no. (1) to no.(28) are an integral part of these separate interim financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of other comprehensive income
For the financial period ended 30 June 2021

Translated from Arabic

	Financial period	Financial period	Financial period	Financial period
	From 1/1/2021	From 1/1/2020	From 1/4/2021	From 1/4/2020
	To 30/6/2021	To 30/6/2020	To 30/6/2021	To 30/6/2020
	L.E	L.E	L.E	L.E
Net (loss) profit for the period after tax	<u>(1 855 763)</u>	<u>93 821 266</u>	<u>(878 714)</u>	<u>(2 060 529)</u>
Total other comprehensive income for the period	<u>(1 855 763)</u>	<u>93 821 266</u>	<u>(878 714)</u>	<u>(2 060 529)</u>

The notes from no. (1) to no.(28) are an integral part of these separate interim financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of changes in equity
For the financial period ended 30 June 2021

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.	
	941 405 082		421 358 503		330 920 428		964 311 419		2 657 995 432	
Balance as of 1 January 2020	-	18 394 442	-	-	-	-	(18 394 442)	-	-	-
Legal reserve formed	-	-	-	-	-	-	(188 281 016)	(188 281 016)	(188 281 016)	(188 281 016)
Dividends to shareholders	-	-	-	-	-	-	(63 920 851)	(63 920 851)	(63 920 851)	(63 920 851)
Dividends to employees and board of directors	-	-	-	-	-	-	93 821 266	93 821 266	93 821 266	93 821 266
Total other comprehensive income for the financial period	941 405 082		439 752 945		330 920 428		787 536 376		2 499 614 831	
Balance as of 30 June 2020	941 405 082		439 752 945		330 920 428		1 123 787 823		2 835 866 278	
Balance as of 1 January 2021	-	21 503 636	-	-	-	-	(21 503 636)	-	-	-
Legal reserve formed	-	-	-	-	-	-	(1 855 763)	(1 855 763)	(1 855 763)	(1 855 763)
Total other comprehensive income for the financial period	941 405 082		461 256 581		330 920 428		1 100 428 424		2 834 010 515	
Balance as of 30 June 2021										

The notes from no. (1) to no.(28) are an integral part of these separate interim financial statements and should be read there to.

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Separate interim statement of cash flows

For the financial period ended 30 June 2021

Translated from Arabic

	Note no.	Financial period From 1/1/2021 To 30/6/2021 L.E.	Financial period From 1/1/2020 To 30/6/2020 L.E.
Cash flows from operating activities			
Net (loss) profit for the year before income tax		(805 416)	101 657 715
Adjustments :			
PPE depreciation	(12)	4 470 075	4 172 000
Capital gain from sale of PPE	(6)	-	(922 810)
Provisions formed	(21)	624 575	233 875
Finance lease interest	(24)	3 815 150	5 560 558
Credit interests	(11)	(46 391)	(487 099)
Finance interests and expenses	(11)	15 058	3 903 501
Forex loss	(11)	101	154 296
Revenue from Investment in subsidiaries	(5)	-	(107 974 900)
		<u>8 073 152</u>	<u>6 297 136</u>
Changes in:			
Debtors and other debit balances		(1 290 901)	(407 975)
Due from related parties		48 833 719	(14 533 801)
Suppliers and other credit balances		1 900 641	2 283 196
Provisions used		(955 543)	(875 879)
Due to related parties		-	10 387 608
		<u>56 561 068</u>	<u>3 150 285</u>
Collected credit interests		46 391	487 099
Finance interests and expenses paid		(15 058)	(3 903 501)
Dividends paid to board of directors and employees		(34 816 343)	(63 920 851)
Income tax paid		(10 143 086)	(9 476 095)
Net cash flows resulted from operating activities		<u>11 632 972</u>	<u>(73 663 063)</u>
Cash flows from investing activities			
Acquisition of PPE and projects under construction	(12)	(825 362)	(1 997 142)
Proceeds from sale of PPE		-	1 123 993
Net cash flows (used in) investing activities		<u>(825 362)</u>	<u>(873 149)</u>
Cash flows from financing activities			
(Paid)/ Collected from bank facilities		-	(67 984 317)
(Paid) of finance lease liability		(10 608 013)	(10 846 788)
Paid under investment		-	(20 000 000)
Dividends paid to shareholders		-	(188 281 016)
Collected from revenue from Investment in subsidiaries		-	354 258 183
Net cash flows (used in) financing activities		<u>(10 608 013)</u>	<u>67 146 062</u>
Net change in cash and cash equivalents during the period		<u>199 597</u>	<u>(7 390 150)</u>
Net Change in foreign currency		(101)	(154 296)
Cash and cash equivalents at 1 Jan		<u>1 516 023</u>	<u>18 627 976</u>
Cash and cash equivalents at 30 June	(18)	<u>1 715 519</u>	<u>11 083 530</u>

The notes from no. (1) to no.(28) are an integral part of these separate interim financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the financial statements
For the financial period ended 30 June 2021

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. Ahmed Elwakil 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 30 November 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 position for the financial period ended 30 June 2021

- Note (17) : Impairment of other debit balances.
- Note (21) : Provisions
- Note (15) : 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.

Notes to the financial position for the financial period ended 30 June 2021

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

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

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.

Notes to the financial position for the financial period ended 30 June 2021

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 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 14). No depreciation is charged until the project is completed and transferred to fixed asset

3-6 Lease contracts

Operating lease contracts:

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

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

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

Notes to the financial position for the financial period ended 30 June 2021

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 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.

Notes to the financial position for the financial period ended 30 June 2021

3-9 Provisions

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

3-10 Revenue

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

Notes to the financial position for the financial period ended 30 June 2021

setting aside 5% of the annual profit until it reaches 50% of the issued share capital. The legal reserve is unable to distribute.

3-14 End of service benefits

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

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

There are amendments related to the issuance of Egyptian Accounting Standards 47, 48 and 49 and their data as follows:

Standard (47) Financial Instruments

- It includes an amendment to measure and classify financial instruments and apply the realized losses model in measuring the impairment of financial assets with expected credit loss models, which requires the measurement of impairment of all financial assets measured at amortized cost and financial instruments that are measured at fair value through other comprehensive income since the moment of the first recognition of those assets regardless. When there is an indication of a loss. The application of this standard does not result in significant effects on the measurement and classification of the company's financial assets. Also, the standard does not have an impact on the financial liabilities of the company.

Standard (48) revenue from contracts with Customer

- The basic principle of this standard is that the entity must recognize revenue in a manner that reflects the transfer of goods or the performance of promised services to customers in an amount that represents the consideration that the entity expects to be entitled to in exchange for those goods or services.

Standard 49 lease contracts

- The lessee recognizes the right of use of the leased asset within the company's assets and recognizes a liability, which represents the current value of unpaid lease payments within the company's obligations, with the exception of short-term leases (less than 12 months) and leases of insignificant values. The application of the standard resulted in an increase in the assets and liabilities of the company. The interests related to the lease contracts are included in the financing costs, as they are not included in the activity expenses.

- 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 June 2020 included replacing first of January 2020 by first of January 2021 in the Egyptian accounting standards number 47, 48, and 49.

Notes to the financial position for the financial period ended 30 June 2021

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

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period From 1/4/2021 To 30/6/2021 L.E	Financial period From 1/4/2020 To 30/6/2020 L.E
Egyptian Company for Dairy Products	-	63 993 600	-	-
Egyptian Company for Food Industries (Egyfood)	-	16 996 600	-	-
Tiba For Trading and Distribution	-	13 986 000	-	-
Eldawlya For Modern Food Industries	-	12 998 700	-	-
Al-Marwa For Food Industries	-	-	-	-
	-	107 974 900	-	-
Less: Tax on revenue from investment in subsidiaries	-	(5 398 745)	-	-

Notes to the financial position for the financial period ended 30 June 2021

6 Other revenues

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
Income from rental assets to subsidiaries	1 320 000	1 320 000	660 000	660 000
Gain from sale of fixed assets	-	922 810	-	16 314
	<u>1 320 000</u>	<u>2 242 810</u>	<u>660 000</u>	<u>676 314</u>

7 General and administrative expenses

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
Personnel expenses	29 960 057	37 090 903	15 083 320	18 808 803
Depreciation expenses	4 470 075	4 174 001	2 289 417	2 060 613
Subscription and licenses fees	410 922	466 658	267 244	283 256
Other administrative expenses	7 211 344	7 125 202	3 385 753	3 322 003
Expense charged to subsidiaries*	(40 508 687)	(47 158 775)	(20 645 826)	(23 954 016)
	<u>1 543 711</u>	<u>1 697 989</u>	<u>379 908</u>	<u>520 659</u>

* The amount of L.E 40 508 687 of general and administrative expenses was deducted and charged to subsidiaries (note 26).

8 Board of Directors remunerations

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
Board of directors' remunerations	-	495 000	-	-
Expenses charged to subsidiaries*	-	(495 000)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* The amount of L.E zero of board of directors' expenses was deducted and charged to subsidiaries (note 26).

Notes to the financial position for the financial period ended 30 June 2021

9 Other operating expenses

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
Provisions for claims	624 575	233 875	624 575	-
Property tax	-	1 274 760	-	-
Donations	-	100 000	-	-
Health insurance contribution	3 420	7 328	1 706	4 140
	<u>627 995</u>	<u>1 615 963</u>	<u>626 281</u>	<u>4 140</u>

10 End of Service Cost

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
End of service	2 508 684	1 193 966	334 288	18 688
Expenses charged to subsidiaries*	(2 508 684)	(1 175 678)	(334 288)	(18 688)
	<u>-</u>	<u>18 288</u>	<u>-</u>	<u>-</u>

* The amount LE 2 508 684 of the end of service was deducted and charged to subsidiaries (note 26).

11 Net finance income/ (expenses)

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
Interest expense and income	(3 830 208)	(9 464 059)	(1 877 133)	(4 122 491)
Credit interest	46 391	487 099	29 033	319 383
Gain/ Loss from Foreign currency exchange	(101)	(154 296)	(8 405)	39 926
Expenses Charged to subsidiaries *	3 830 208	3 903 501	1 877 133	1 729 730
	<u>46 290</u>	<u>(5 227 755)</u>	<u>20 628</u>	<u>(2 033 452)</u>

* The amount of L.E 3 830 208 of finance expenses was deducted and charged to subsidiaries (note 26)

12- Property, plant, and equipment

Description	Lands		Buildings & constructions		Buildings and constructions result from lease		Machineries & equipments		Transportation & transport vehicles		Tools		Office furnitures & equipments		Computers		Total	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as of 1/1/2020	13 237 982	112 022 795	44 387 809	1 160 409	5 399 543	4 478 200	5 865 385	72 778 112	259 330 235									
Additions during the year	-	-	-	-	-	-	12 422	3 473 123	3 485 545									
Disposals during the year	-	(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									
Additions during the period	-	-	-	-	214 000	-	-	1 510 288	1 724 288									
Cost as of 30/6/2021	13 237 982	111 706 795	44 387 809	1 160 409	4 840 543	4 478 200	5 877 807	77 140 198	262 829 743									
Accumulated depreciation as of 1/1/2020	-	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 for the year	-	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									
Accumulated depreciation as of 1/1/2021	-	7 018 383	11 540 830	1 160 409	4 017 988	4 389 796	3 467 966	65 825 007	97 420 379									
Depreciation during the period	-	1 117 068	443 878	-	98 974	10 628	174 848	2 624 679	4 470 075									
Accumulated depreciation as of 30/6/2021	-	8 135 451	11 984 708	1 160 409	4 116 962	4 400 424	3 642 814	68 449 686	101 890 454									
Net book value as of 30/6/2021	13 237 982	103 571 344	32 403 101	-	723 581	77 776	2 234 993	8 690 512	160 939 289									
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									

• The cost of fully depreciated assets and still in use amounted to L.E 71 978 534 as of 30 June 2021.

• 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.

13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Impairment in the value of investment as at		Net Investment	
							31/12/2021	31/12/2020	30/06/2020	31/12/2020
			%	L.E.	L.E.	%	L.E.	L.E.	L.E.	L.E.
(13-1) 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
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	-	-	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
Tiba for Trading and Distribution	SAE	1 998 000	99.90	100	199 800 000	100	-	-	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
Eman for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	-	-	599 970 000	599 970 000
(13-2) Investment in uniter joint companies										
Aju For Food Industries**	SAE	1 015 000	50.75	10	10 150 000	100	-	-	10 150 000	10 150 000
Balance as at 30 June 2021					<u>2 209 658 000</u>				<u>2 253 491 193</u>	<u>2 253 491 193</u>
(13-3) Investments available for sale										
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	(100 000)	-	-	-
Balance as at 30 June 2021					<u>100 000</u>		<u>(100 000)</u>			
(13-4) Paid on account of investment										
Tiba for Trading and Distribution	SAE	2 000 000	100	100	200 000 000	10	-	-	20 000 000	20 000 000
Balance as at 30 June 2021					<u>200 000 000</u>				<u>20 000 000</u>	<u>20 000 000</u>

* Jubayna 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 joint agreement between J.F.I and the Egyptian Company for Food Industries (Egyfood)

** On November 30, 2021 the decision of the Jubayna Board of Directors, based on the request of Aju, to liquidate Aju and cancel the partnership between Aju and other companies

Notes to the financial position for the financial period ended 30 June 2021

14 Projects under construction

	30/6/2021 L.E	31/12/2020 L.E
Software programs	1 659 979	2 558 905
	<u>1 659 979</u>	<u>2 558 905</u>

15 Income tax expenses

Income tax expense for year

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
Dividends tax (note 5)	-	(5 398 745)	-	-
Income tax during the period	-	(880 940)	-	633 569
Deferred tax (expense) from lease contract	(1 214 184)	(1 031 705)	(541 124)	(449 685)
Deferred tax expense/income	163 837	(525 059)	(12 029)	(362 476)
	<u>(1 050 347)</u>	<u>(7 836 449)</u>	<u>(553 153)</u>	<u>(178 592)</u>

15-1 Reconciliation of effective tax rate

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E
Profit/ Loss for the period before income tax	(805 416)	101 657 715
Income tax using the Company's domestic tax rate (22.5%)	(181 219)	22 872 986
Provisions formed	624 575	52 622
Tax on revenue exempted by law	-	(21 864 917)
	(443 356)	3 457 114
Other adjustments	-	(5 398 745)
Investment revenues tax	-	(5 398 745)
Income Tax	-	<u>(880 940)</u>
Effective tax rate	-	<u>%0,87</u>

Notes to the financial position for the financial period ended 30 June 2021

15-2 Deferred tax liabilities

Deferred tax assets and liability arising from lease contract

	30/6/2021	31/12/2020
	L.E	L.E
Deferred tax liabilities	(5 093 501)	(5 443 055)
Deferred tax (liabilities) assets	173 795	1 737 533
Net Deferred tax liability	(4 919 706)	(3 705 522)
Deferred tax liability and assets		
Fixed Assets (Liabilities)	(3 760 245)	(3 924 082)
Total deferred tax liability	(3 760 245)	(7 629 604)

Deferred tax movement

	Balance as of 1/1/2021	Deferred tax (expense) for the financial period ended 30/6/2021	Balance as of 30/6/2021
	L.E	L.E	L.E
Total Deferred tax liability	7 629 604	1 050 347	8 679 951

16 Tax status

1 Corporation tax

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and the tax paid according to the result of the company performance yearly.

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 and preparing for inspection

Year 2019 till 2020

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

The tax inspection is performed, and all tax inspection were paid.

Year 2020

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

3 Stamp tax

The period from the beginning of operation till 2016

The tax inspection is performed, and all tax inspection were paid.

Year 2017/2018

The tax inspection is performed, and all tax inspection were paid.

Year 2019 till 2020

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

Notes to the financial position for the financial period ended 30 June 2021

4 Sales tax / Value added tax

From 2013 to 2015

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

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

From 2016 to 2018

The tax inspection is performed, and all tax inspection were paid.

Year 2019 to 2020

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

5 Withholding tax

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

17 Debtors and Other debit balances

	30/6/2021	31/12/2020
	L.E	L.E
Suppliers – advance payments	907 556	61 831
Employees dividends- Advance payment *	34 816 343	-
Prepaid expenses	2 288 309	2 152 797
Letter of guarantees margin	25 398	25 398
Deposits with others	247 708	247 708
Other debit balances	1 240 475	1 087 896
	<u>39 525 789</u>	<u>3 575 630</u>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<u>39 425 789</u>	<u>3 475 630</u>

* In accordance with the decision of the Board of Directors meeting No 272 on April 18, 2021, it was approved to disburse the 34 816 343 employee dividends from year 2020.

18 Cash at banks and on hand

	30/6/2021	31/12/2020
	L.E	L.E
Banks – current accounts	1 445 284	1 257 130
Cash on hand	270 235	258 893
	<u>1 715 519</u>	<u>1 516 023</u>

Notes to the financial position for the financial period ended 30 June 2021

19 Capital

Authorized capital

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

Issued and paid up capital

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

	30/6/2021	31/12/2020
	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

19-1 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
<u>Less:</u>	
i. Nominal value of issued shares with a premium	(205 972 632)
ii. Issuance fees	(38 507 164)
ii. Legal reserve formed to reach 50 % of paid up capital	(350 398 732)
v. Difference between the nominal value and the cost of own shares cancelled on 5/2/2012.	(73 580 254)
General reserve balance	<u>330 920 428</u>

20 Earnings per share

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

	Financial period from 1/1/2021 To 30/6/2021 L.E	Financial period from 1/1/2020 To 30/6/2020 L.E	Financial Period from 1/4/2021 To 30/6/2021 L.E	Financial period from 1/4/2020 To 30/6/2020 L.E
Net profit/Loss for the period according to profit or loss statement	(1 855 763)	93 821 266	(878 714)	(2 060 529)
Less:				
Employees share (Estimated)	-	8 913 020	-	-
Board of directors (Estimated)	-	4 010 859	-	-
Net payable to shareholders	(1 855 763)	76 206 324	(878 714)	(2 060 529)
Weighted average to number of shares	941 405 082	941 405 082	941 405 082	941 405 082
EPS (L.E/Share)	<u>(0,002)</u>	<u>0,081</u>	<u>(0,001)</u>	<u>(0,002)</u>

Notes to the financial position for the financial period ended 30 June 2021

21 Provision

Description	Balance on	Provision	Provision	Balance on
	1/1/2021	formed	used	30/6/2021
	L.E	L.E	L.E	L.E
Provision for claims	1 301 363	624 575	(955 543)	970 395

22 Suppliers and other credit balances

	30/6/2021	31/12/2020
	L.E	L.E
Suppliers	840 836	3 925 526
Accrued expenses	6 502 278	1 859 298
Taxes- Tax authority	1 157 432	1 430 421
Tax authority-Value added tax	1 461 636	765 613
Deposit to others	15 151	15 151
Sales tax installments on the imported machineries and equipment-short term (Note 24)	-	102 282
Dividends payable	-	36 417
Accrued health insurance	15 585	12 165
Social Insurance Authority	272 715	231 747
Other credit balances	657 989	644 361
	10 923 622	9 022 981

23 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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

Notes to the financial position for the financial period ended 30 June 2021

Credit risk

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

Credit risk

Exposure to credit risk

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

	Carrying amount	
	30/6/2021	31/12/2020
	L.E	L.E
Debtors and other debit balances	39 425 789	3 475 630
Due from related parties	458 796 263	507 629 982

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

	30/6/2021	31/12/2020
	L.E	L.E
Suppliers and other credit balances	10 923 622	9 022 981
lease contract liabilities	79 164 995	86 114 943

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

Notes to the financial position for the financial period ended 30 June 2021

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	(12 322)	(949)
Cash at bank and on hand	6 657	1 445
30 June 2021	(5 665)	496
31 December 2020	143 722	2 395

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
USD	15,74	15,85	15,72	15,78
Euro	18,83	18,16	18,68	19,36

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.

	30/6/2021	31/12/2020
	L.E	L.E
Total liabilities	102 017 517	116 490 531
Less: cash at banks and on hand	(1 715 519)	(1 516 023)
Net debt	100 301 998	114 974 508
Total equity	2 834 010 515	2 835 866 278
Net debt to equity ratio	% 3,5	% 4,1

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

24 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:

Notes to the financial position for the financial period ended 30 June 2021

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

- In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 for leasing contracts, the initial application date for this standard is the beginning of the annual report period in which the financial leasing law No. 95 of 1995 and its amendments has been canceled and the law regulating financial leasing no. 176 for the year 2018 in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with Egyptian accounting standard no. (20) (Standards for Financial Leasing Transactions) which resulted in the following:
- The company made an agreement with Tiba For Trading and Distribution Company -Subsidiary company- with a percentage of 99,9% for leasing the administrative building of the subsidiary company with a monthly rental value with a total amount of L.E 1 320 000 during the financial period ended 30 June 2021 (An amount of L.E 1 320 000 during the period ended 30 June 2020).
- The finance interests of the lease contract amounted to L.E 3 815 150 during the financial period ended 30 June 2021.

Loan (arising from lease contract)

	30/6/2021 L.E	31/12/2020 L.E
Liabilities From lease contract (current portion)	14 890 562	14 255 047
Long-term liability from lease contract (non-current portion)	64 274 433	71 889 896
Total	79 164 995	86 114 943

Payment of lease contracts liabilities are as follows:

	Loan principal		Accrued interest	
	30/6/2021 L.E	31/12/2020 L.E	30/6/2021 L.E	31/12/2020 L.E
	Liabilities during one year	14 890 562	14 225 047	6 325 464
Liabilities between 1-5 years	64 274 433	71 889 896	9 981 660	12 974 210

25 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.

Notes to the financial position for the financial period ended 30 June 2021

25-1 Executive wages & Salaries

	30/6/2021	30/6/2020
	L.E	L.E
Salaries and wages	7 965 220	14 401 568

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

25-2 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/6/2021	31/12/2020	30/6/2021	31/12/2020
		L.E	L.E	L.E	L.E
Tiba For Trading and Distribution	Collections	(11 626 887)	(26 655 285)	5 414 011	5 613 660
	Lease	1 320 000	2 640 000		
	Dividends		13 986 000		
	Dividends collection		(48 626 325)		
	Expense distribution	10 107 238	27 091 712		
International Company for Modern Food Industries	Collections	(36 543 316)	(10 856 109)	63 697 626	94 488 322
	Dividends		102 989 700		
	Dividends collection		(77 592 240)		
	Expenses distribution	5 752 620	14 526 262		
El Marwa For Food Industries	Current Collections	1 929 328	5 425 384	11 742 590	7 926 950
	Expense distribution	1 886 312	4 172 009		
	Dividends	-	142 071 580		
EGY Food	Dividends collection	-	(132 873 420)	131 834 816	139 036 516
	Collections	(18 078 416)	(11 540 674)		
	Expense distribution	10 876 716	22 626 475		
Modern Concentrates Industrial Company	Current Expense distribution	96 330	293 317	2 447 034	1 569 072
	Expense distribution	781 631	1 195 825		
	Collections	-	(140 461)		

Notes to the financial position for the financial period ended 30 June 2021

Enmaa For Agriculture Development and Biological Wealth	Current	(4 889 305)	104 989 675	226 340 977	231 230 282
Egyptian Company for Dairy Products	Collections	(31 982 028)	(43 894 046)	8 305 293	18 978 341
	Dividends	-	204 979 500		
	Dividends collection	-	(241 550 843)		
	Expense distribution	21 308 979	54 592 968		
Enmaa For Livestock	Current	219 956	209 663	8 946 280	8 726 324
Arju for food industries	Current	2 714	(28 726)	2 714	-
Enmaa For Agricultural Reclamation	Current	4 407	589 953	64 922	60 515
				458 796 263	507 629 982

26 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.

27 Significant events:

27-1 Important events during the financial period:

- 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).
- 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

Notes to the financial position for the financial period ended 30 June 2021

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 June 2021 the General Manager of Tiba for trade and distribution 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 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 409 cars, and since the first of February 2022 until historically, the license of 102 cars for sale and heavy transport has been renewed, and the procedures for renewing licenses are being completed for the rest of the company's cars. It is expected that the renewal of licenses for all the company's cars will be completed by the end of March 2022
- 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 June 30, 2021 and tab the rest with current liabilities.
- 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 .

27-2 Events following the date of the financial statements

- On November 7, 2021, the company's ordinary general assembly was held, and the financial statements for the financial year ending on December 31, 2020 were approved by the general assembly and the board of directors was re-formed. The assembly was approved by the General Authority for Investment and Free Zones on December 14, 2021.
- On November 30, 2021, a board of directors was held, and Mr. Ahmed Al-Wakeel was appointed as a non-executive chairman of the board.

28 Important events

The second half of March 2020 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).