

Translation from Arabic

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

Contents

	Page
Review' report	-
Separate interim statement of financial position	1
Separate interim statement of Income statement	2
Separate interim statement of comprehensive income	3
Separate interim statement of changes in shareholders' equity	4
Separate interim statement of cash flows	5
Notes to the Separate interim financial statements	6 – 29

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Report on Limited Review of Separate Interim Financial Statements

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

Introduction

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

Scope of Limited Review

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

Basis for Qualified Conclusion

As discussed in note No. (29) to the notes to the separate interim financial statements, the company is required to issue and publish separate interim financial statements each three months in - accordance with the Egyptian Stock Exchange rules. The company had not issued these financial statements for the first and second quarter of the year 2021 and hence were not subject to our limited review procedures. Both the income statement and the statement of other comprehensive income for the financial period ended 30 September 2021 included the company results for the three months ended thereon as prepared by the company management.

Qualified Conclusion

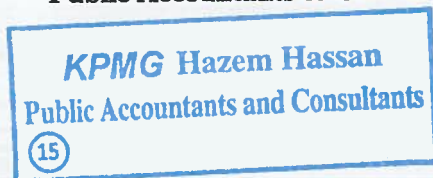
Based on our limited review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 September 2021, and of its separate financial performance and its separate cash flows for the nine-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 during the financial period ended 30 September 2021.



Samy Abdelhafiz Ahmed Ibrahim
KPMG Hazem Hassan
Public Accountants & Consultants



Cairo, 13 January 2022



Mohamed Tarek Youssef
Grant Thornton - Mohamed Hilal
Public Accountants

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Public Accountants
The Egyptian Member Firm of
Grant Thornton International

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of financial position
As of 30 September 2021

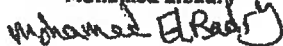
Translated from Arabic

	Note no.	30/9/2021 L.E	31/12/2020 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	169 048 033	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)	2 253 491 193	2 253 491 193
Paid on account of investment	(13-4)	20 000 000	20 000 000
Total non-current assets		2 444 199 205	2 439 735 174
Current assets			
Debtors and other debit balances	(17)	40 498 868	3 475 630
Due from related parties	(25-2)	459 778 380	507 629 982
Cash at banks and on hand	(18)	4 402 738	1 516 023
Total current assets		504 679 986	512 621 635
Total assets		2 948 879 191	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		1 099 212 938	1 123 787 823
Total equity		2 832 795 029	2 835 866 278
Non-current liabilities			
Lease contract liabilities-non current portion	(24)	60 334 117	71 889 896
Deferred tax liabilities	(15-2)	9 926 766	7 629 604
Total non-current liabilities		70 260 883	79 519 500
Current liabilities			
Provisions	(21)	970 395	1 301 363
Suppliers and other credit balances	(22)	24 171 556	9 022 981
Lease contract liabilities- current portion	(24)	15 234 907	14 225 047
Due to related parties	(25-3)	5 446 421	-
Income tax liabilities		-	12 421 640
Total current liabilities		45 823 279	36 971 031
Total liabilities		116 084 162	116 490 531
Total equity and liabilities		2 948 879 191	2 952 356 809

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

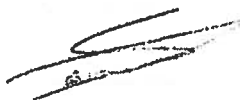
Chief Financial Officer Assistant

Mohamed Elbadry



Chief Financial Officer

Sameh El-hodaiby



Chairman

Ahmed Elwakil



Cairo, 13 January 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 September 2021

Translated from Arabic

	Note no.	Financial period From 1/1/2021 To 30/9/2021 L.E	Financial period From 1/1/2020 To 30/9/2020 L.E	Financial period From 1/7/2021 To 30/9/2021 L.E	Financial period From 1/7/2020 To 30/9/2020 L.E
Revenue from Investment in subsidiaries	(5)	-	107 974 900	-	-
Other revenues	(6)	1 980 000	3 255 810	660 000	1 013 000
General and administrative expenses	(7)	(2 110 363)	(2 582 287)	(566 652)	(884 298)
Other Operating expenses	(9)	(711 209)	(1 638 610)	(83 214)	(22 647)
(loss) Gain from operating activities		(841 572)	107 009 813	10 134	106 055
End of service	(10)	-	(18 288)	-	-
Net finance income/ (expenses)	(11)	67 485	(7 503 625)	21 195	(2 275 870)
Net (loss) profit for the year before income tax		(774 087)	99 487 900	31 329	(2 169 815)
Current Income tax	(15-1)·(5)	-	(5 530 910)	-	748 775
Deferred tax	(15-2)	(2 297 162)	(2 020 167)	(1 246 815)	(463 403)
Net (loss) profit for the year after tax		(3 071 249)	91 936 823	(1 215 486)	(1 884 443)
Earning per share for the year (L.E /share)	(20)	(0.003)	0.085	(0.001)	0.002

The notes from no. (1) to no.(29) 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 September 2021

Translated from Arabic

	Financial period	Financial period	Financial period	Financial period
	From 1/1/2021	From 1/1/2020	From 1/7/2021	From 1/7/2020
	To 30/9/2021	To 30/9/2020	To 30/9/2021	To 30/9/2020
	L.E	L.E	L.E	L.E
Net (loss) profit for the period after tax	<u>(3 071 249)</u>	<u>91 936 823</u>	<u>(1 215 486)</u>	<u>(1 884 443)</u>
Total other comprehensive income for the period	<u><u>(3 071 249)</u></u>	<u><u>91 936 823</u></u>	<u><u>(1 215 486)</u></u>	<u><u>(1 884 443)</u></u>

The notes from no. (1) to no.(29) 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 September 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)
Dividends to shareholders	-	-	-	(63 920 851)	(63 920 851)
Dividends to employees and board of directors	-	-	-	91 936 823	91 936 823
Total other comprehensive income for the financial period	941 405 082	439 752 945	330 920 428	785 651 933	2 497 730 388
Balance as of 30 September 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	-	-	-	(3 071 249)	(3 071 249)
Total other comprehensive income for the financial period	941 405 082	461 256 581	330 920 428	1 099 212 938	2 832 795 029
Balance as of 30 September 2021					

The notes from no. (1) to no.(29) 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 September 2021

Translated from Arabic

	Note no.	Financial period From 1/1/2021 To 30/9/2021 L.E.	Financial period From 1/1/2020 To 30/9/2020 L.E.
Cash flows from operating activities			
Net profit for the year before income tax		(774 087)	99 487 900
Adjustments :			
PPE depreciation	(12)	7 085 546	6 252 986
Capital gain from sale of PPE	(6)	-	(1 275 810)
Provisions formed	(21)	706 072	233 875
Credit interests	(11)	(74 896)	(533 010)
Finance interests and expenses	(11)	5 649 325	7 897 353
Forex loss	(11)	7 411	139 282
Revenue from Investment in subsidiaries	(5)	-	(107 974 900)
		<u>12 599 371</u>	<u>4 227 676</u>
Changes in:			
Debtors and other debit balances		(2 170 478)	622 138
Due from related parties		47 851 602	(3 513 109)
Suppliers and other credit balances		15 148 575	(4 275 392)
Provisions used		(1 037 040)	(875 879)
Due to related parties		<u>5 446 421</u>	<u>1 102 071</u>
Collected credit interests		74 896	533 010
Finance interests and expenses paid		(5 649 325)	(7 897 353)
Dividends paid to board of directors and employees		(34 852 760)	(63 920 851)
Income tax paid		(12 421 640)	(9 476 095)
Net cash flows resulted from operating activities		<u><u>24 989 622</u></u>	<u><u>(83 473 784)</u></u>
Cash flows from investing activities			
Acquisition of PPE and projects under construction	(12)	(11 549 577)	(2 444 997)
Proceeds from sale of PPE		-	1 476 992
Net cash flows (used in) investing activities		<u><u>(11 549 577)</u></u>	<u><u>(968 005)</u></u>
Cash flows from financing activities			
(Paid)/ Collected from bank facilities		-	(67 984 317)
(Paid) of finance lease liability		(10 545 919)	(9 326 707)
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><u>(10 545 919)</u></u>	<u><u>68 666 143</u></u>
Net change in cash and cash equivalents during the period		<u>2 894 126</u>	<u>(15 775 646)</u>
Net Change in foreign currency		(7 411)	(139 282)
Cash and cash equivalents at 1 Jan		<u>1 516 023</u>	<u>18 627 976</u>
Cash and cash equivalents at 30 September	(18)	<u><u>4 402 738</u></u>	<u><u>2 713 048</u></u>

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

Jubayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the financial statements
For the financial period ended 30 September 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 year ended 30 September 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.

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 position for the financial year ended 30 September 2021

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 the Company and its cost can be measured reliably. The carrying amount of the replaced component is

Notes to the financial position for the financial year ended 30 September 2021

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) 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.

Notes to the financial position for the financial year ended 30 September 2021

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 position for the financial year ended 30 September 2021

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 position for the financial year ended 30 September 2021

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 September 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 year ended 30 September 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 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period From 1/7/2021 To 30/9/2021 L.E	Financial period From 1/7/2020 To 30/9/2020 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 year ended 30 September 2021

6 Other revenues

	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E
Income from rental assets to subsidiaries	1 980 000	1 980 000	660 000	660 000
Gain from sale of fixed assets	-	1 275 810	-	353 000
	<u>1 980 000</u>	<u>3 255 810</u>	<u>660 000</u>	<u>1 013 000</u>

7 General and administrative expenses

	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E
Personnel expenses	44 970 452	56 499 523	15 010 394	19 408 620
Depreciation expenses	7 085 547	6 254 987	2 615 472	2 080 986
Subscription and licenses fees	575 354	540 058	164 432	73 400
Other administrative expenses	11 292 341	10 623 181	4 080 998	3 497 979
Expense charged to subsidiaries*	(61 813 331)	(71 335 462)	(21 304 644)	(24 176 687)
	<u>2 110 363</u>	<u>2 582 287</u>	<u>566 652</u>	<u>884 298</u>

* The amount of L.E 61 813 331 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 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E
Board of directors' remunerations	855 000	705 000	855 000	210 000
Expenses charged to subsidiaries*	(855 000)	(705 000)	(855 000)	(210 000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- The amount of L.E 855 000 of board of directors' expenses was deducted and charged to subsidiaries (note 26).

Notes to the financial position for the financial year ended 30 September 2021

9 Other operating expenses

	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E
Provisions for claims	706 072	233 875	81 497	-
Property tax	-	1 274 760	-	-
Donations	-	120 000	-	20 000
Health insurance contribution	5 137	9 975	1 717	2 647
	<u>711 209</u>	<u>1 638 610</u>	<u>83 214</u>	<u>22 647</u>

10 End of Service Cost

	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E
End of service	2 532 177	1 193 966	23 493	-
Expenses charged to subsidiaries*	(2 532 177)	(1 175 678)	(23 493)	-
	<u>-</u>	<u>18 288</u>	<u>-</u>	<u>-</u>

* The amount LE 2 532 177 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 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E
Interest expense and income	(5 649 325)	(11 805 697)	(1 819 117)	(2 341 638)
Credit interest	74 896	533 010	28 505	45 911
Gain/ Loss from Foreign currency exchange	(7 411)	(139 282)	(7 310)	15 014
Expenses Charged to subsidiaries *	5 649 325	3 908 344	1 819 117	4 843
	<u>67 485</u>	<u>(7 503 625)</u>	<u>21 195</u>	<u>(2 275 870)</u>

* The amount of L.E 5 649 325 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 contract		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.	
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 period	-		-		-		-		-		-		12 422		3 473 123		3 485 545	
Disposals during the period	-		(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		-		-		12 234 503		12 448 503	
Cost as of 30/9/2021	13 237 982		111 706 795		44 387 809		1 160 409		4 840 543		4 478 200		5 877 807		87 864 413		273 553 958	
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	-		1 675 602		665 817		-		150 244		15 816		262 204		4 315 863		7 085 546	
Accumulated depreciation as of 30/9/2021	-		8 693 985		12 206 647		1 160 409		4 168 232		4 405 612		3 730 170		70 140 870		104 505 925	
Net book value as of 30/9/2021	13 237 982		103 012 810		32 181 162		-		672 311		72 588		2 147 637		17 723 543		169 048 033	
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 71 994 891 as of 30 September 2021.

• Land includes an amount of L.E 1 680 388 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	Total investment cost			Impairment in the value of investment as at			Net Investment		
								9/30/2021	12/31/2021	9/30/2020	12/31/2021	9/30/2020	12/31/2020	9/30/2020	12/31/2020	
				%	L.E.	L.E.	%	L.E.	L.E.	L.E.	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	-	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	-	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	-	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	-	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	-	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	-	599 970 000
(13-2)	Investment in under joint companies															
	Aju 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	-	10 150 000
	Balance as at 30 September 2021					2 209 658 000		2 253 491 193	-	2 253 491 193	-	2 253 491 193	-	2 253 491 193	-	2 253 491 193
(13-3)	Investments available for sale															
	Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	(100 000)	-	-	-	-	-
	Balance as at 30 September 2021					100 000		100 000	(100 000)	-	(100 000)	-	-	-	-	-
(13-4)	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	-	20 000 000
	Balance as at 30 September 2021					200 000 000		200 000 000	-	20 000 000	-	20 000 000	-	20 000 000	-	20 000 000

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

** On November 30, 2021 the decision of the Juhayna 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 year ended 30 September 2021

14 Projects under construction

	30/9/2021	31/12/2020
	L.E	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 30/9/2021	Financial period from 1/1/2020 To 30/9/2020	Financial period from 1/7/2021 To 30/9/2021	Financial period from 1/7/2020 To 30/9/2020
	L.E	L.E	L.E	L.E
Dividends tax (note 5)	-	(5 398 745)	-	-
Income tax during the period	-	(132 165)	-	748 775
Deferred tax (expense) from lease contract	(1 623 787)	(1 349 501)	(409 603)	(317 796)
Deferred tax expense/income	(673 375)	(670 666)	(837 212)	(145 607)
	<u>(2 297 162)</u>	<u>(7 551 077)</u>	<u>(1 246 815)</u>	<u>285 372</u>

15-1 Reconciliation of effective tax rate

	Financial period from 1/1/2021 To 30/9/2021	Financial period from 1/1/2020 To 30/9/2020
	L.E	L.E
Profit/ Loss for the period before income tax	(774 087)	99 487 900
Income tax using the Company's domestic tax rate (22.5%)	(174 170)	22 384 778
Provisions formed	706 072	52 622
Tax on revenue exempted by law	-	(21 864 917)
Other adjustments	(531 902)	(704 648)
Investment revenues tax	-	(5 398 745)
Income Tax	-	(5 530 910)
Effective tax rate	-	%5.6

Notes to the financial position for the financial year ended 30 September 2021

15-2 Deferred tax liabilities

Deferred tax assets and liability arising from lease contract

	30/9/2021	31/12/2020
	L.E	L.E
Deferred tax liabilities	(4 694 011)	(5 443 055)
Deferred tax (liabilities) assets	(635 299)	1 737 533
Net Deferred tax liability	(5 329 310)	(3 705 522)
Deferred tax liability and assets		
Fixed Assets (Liabilities)	(4 597 456)	(3 924 082)
Total deferred tax liability	(9 926 766)	(7 629 604)

Deferred tax movement

	Balance as of 1/1/2021	Deferred tax (expense) for the financial period ended 30/9/2021	Balance as of 30/9/2021
	L.E	L.E	L.E
Total Deferred tax liability	7 629 604	2 297 162	9 926 766

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.

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

These tax years are preparing for inspection.

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 year ended 30 September 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 September 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

	30/9/2021	31/12/2020
	L.E	L.E
Suppliers – advance payments	1 516 000	61 831
Employees dividends- Advance payment *	34 816 343	-
Prepaid expenses	2 156 088	2 152 797
Letter of guarantees margin	25 398	25 398
Deposits with others	247 708	247 708
Tax authority-VAT	627 317	-
Other debit balances	1 210 014	1 087 896
	<u>40 598 868</u>	<u>3 575 630</u>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<u>40 498 868</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

	30/9/2021	31/12/2020
	L.E	L.E
Banks – current accounts	4 322 010	1 257 130
Cash on hand	80 728	258 893
	<u>4 402 738</u>	<u>1 516 023</u>

Notes to the financial position for the financial year ended 30 September 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.

	30/9/2021	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)
iv. 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 30/9/2021 L.E	Financial period from 1/1/2020 To 30/9/2020 L.E	Financial Period from 1/7/2021 To 30/9/2021 L.E	Financial period from 1/7/2020 To 30/9/2020 L.E
Net profit/Loss for the period according to profit or loss statement	(3 071 249)	91 936 823	(1 215 486)	(1 884 443)
Less:				
Employees share (Estimated)	-	8 733 998	-	-
Board of directors (Estimated)	-	3 153 573	-	-
Net payable to shareholders	(3 071 249)	80 049 252	(1 215 486)	(1 884 443)
Weighted average to number of shares	941 405 082	941 405 082	941 405 082	941 405 082
EPS (L.E/Share)	<u>(0.003)</u>	<u>0.085</u>	<u>(0.001)</u>	<u>(0.002)</u>

Notes to the financial position for the financial year ended 30 September 2021

21 Provision

Description	Balance on 1/1/2021 L.E	Provision formed L.E	Provision used L.E	Balance on 30/9/2021 L.E
Provision for claims	1 301 363	706 072	(1 037 040)	970 395

22 Suppliers and other credit balances

	30/9/2021 L.E	31/12/2020 L.E
Suppliers	13 535 041	3 925 526
Accrued expenses	8 197 577	1 859 298
Taxes- Tax authority	1 488 380	1 430 421
Tax authority-Value added tax	-	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	17 302	12 165
Social Insurance Authority	261 205	231 747
Other credit balances	656 900	644 361
	<u>24 171 556</u>	<u>9 022 981</u>

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 year ended 30 September 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	
	30/9/2021	31/12/2020
	L.E	L.E
Debtors and other debit balances	40 498 868	3 475 630
Due from related parties	459 778 380	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

	30/9/2021	31/12/2020
	L.E	L.E
Suppliers and other credit balances	24 171 556	9 022 981
lease contract liabilities	75 569 024	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 year ended 30 September 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	(1 148 567)	(31 545)
Cash at bank and on hand	4 994	1 441
30 September 2021	(1 143 573)	(30 104)
31 December 2020	143 722	2 395

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	30/9/2021	31/12/2020	30/9/2021	31/12/2020
USD	15.74	15.85	15.75	15.78
Euro	18.73	18.16	18.24	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.

	30/9/2021	31/12/2020
	L.E	L.E
Total liabilities	116 084 162	116 490 531
Less: cash at banks and on hand	(4 402 738)	(1 516 023)
Net debt	111 681 424	114 974 508
Total equity	2 832 795 029	2 835 866 278
Net debt to equity ratio	%3.9	% 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 year ended 30 September 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 1 980 000 during the financial period ended 30 September 2021 (An amount of L.E 1 980 000 during the period ended 30 September 2020).
- The finance interests of the lease contract amounted to L.E 5 604 463 during the financial period ended 30 September 2021.

25-1 Loan (arising from lease contract)

	30/9/2021 L.E	31/12/2020 L.E
Liabilities From lease contract (current portion)	15 234 907	14 255 047
Long-term liability from lease contract (non-current portion)	60 334 117	71 889 896
Total	75 569 024	86 114 943

Payment of lease contracts liabilities are as follows:

	Loan principal		Accrued interest	
	30/9/2021 L.E	31/12/2020 L.E	30/9/2021 L.E	31/12/2020 L.E
Liabilities during one year	15 234 907	14 225 047	5 981 119	6 990 979
Liabilities between 1-5 years	60 334 117	71 889 896	8 617 969	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 year ended 30 September 2021

25-1 Executive wages & Salaries

	30/9/2021	30/9/2020
	L.E	L.E
Salaries and wages	11 947 830	21 840 024

*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	
		30/9/2021	31/12/2020	30/9/2021	31/12/2020
		L.E	L.E	L.E	L.E
Tiba For Trading and Distribution	Collections	(5 613 660)	(26 655 285)	-	5 613 660
	Dividends		13 986 000		
	Leases		2 640 000		
	Dividends collection		(48 626 325)		
	Expense distribution		27 091 712		
International Company for Modern Food Industries	Collections	(35 053 442)	(10 856 109)	69 088 553	94 488 322
	Dividends		102 989 700		
	Dividends collection		(77 592 240)		
	Expenses distribution	9 653 673	14 526 262		
El Marwa For Food Industries	Current Collections	2 723 629	5 425 384	13 639 734	7 926 950
	Expense distribution	-	(2 045 125)		
		2 989 155	4 172 009		
EGY Food	Dividends	-	142 071 580		
	Dividends collection	-	(132 873 420)	133 074 491	139 036 516
	Collections	(21 228 606)	(11 540 674)		
Modern Concentrates Industrial Company	Expense distribution	15 266 581	22 626 475		
	Current	131 210	293 317	2 773 897	1 569 072
	Expense distribution	1 073 615	1 195 825		
	Collections	-	(140 461)		

Notes to the financial position for the financial year ended 30 September 2021

Enmaa For Agriculture Development and Biological Wealth	Current	(4 845 525)	104 989 675	226 384 757	231 230 282
Egyptian Company for Dairy Products	Collections	(45 799 851)	(43 894 046)	5 696 936	18 978 341
	Dividends	-	204 979 500		
	Dividends collection	-	(241 550 843)		
	Expense distribution	32 518 446	54 592 968		
Enmaa For Livestock	Current	325 978	209 663	9 052 302	8 726 324
Arju for food industries	Current	2 714	(28 726)	2 714	-
Enmaa For Agricultural Reclamation	Current	4 481	589 953	64 996	60 515
				459 778 380	507 629 982

25-3 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/9/2021	31/12/2020	30/9/2021	31/12/2020
		L.E	L.E	L.E	L.E
Tiba For Trade and Distribution	Current/ Collections	(28 009 620)	(26 655 285)	5 446 421	-
	Dividends	-	13 986 000	-	-
	Leases	1 980 000	2 640 000	-	-
	Dividends collection	-	(48 626 325)	-	-
	Expense distribution	14 969 539	27 091 712	-	-
				5 446 421	-

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

Notes to the financial position for the financial year ended 30 September 2021

- 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 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.
- 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 409 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 September 30, 2021 and tab the rest with currant 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.

Notes to the financial position for the financial year ended 30 September 2021**28 Important 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).

29 Interim Financial statements.

The company requested to issued financial position quarterly for publishing according to stock market requirements, However, the company and it`s subsidiaries not issued the financial position for the first and second quarters of this year work is underway to issue the first and second quarters of 2021.