

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate interim financial statements  
For the financial period ended  
30 September 2022  
And review report**

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

**For the period ended 30 September 2022**

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*Translation from Arabic*

## **Report on Review of Separate Interim Financial Statements To the Board of Directors of Juhayna Food industries S.A.E**

### **Introduction**

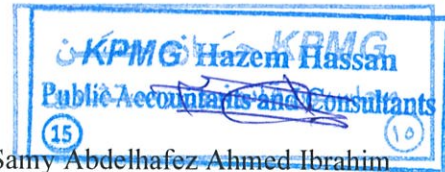
We have performed a limited review for the accompanying separate interim statement of financial position of Juhayna Food Industries “An Egyptian Joint Stock Company”, as at 30 September 2022 and the related separate interim statements of income, comprehensive income, changes in equity and cash flows for the nine months 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 review in accordance with the Egyptian Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A Limited review of 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 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 review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly in all material respects, the separate financial position of the company as at 30 September 2022 and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.



Samy Abdelhafez Ahmed Ibrahim  
Financial Regulatory Authority  
Register No. (377)  
KPMG Hazem Hassan

Cairo, 16 November 2022

Juhayna Food Industries  
 (An Egyptian Joint Stock Company)  
 Separate interim statement of financial position  
 As of 30 September 2022

Translated from Arabic

	Note no.	30/09/2022 L.E	31/12/2021 L.E
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	161 767 162	167 143 174
Projects under construction	(14)	489 928	489 928
Investment in subsidiaries and under joint control	(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
<b>Total non-current assets</b>		<b>2 435 748 283</b>	<b>2 441 124 295</b>
<b>Current assets</b>			
Debtors and other debit balances	(17)	70 111 004	6 067 448
Due from related parties	(25-2)	702 681 228	617 861 817
Cash at banks and on hand	(18)	1 065 780	216 508 274
<b>Total current assets</b>		<b>713 858 012</b>	<b>840 437 539</b>
<b>Total assets</b>		<b>3 149 606 295</b>	<b>3 281 561 834</b>
<b>Equity</b>			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		470 702 541	461 256 581
General reserve - share issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		898 644 304	1 222 373 835
<b>Total equity</b>		<b>2 641 672 355</b>	<b>2 955 955 926</b>
<b>Non-current liabilities</b>			
Lease contract liabilities-non current portion	(24-1)	44 551 552	56 302 682
Deferred tax liabilities	(15-2)	12 222 412	10 438 302
<b>Total non-current liabilities</b>		<b>56 773 964</b>	<b>66 740 984</b>
<b>Current liabilities</b>			
Provisions	(21)	17 782 017	28 526 344
Suppliers and other credit balances	(22)	371 317 808	204 459 255
Lease contract liabilities- current portion	(24-1)	16 235 155	15 587 214
Due to related party	(25-3)	45 824 996	-
Income tax liabilities		-	10 292 111
<b>Total current liabilities</b>		<b>451 159 976</b>	<b>258 864 924</b>
<b>Total liabilities</b>		<b>507 933 940</b>	<b>325 605 908</b>
<b>Total equity and liabilities</b>		<b>3 149 606 295</b>	<b>3 281 561 834</b>

The notes from no. (1) to no.(27) are an integral part of these separate interim financial statements and should be read thereto.

Associate Chief Financial Officer  
 Mohamed Elbady

*Mohamed Elbady*

Chairman  
 Ahmed Elwakil

*Ahmed Elwakil*

Cairo, 16 November 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 2022

Translated from Arabic

	Note no.	Financial period From 1/1/2022 To 30/9/2022 <u>L.E</u>	Financial period From 1/1/2021 To 30/9/2021 <u>L.E</u>	Financial period From 1/7/2022 To 30/9/2022 L.E	Financial period From 1/7/2021 To 30/9/2021 <u>L.E</u>
Revenue from Investment in subsidiaries	(5)	95 969 940	-	-	-
Other revenues	(6)	2 290 000	1 980 000	660 000	660 000
General and administrative expenses	(7)	( 2 781 652)	( 2 110 363)	( 539 882)	( 566 652)
Other Operating expenses	(9)	( 5 323 063)	( 711 209)	( 157 451)	( 83 214)
<b>Gain (loss) from operating activities</b>		<b>90 155 225</b>	<b>( 841 572)</b>	<b>( 37 333)</b>	<b>10 134</b>
Net finance income/ (expenses)	(11)	46 930	67 485	35 957	21 195
<b>Net profit (loss) for the year before income tax</b>		<b>90 202 155</b>	<b>( 774 087)</b>	<b>( 1 376)</b>	<b>31 329</b>
Deferred tax		( 1 784 110)	( 2 297 162)	( 393 893)	( 1 246 815)
Current Income tax	(15)	( 7 266 174)	-	( 1 589 495)	-
<b>Net profit (loss) for the year after tax</b>		<b>81 151 871</b>	<b>( 3 071 249)</b>	<b>( 1 984 764)</b>	<b>( 1 215 486)</b>
<b>Earning per share profit (Loss) for the year (L.E /share )</b>	(20)	<b>0.073</b>	<b>(0.003)</b>	<b>(0.002)</b>	<b>(0.001)</b>

The notes from no. (1) to no.(27) 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 2022**

**Translated from Arabic**

	Financial period From 1/1/2022 To 30/9/2022 L.E	Financial period From 1/1/2021 To 30/9/2021 L.E	Financial period From 1/7/2022 To 30/9/2022 L.E	Financial period From 1/7/2021 To 30/9/2021 L.E
Net profit (loss) for the period after tax	<u>81 151 871</u>	<u>(3 071 249)</u>	<u>(1 984 764)</u>	<u>(1 215 486)</u>
Total other comprehensive income for the period	<u>81 151 871</u>	<u>(3 071 249)</u>	<u>(1 984 764)</u>	<u>(1 215 486)</u>

The notes from no. (1) to no.(27) 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 2022**

Translated from Arabic

	Note no.	Issued & paid up capital		Legal Reserve		General reserve- issuance premium		Retained earnings		Total	
		L.E.		L.E.		L.E.		L.E.		L.E.	
<b>Balance as of 1 January 2021</b>		941 405 082		439 752 945		330 920 428		1123 787 823		2 835 866 278	
Legal reserve formed		-		21 503 636		-		(21 503 636)		-	
Total other comprehensive income for the financial period in 30 September 2021		-		-		-		(3 071 249)		(3 071 249)	
<b>Balance as of 30 September 2021</b>		<b>941 405 082</b>		<b>461 256 581</b>		<b>330 920 428</b>		<b>1 099 212 938</b>		<b>2 832 795 029</b>	
<b>Balance as of 1 January 2022</b>		941 405 082		461 256 581		330 920 428		1 222 373 835		2 955 955 926	
Legal reserve formed		-		9 445 960		-		(9 445 960)		-	
Dividends to shareholders		-		-		-		(329 491 778)		( 329 491 778)	
Dividends to employees and board of directors		-		-		-		(65 943 664)		( 65 943 664)	
Total other comprehensive income for the financial period in 30 September 2022		-		-		-		81 151 871		81 151 871	
<b>Balance as of 30 September 2022</b>		<b>941 405 082</b>		<b>470 702 541</b>		<b>330 920 428</b>		<b>898 644 304</b>		<b>2 641 672 355</b>	

The notes from no. (1) to no.(27) 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 2022

Translated from Arabic

	Note no.	Financial period From 1/1/2022 To 30/9/2022 L.E.	Financial period From 1/1/2021 To 30/9/2021 L.E.
<b>Cash flows from operating activities</b>			
Net profit (loss) for the period before income tax		90 202 155	( 774 087)
<b>Adjustments :</b>			
PPE depreciation	(12)	10 843 935	7 085 546
Capital gain from sale of PPE	(6)	310 000	-
Provisions formed	(21)	5 257 859	706 072
Right of use interest	(11)	5 250 572	5 604 463
Credit interests	(11)	( 359 936)	( 74 896)
Finance interests and expenses	(11)	34 689	44 862
Forex loss	(11)	( 313 006)	7 411
		<u>111 226 268</u>	<u>12 599 371</u>
<b>Changes in:</b>			
Debtors and other debit balances		(4 043 556)	(2 170 478)
Due from related parties		(38 994 415)	53 298 023
Suppliers and other credit balances		(10 174 334)	15 148 575
Provisions used	(21)	(16 002 186)	(1 037 040)
<b>Net cash flows used in resulted from operating activities</b>		<u>42 011 777</u>	<u>77 838 451</u>
<b>Cash flows from investing activities</b>			
Collected credit interests		359 936	74 896
Finance interests and expenses paid		( 34 689)	( 44 862)
Dividends paid to board of directors and employees		(37 911 087)	(34 852 760)
Income tax paid		(9 768 737)	(12 421 640)
<b>Net cash flows resulted from investing activities</b>		<u>( 5 342 800)</u>	<u>30 594 085</u>
<b>Cash flows from investing activities</b>			
Acquisition of PPE and projects under construction	(12)	(5 467 923)	(11 549 577)
Proceeds from sale of PPE		( 310 000)	-
<b>Net cash flows (used in) investing activities</b>		<u>(5 777 923)</u>	<u>( 11 549 577)</u>
<b>Cash flows from financing activities</b>			
(Paid) of finance lease liability		(16 353 761)	(16 150 382)
Dividends paid to shareholders		(188 281 016)	-
<b>Net cash flows (used in) financing activities</b>		<u>( 204 634 777)</u>	<u>( 16 150 382)</u>
<b>Net change in cash and cash equivalents during the period</b>		<u>(215 755 500)</u>	<u>2 894 126</u>
<b>Net Change in foreign currency</b>		313 006	( 7 411)
<b>Cash and cash equivalents at 1 Jan</b>		<u>216 508 274</u>	<u>1 516 023</u>
<b>Cash and cash equivalents at 30 Sep</b>	(18)	<u>1 065 780</u>	<u>4 402 738</u>

The notes from no. (1) to no.(27) 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 separate financial statements**  
**For the financial period ended 30 Sep 2022**

**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.

**2- Basis of preparation**

**a. 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 16 November 2022

**b. 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).

**c. Functional and presentation currency**

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

**d. 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 separate financial position for the financial period ended 30 Sep 2022**

- 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 separate financial position for the financial period ended 30 Sep 2022**

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

**Cash and cash equivalents**

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

**Non-derivative financial liabilities**

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

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

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

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

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

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

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

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

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

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

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

**Subsequent costs**

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

## Notes to the separate financial position for the financial period ended 30 Sep 2022

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

**Notes to the separate financial position for the financial period ended 30 Sep 2022**

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

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

- If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for as sales transaction or not.
  
- **In case of the transfer of asset that is not sale transaction:**  
The entity (lessee) must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

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

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

**Non-financial assets**

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

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

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

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

**3-8 Advantages of Pensions**

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

**3-9 Provisions**

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

## Notes to the separate financial position for the financial period ended 30 Sep 2022

**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.

**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.

**Notes to the separate financial position for the financial period ended 30 Sep 2022**

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.

**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 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period From 1/7/2022 To 30/9/2022 L.E	Financial period From 1/7/2021 To 30/9/2021 L.E
Egyptian Company for Dairy Products	44 995 500	-	-	-
Egyptian Company for Food Industries (Egyfood)	14 997 240	-	-	-
Eldawlya For Modern Food Industries	11 998 800	-	-	-
Al-Marwa for Food Industries	23 978 400	-	-	-
	<u>95 969 940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Tax on revenue from investment in subsidiaries	(9 596 994)	-	-	-

## Notes to the separate financial position for the financial period ended 30 Sep 2022

## 6- Other revenues

	Financial period from 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
Income from rental assets to subsidiaries	1 980 000	1 980 000	660 000	660 000
Gain from sale of fixed assets	310 000	-	-	-
	<u>2 290 000</u>	<u>1 980 000</u>	<u>660 000</u>	<u>660 000</u>

## 7- General and administrative expenses

	Financial period from 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
Personnel expenses	44 147 843	44 970 452	14 286 625	15 010 394
Depreciation expenses	10 845 190	7 085 547	3 761 370	2 615 472
Subscription and licenses fees	764 823	575 354	207 682	164 432
Other administrative expenses	13 313 051	11 292 341	4 477 427	4 080 998
Expense charged to subsidiaries*	66 289 (255)	(61 813 331)	(22 193 222)	(21 304 644)
	<u>2 781 652</u>	<u>2 110 363</u>	<u>539 882</u>	<u>566 652</u>

\* The amount of L.E 66 289 255 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 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
Board of directors' remunerations	735 000	855 000	180 000	855 000
Expenses charged to subsidiaries*	(735 000)	(855 000)	(180 000)	(855 000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

• The amount of L.E 735 000 of board of directors' expenses was deducted and charged to subsidiaries (note 26).



## Notes to the separate financial position for the financial period ended 30 Sep 2022

## 9- Other operating expenses

	Financial period from 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
Provisions for claims	5 257 859	706 072	97 145	81 497
Health insurance contribution	6 625	5 137	1 727	1 717
Allowance of intercompany balances	58 579	-	58 579	-
	<u>5 323 063</u>	<u>711 209</u>	<u>157 451</u>	<u>83 214</u>

## 10- End of Service Cost

	Financial period from 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
End of service	2 188 832	2 532 177	261 662	23 493
Expenses charged to subsidiaries*	<u>(2 188 832)</u>	<u>(2 532 177)</u>	<u>(261 662)</u>	<u>(23 493)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 11- Net finance income/ (expenses)

	Financial period from 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
Interest expense and income	(5 285 261)	(5 649 325)	(1 931 441)	(1 819 117)
Credit interest	359 936	74 896	30 850	28 505
Gain/ Loss from Foreign currency exchange	(313 006)	(7 411)	11 076	(7 310)
Expenses Charged to subsidiaries *	5 285 261	5 649 325	1 925 472	1 819 117
	<u>46 930</u>	<u>67 485</u>	<u>35 957</u>	<u>21 195</u>

\* The amount of L.E 5 285 261 of finance expenses was deducted and charged to subsidiaries (note 26)

Juhayna Food Industries

Notes to the separate interim financial statements for the financial period ended 30 September 2022

Translated from Arabic

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 1/1/2021	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 year	-	(1 367 244)	-	-	-	-	-	-	214,000	-	15,200	-	-	-	15 002 305	-	15 231 505	-
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1 367 244)	-
Cost as of 31/12/2021	11 870 738		111 706 795		44 387 809		1 160 409		4 840 543		4 493 400		5 877 807		90 632 215		274 969 716	
Additions during the period	-	-	-	-	-	-	-	-	588 300	-	6982	-	-	-	4,872,641	-	5 467 923	-
Disposals during the period	-	-	-	-	-	-	-	-	(256 000)	-	-	-	(25 822)	-	-	-	(281 822)	-
Cost as of 30/9/2022	11 870 738		111 706 795		44 387 809		1 160 409		5 172 843		4 500 382		5 851 985		95 504 856		280 155 817	
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 for the year	-		2 234 136		887 756		-		201 514		20 940		349 405		6 712 412		10 406 163	
Depreciation of disposals	-		-		-		-		-		-		-		-		-	
Accumulated depreciation as of 31/12/2021	-		9 252 519		12 428 586		1 160 409		4 219 502		4 410 736		3 817 371		72 537 419		107 826 542	
Depreciation during the period	-		2 341 419		-		-		202 836		16 863		259 505		8 023 312		10 843 935	
Depreciation of disposals	-		-		-		-		(256 000)		-		(25 822)		-		(281 822)	
Accumulated depreciation as of 30/9/2022	-		11 593 938		12 428 586		1 160 409		4 166 338		4 427 599		4 051 054		80 560 731		118 388 655	
Net book value as of 30/9/2022	11 870 738		100 112 857		31 959 223		-		1 006 505		72 783		1 800 931		14 944 125		161 767 162	
Net book value as of 31/12/2021	11 870 738		102 454 276		31 959 223		-		621 041		82 664		2 060 436		18 094 796		167 143 174	

\* The cost of fully depreciated assets and still in use amounted to L.E.73 194 423 as of 30 September 2022.

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

Juhayna Food Industries

Notes to the separate interim financial statements for the fiscal period ended 30 September 2022

Translated from Arabic

13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Total investment cost		Impairment in the value of investment as at		Net Investment	
							30/09/2022	31/12/2021	30/09/2022	31/12/2021	30/09/2022	31/12/2021
			%	L.E.	L.E.	%	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
<b>(13-1) Investment in subsidiary companies</b>												
Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	-	359 911 533	359 911 533
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	-	499 950 000	499 950 000
The Egyptian Company For Food Industries "Egyfood"	SAE	4 999 008	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	-	386 893 852	386 893 852
Tiba for Trading and Distribution	SAE	1 998 000	99.90	100	199 800 000	100	199 800 000	-	199 800 000	-	199 800 000	199 800 000
Al-Marwa for Food Industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	-	196 815 808	196 815 808
Ennaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	-	599 970 000	599 970 000
<b>(13-2) Investment in under joint companies</b>												
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
Balance as at 30 September 2022					2 209 658 000		2 253 491 193	-	2 253 491 193	-	2 253 491 193	2 253 491 193
<b>(13-3) Investments available for sale</b>												
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-	-	-
Balance as at 30 September 2022					100 000		100 000	(100 000)	-	-	-	-
<b>(13-4) Paid on account of investment</b>												
Tiba for Trading and Distribution	SAE	2 000 000	100	100	200 000 000	10	200 000 000	-	20 000 000	-	20 000 000	20 000 000
Balance as at 30 September 2022					200 000 000		200 000 000	-	20 000 000	-	20 000 000	20 000 000

\* Juhayna Food Industries is committed to retain at least 75.1 % of the Egyptian Company for Food Industries (Egyfood) capital, according to the terms of the loan agreement between CTB 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 separate financial position for the financial period ended 30 Sep 2022

## 14- Projects under construction

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>L.E</u>	<u>L.E</u>
Software programs	408 808	408 808
Advance for fixed assets	81 120	81 120
	<u>489 928</u>	<u>489 928</u>

## 15- Income tax expenses

## Income tax expense for year

	Financial period from 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
Dividends tax	(9 596 994)	-	-	-
Income tax during the period	2 330 820	-	(1 589 495)	-
Deferred tax (expense)	(1 784 110)	(2 297 162)	(393 893)	(1 246 815)
	<u>(9 050 284)</u>	<u>(2 297 162)</u>	<u>(1 983 388)</u>	<u>(1 246 815)</u>

## 15-1 Reconciliation of effective tax rate

	Financial period from 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E
<b>Profit/ Loss for the period before income tax</b>	<b>90 202 155</b>	<b>(774 087)</b>
Income tax using the Company's domestic tax rate (22.5%)	20 295 485	(174 170)
Non -taxable expenses	1 183 018	706 072
Tax on revenue exempted by law	(2 159 324)	-
Other adjustments	(18 359 684)	(531 902)
Dividend's tax	9 596 994	-
Deferred tax	1 784 110	2 297 162
Income tax for previous year	(3 290 315)	-
<b>Income Tax</b>	<u><b>9 050 284</b></u>	<u><b>2 297 162</b></u>
<b>Effective tax rate</b>	<u><b>0.10</b></u>	<u><b>-</b></u>

## Notes to the separate financial position for the financial period ended 30 Sep 2022

## 15-2 Deferred tax liabilities

## A- Deferred tax assets and liability arising from lease contract

	<u>30/9/2022</u> <u>L.E</u>	<u>31/12/2021</u> <u>L.E</u>
Deferred tax liabilities	(3 395 667)	(4 144 711)
Deferred tax (liabilities) assets	(3 961 320)	(1 463 103)
<b>Net Deferred tax liability</b>	<b>(7 356 987)</b>	<b>(5 607 814)</b>
<b>Deferred tax liability and assets</b>		
Fixed Assets (Liabilities)	(4 865 425)	(4 830 488)
<b>Total deferred tax liability</b>	<b>(12 222 412)</b>	<b>(10 438 302)</b>

## Deferred tax movement

	Balance as of 1/1/2022	Deferred tax (expense) for the financial period ended 30/6/2022	Balance as of 30/9/2022
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
<b>Total Deferred tax liability</b>	<b>10 438 302</b>	<b>1 784 110</b>	<b>12 222 412</b>

## 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 has been inspected and all tax inspection differences were paid.

**Year 2019 till 2021**

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 2019**

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

**Year 2020/2021**

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 2018**

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

**Year 2019 till 2021**

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

## Notes to the separate financial position for the financial period ended 30 Sep 2022

**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 2021**

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**

	<b>30/6/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Suppliers – advance payments	3 216 790	1 544 725
Prepaid expenses	2 327 960	1 826 334
Letter of guarantees margin	25 398	25 398
Deposits with others	254 548	247 708
Tax payable	1 807 447	-
Other debtors from the government	1 367 244	1 367 244
Other debit balances	1 211 617	1 156 039
	<b>10 211 004</b>	<b>6 167 448</b>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<b>10 111 004</b>	<b>6 067 448</b>

**18- Cash at banks and on hand**

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Banks – current accounts	860 795	216 337 542
Cash on hand	204 985	170 732
	<b>1 065 780</b>	<b>216 508 274</b>

## Notes to the separate financial position for the financial period ended 30 Sep 2022

**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 thousand 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.

	30/9/2022	31/12/2021
	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

**18-1 General reserve - issuance premium**

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

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

Less:

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

**General reserve balance** 330 920 428

**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 1/1/2022 To 30/9/2022 L.E	Financial period from 1/1/2021 To 30/9/2021 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2021 To 30/9/2021 L.E
<b>Net profit/Loss for the period according to profit or loss statement</b>	81 151 870	(3 071 249)	(1 984 764)	(1 215 486)
<b>Less</b>				
Employees share	8 115 187	-	-	-
Board of directors	4 057 594	-	-	-
<b>Net payable to shareholders</b>	68 979 090	(3 071 249)	(1 984 764)	(1 215 486)
Weighted average to number of shares	941 405 082	941 405 082	941 405 082	941 405 082
<b>EPS (L.E/Share)</b>	0.073	(0.003)	(0,002)	(0.001)

## Notes to the separate financial position for the financial period ended 30 Sep 2022

## 21- Provision

Description	Balance on 1/1/2022 <u>L.E</u>	Provision formed <u>L.E</u>	Provision used <u>L.E</u>	Balance on 30/9/2022 <u>L.E</u>
Provision for claims	28 526 344	5 257 859	(16 002 186)	17 782 017

\* The provisions represent the value of claims that can be estimated reliably related to the company's activities. The management reviews these provisions periodically and adjusts the amount of the provision according to the latest coordination of developments, discussions and agreements.

## 22- Suppliers and other credit balances

	30/9/2022 <u>L.E</u>	31/12/2021 <u>L.E</u>
Suppliers	3 173 861	5 584 701
Accrued expenses	7 943 168	8 157 752
Taxes- Tax authority	1 682 728	1 524 199
Deposit to others	15 151	15 151
Dividends payable	357 565 207	188 286 376
Accrued health insurance	6 625	7 080
Social Insurance Authority	295 165	261 732
Other credit balances	635 903	622 264
	<u>371 317 808</u>	<u>204 459 255</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



**Notes to the separate financial position for the financial period ended 30 Sep 2022**

both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

**Credit risk**

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

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

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

	<b>Carrying amount</b>	
	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>L.E</u>	<u>L.E</u>
Debtors and other debit balances	10 111 004	6 067 448
Due from related parties	702 681 228	617 861 817

**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

	<b>Carrying amount</b>	
	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>L.E</u>	<u>L.E</u>
Suppliers and other credit balances	371 317 808	204 459 255
lease contract liabilities	60 786 707	71 889 896

**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 separate financial position for the financial period ended 30 Sep 2022

**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	<u>101</u>	<u>-</u>
Cash at banks and on hand	<u>27 823</u>	<u>1 427</u>
<b>30 Sep 2022</b>	<b><u>27 924</u></b>	<b><u>1 427</u></b>
<b>31 December 2021</b>	<b><u>(12 547)</u></b>	<b><u>1 426</u></b>

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

	Average rate		Actual closing Rate	
	<u>30/9/2022</u>	<u>31/12/2021</u>	<u>30/6/2022</u>	<u>31/12/2021</u>
USD	18.18	15.75	19.58	15.75
Euro	19.13	18.54	19.01	17.84

**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.

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>L.E</u>	<u>L.E</u>
Total liabilities	507 933 940	325 605 908
Less: cash at banks and on hand	(1 065 780)	(216 508 274)
<b>Net debt</b>	<b><u>506 868 160</u></b>	<b><u>109 097 634</u></b>
Total equity	<u>2 641 672 355</u>	<u>2 955 955 926</u>
<b>Net debt to equity ratio</b>	<b><u>% 19.2</u></b>	<b><u>% 3.7</u></b>

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

## Notes to the separate financial position for the financial period ended 30 Sep 2022

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 25/12/2025	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 Sep 2022 (An amount of L.E 1 980 000 during the period ended 30 Sep 2021).
- The finance interests of the lease contract amounted to L.E 5 250 572 during the financial period ended 30 Sep 2022.

## 22-1 Loan (arising from lease contract)

	30/9/2022 L.E	31/12/2021 L.E
Liabilities From lease contract (current portion)	16 235 155	15 587 214
Long-term liability from lease contract (non-current portion)	44 551 552	56 302 682
<b>Total</b>	<b>60 786 707</b>	<b>71 889 896</b>

## Payment of lease contracts liabilities are as follows:

	Loan principal		Accrued interest	
	30/9/2022 L.E	31/12/2021 L.E	30/9/2022 L.E	31/12/2021 L.E
Liabilities for one year	16 235 155	15 587 214	6 037 220	5 628 812
Liabilities between 1-5 years	44 551 552	56 302 682	5 561 293	7 345 398

## 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 separate financial position for the financial period ended 30 Sep 2022

## 25-1 Executive wages &amp; Salaries

	30/9/2022 L.E	30/9/2021 L.E
Salaries, wages & allowances	735 000	11 947 830

\*Classified with general and administrative expense (Note 6).

## 25-2 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/9/2022 L.E	31/12/2021 L.E	30/9/2022 L.E	31/12/2021 L.E
Tiba For Trading and Distribution	Collections	(19 161 782)	(54 356 332)	-	19 161 782
	Dividends	-	44 955 000		
	Leases	-	2 640 000		
	Expense distribution	-	20 309 454		
International Company for Modern Food Industries	Collections/Current	4 432 749	(38 910 526)	89 460 115	64 990 894
	Dividends	10 798 920	86 391 360		
	Dividend's collection	-	(89 991 000)		
	Expenses distribution	9 237 552	13 012 738		
El Marwa For Food Industries	Current	3 128 996	4 055 625	82 942 266	53 593 767
	Dividends	21 580 560	34 618 815		
	Expense distribution	4 638 943	5 423 304		
EGY Food	Dividends	13 497 516	167 369 198		
	Dividend's collection	-	(125 074 980)	171 904 214	158 724 143

## Notes to the separate financial position for the financial period ended 30 Sep 2022

	Collections/current	(16 665 599)	(42 532 692)		
	Expense distribution	16 348 114	19 926 101		
Enmaa For Agricultural Reclamation	Current	(94 938)	34 588	165	95 103
Enmaa For Agriculture Development and Biological Wealth	Current/collections	180 728	(4 790 711)	226 620 299	226 439 571
Egyptian Company for Dairy Products	Collections/current	(38 983 211)	(69 069 855)	122 705 745	86 599 032
	Dividends	40 495 950	90 890 910		
	Expense distribution	34 593 974	45 799 636		
Enmaa For Livestock	Current	459 563	456 422	9 642 309	9 182 746
Arju for food industries	Current	389 915	2 964	392 879	2 964
<b>Total</b>				<b>703 667 992</b>	<b>618 790 002</b>
ECL from related parties				<b>(986 764)</b>	<b>(928 185)</b>
<b>Net</b>				<b>702 681 228</b>	<b>617 861 817</b>

## Notes to the separate financial position for the financial period ended 30 Sep 2022

## 25-3 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/9/2022	31/12/2021	30/9/2022	31/12/2021
		L.E	L.E	L.E	L.E
Tiba For Trading and Distribution	Collections	82 318 148	-	45 824 996	-
	Dividends	-	-		
	Leases	(1 980 000)	-		
	Expense distribution	(15 351 370)	-		
<b>Total</b>				<b>45 824 996</b>	<b>-</b>

## 26- Distribution of the holding companies' expenses

According to the Board of Director meeting No. 276 held on May 24, 2022, the company will distribute its expenses to the following companies (The Egyptian Dairy Products, the Egyptian Food Industries "Egifood", the International Food Industries, Thebes and Distribution, Al-Marwa Food Industries, the modern concentrates industry) according to the percentage of each company's contribution in the consolidated revenues.

## 27 Subsequent events after the financial period:

The Central Bank of Egypt decided in the meeting held on October 27, 2022, to announce the implementation of the flexible exchange rate system for pricing foreign exchange, provided that the prices of selling and buying currencies are determined in the Egyptian pound based on the conditions of supply and demand, and accordingly the exchange rate of the US dollar took an increase against the pound. Which is increase from 19.69 Egyptian pounds to about 23 Egyptian pounds at the end of October 27, 2022, and the rise in the exchange rate of the US dollar against the Egyptian pound will lead to an increase / decrease in the amount of Profit/loss of differences in translation of balances in foreign currencies during the nine-month period ending on September 30, 2022, from about (313,006) EGP to about (54,460) EGP.