

Translation from Arabic

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
For the financial period ended
31 March 2023
And Review report

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

For the financial period ended 31 March 2023

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Hazem Hassan

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Translation from Arabic

Report on Review of Consolidated 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 consolidated Interim statement of financial position of Juhayna Food Industries “An Egyptian Joint Stock Company”, as at 31 March 2023 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our review in accordance with 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 consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly in all material respects, the consolidated financial position of the company as at 31 March 2023 and of its consolidated financial performance and its consolidated cash flows for the three month period then ended in accordance with Egyptian Accounting Standards.

Emphasis of a matter

We draw attention to Note [16] to the consolidated interim financial statements, which describes that a subsidiary of the group is the plaintiff in a lawsuit regarding tax exemption for the years 2009 to 2018. The tax department appeal committee revoked the tax exemption for the period from 2009 till 2014.

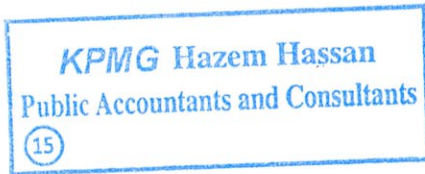


Hazem Hassan

The group has made an assessment, following legal and tax advice that it is more likely than not that it will be successful in defending its right in the lawsuit brought against the tax department appeal committee decision. Therefore, the group has concluded that it does not have a present obligation and has not recognized a provision in the consolidated financial statements. Instead, the group has concluded that a contingent liability exists on the base that the claim is indicative of a possible obligation, and this matter is disclosed in the consolidated financial statements. Our conclusion is not modified in respect of this matter.

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

Cairo, 30 May 2023



Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of financial position
As of 31 March 2023

Translated from Arabic

	Note No.	31/03/2023 L.E	31/12/2022 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	2 955 922 760	3 007 277 888
Projects under construction	(13)	185 014 224	127 380 566
Plant wealth - productive	(14-1)	43 651 965	43 990 377
Plant wealth - not productive	(14-2)	22 097 656	20 328 869
Biological wealth	(15)	207 957 473	197 472 085
Investments under joint control (equity)	(11)	17 183 813	16 926 093
Right of use assets	(29-2)	43 730 141	47 182 377
Goodwill	(34)	97 092 890	97 092 890
Other - long term asset		713 532	715 600
Non-current assets		3 573 364 454	3 558 366 745
Current assets			
Biological assets - Existing Agriculture		18 192 818	20 158 767
Biological assets - Feeding Sector		46 352	117 332
PPE held for sale		1 942 496	1 942 496
Inventories	(17)	2 362 206 773	1 725 513 368
Trade and other receivables	(18)	1 009 747 867	768 124 141
Due from related party	(32 -1)	562 018	559 970
Cash at banks and on hand	(19)	382 027 141	294 504 052
Current assets		3 774 725 465	2 810 920 126
Total assets		7 348 089 919	6 369 286 871
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		742 006 982	719 145 789
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		1 734 723 251	1 418 366 451
Total equity attributable to the shareholders of the parent company		3 749 055 743	3 409 837 750
Non-controlling interest		1 090 526	894 422
Total equity		3 750 146 269	3 410 732 172
Non-current liabilities			
Long - term loans	(21)	73 226 518	78 951 620
Lease contract liabilities - non current portion	(29)	73 844 250	80 440 307
Deferred tax liabilities	(26)	296 225 617	304 602 189
Other non current liabilities	(25)	111 564	297 878
Non-current liabilities		443 407 949	464 291 994
Current liabilities			
Provisions	(23)	82 736 611	78 789 406
Bank credit facilities	(22)	916 475 153	707 922 331
Creditors and other credit balances	(24)	1 704 263 855	1 340 285 565
Income tax payable	(33)	305 160 968	213 078 927
Lease contract liabilities- current portion	(29)	29 782 669	30 742 133
Loans-current portion	(21)	116 116 445	123 444 343
Current liabilities		3 154 535 701	2 494 262 705
Total liabilities		3 597 943 650	2 958 554 699
Total equity and total liabilities		7 348 089 919	6 369 286 871

The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

Chief Financial Officer
Ssmeh El-hodaiby

Chairman
Ahmed Elwyakel

Cairo, 30 May 2023
Limited review report "attached"

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of profit or loss
For the financial period ended 31 March 2023

Translated from Arabic

	Note No.	Financial period From 1/1/2023 To 31/3/2023 L.E.	Financial period From 1/1/2022 To 31/3/2022 L.E.
Net sales		3 423 285 226	2 403 433 446
Cost of sales		(2 405 946 442)	(1 761 615 642)
Gross profit		1 017 338 784	641 817 804
Other operating income	(5)	47 103 303	30 541 713
Selling and Marketing expenses	(6)	(434 240 637)	(375 662 265)
General and administrative expenses	(7)	(91 555 064)	(74 419 472)
Other expenses	(8)	(39 924 472)	(21 893 334)
Results from operating activities		498 721 914	200 384 446
Share in profit of a company under joint control		257 720	233 452
Net finance (expense)	(9)	(74 831 645)	(13 009 377)
Net profit for the period before income tax		424 147 989	187 608 521
Current income tax		(93 110 179)	(43 364 464)
Deferred tax		8 376 562	175 648
Net profit for the period after tax		339 414 372	144 419 705
Distributed as follows			
Parent Company share in profit		339 217 994	144 380 793
Non-controlling interest		196 378	38 912
		339 414 372	144 419 705
Earning per share for the period (L.E /share)	(35)	0.36	0.15

The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of comprehensive income
For the financial period ended 31 March 2023

	Financial period From 1/1/2023 To 31/3/2023 L.E.	Financial period From 1/1/2022 To 31/3/2022 L.E.
Net profit for the period after tax	339 414 372	144 419 705
Total other comprehensive income	<u>339 414 372</u>	<u>144 419 705</u>
Distributed as follows		
Parent Company's share in profit	339 217 994	144 380 793
Non-controlling interest	196 378	38 912
	<u>339 414 372</u>	<u>144 419 705</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

Julayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of changes in equity
For the financial period ended 31 March 2023

	Issued & paid up capital L.E	Legal reserve L.E	General reserve- issuance premium L.E	Retained earnings L.E	Non-controlling interest L.E	Total L.E
Balance as at 1 January 2022	941 405 082	688 879 026	330 920 428	1206 348 929	762 819	3 168 316 284
Total other comprehensive income for the period ended 31 March 2022	-	-	-	144 380 793	38 912	144 419 705
<u>Transaction with owners of the company</u>						
Transferred to legal reserves	-	20 729 111	-	(20 729 111)	-	-
Balance as at 31 March 2022	941 405 082	709 608 137	330 920 428	1 330 000 611	801 731	3 312 735 989
Balance as at 1 January 2023	941 405 082	719 145 789	330 920 428	1 418 366 450	894 422	3 410 733 171
Total other comprehensive income for the period ended 31 March 2023	-	-	-	339 217 994	196 378	339 414 372
<u>Transaction with owners of the company</u>						
Transferred to legal reserves/Others	-	22 861 193	-	(22 861 193)	(274)	(274)
Balance as at 31 March 2023	941 405 082	742 006 982	330 920 428	1 734 723 251	1 090 526	3 750 146 269

The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of cash flows
For the financial period ended 31 March 2023

Translated from Arabic

	Note No.	Financial period From 1/1/2023 To 31/3/2023	Financial period From 1/1/2022 To 31/3/2022
Cash flows from operating activities			
Net profit for the period before income tax and minority interest share in profits		424 147 989	187 608 521
Adjustments for:			
PPE depreciation	(12)	72 533 814	77 924 776
Capital loss (gain)	(8)		(13 024 047)
Amortization of asset right of use (lands)		2 068	2 068
Amortization of animal wealth	(15)	7 924 782	7 674 099
Amortization of plant wealth (productive)	(14-1)	338 412	201 640
Capitalize during the drying period		16 300	-
Changes in investments under joint control (equity)	(11)	(257 720)	(233 452)
Impairment of other debit balances			341 784
Amortization of right of use	(29)	3 452 236	3 535 491
Right of use interest	(29)	979 969	1 561 620
Impairment of inventory no longer required			(70 806)
Provision for claims formed	(23)	9 167 975	5 003 514
Herd birth		(4 963 800)	(4 219 000)
Herd capitalization		(22 698 884)	(15 950 769)
Loss from selling and death of animal wealth	(15)	6 556 115	392 166
Foreign currencies exchange differences	(9)	27 500 005	3 425 010
Credit interests	(9)	(3 573 141)	(3 775 743)
Finance interests & expenses	(9)	49 924 812	18 648 510
		<u>571 050 932</u>	<u>269 045 382</u>
Changes in:			
Inventories	(17)	(636 693 405)	(149 558 921)
Biological assets- Exiting Agriculture		1 965 949	(9 336 469)
Changes in held for sale			104 958
Trade and other receivables	(18)	(241 623 726)	(151 554 504)
Due from related parties	(32-1)	(2 048)	(17 056)
Creditors & other credit balances	(24)	364 043 722	236 404 504
Income tax paid		(1 028 138)	(5 000 000)
Sales tax on capital goods -paid		(186 314)	161 922
Provisions claim for used		(5 220 770)	(1 918 522)
Net cash flows from operating activities		<u>52 306 202</u>	<u>188 331 294</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12-13)	(79 704 936)	(35 765 373)
Proceeds from sale of PPE		892 592	15 162 808
Proceeds from plant wealth unproductive	(14-15)	(1 768 787)	(2 172 144)
Payments to invest in vital assets		1 869 532	9 986 972
Proceeds from the compensation of calves death		815 830	637 115
Net cash flows (used in) investing activities		<u>(77 895 769)</u>	<u>(12 150 622)</u>
Cash flows from financing activities			
Proceeds from/ (payments for) overdraft & credit fa	(22)	208 552 822	(15 539 088)
(Payments for) financial lease contract liabilities	(29)	(8 535 490)	(8 450 232)
(Payments for) bank loans	(21)	(13 053 000)	(40 486 063)
Collected credit interests		3 573 141	3 775 743
Finance interests & expenses paid		(49 924 812)	(18 648 510)
Dividends paid to shareholders		-	(188 281 016)
Net cash flows from (used in) financing activities		<u>140 612 661</u>	<u>(267 629 166)</u>
Change in cash & cash equivalents during the period		<u>115 023 094</u>	<u>(91 448 494)</u>
The effect of foreign exchange difference	(9)	(27 500 005)	(3 425 010)
Cash & cash equivalents at 1 January		<u>294 504 052</u>	<u>453 015 330</u>
Cash & cash equivalents at 31 March	(19)	<u>382 027 141</u>	<u>358 141 826</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements
For the financial period ended 31 March 2023

1 Reporting the entity

The Company was established in 1995 according to the Investment Law No. (230) of 1989 as replaced by the investment incentives and guarantees law No. (8) 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.

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

The address of the Company's registered office is building no.2 Polygon Sodid West, Sheikh Zayed Giza.

The factory address: 6th Oct. city the industrial zone No. 1, plot No. 39, 40.

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 and all its derivatives, all types of cheese, fruit juices, drinks and frozen material, preparing, manufacturing, packaging and packing all types of food materials and in general manufacturing of agriculture products.

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance with laws and regulation

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

The financial statements were authorized for issue by the Board of Directors on 30 May 2023

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following significant items in the balance sheet.

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (Note 4-1).
- Biological assets and Agricultural crops are measured at fair value less cost to sell unless the fair value cannot be reliably measured (Note 4-2).
- The methods used to measure fair values are discussed further in note (4).

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Accounting policy no (3-10): lease classification.

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

- Note (18): impairment of trade and notes receivable.
- Note (23): provisions & contingent liabilities
- Note (26): deferred tax.
- Note (4-2): biological assets

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except as mentioned in note (3-24) .

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3-2 Foreign currency

Foreign currency transactions

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

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

3-3 Investment under joint control

Companies under joint control are companies that exercise joint control over an investee. Joint control is in place when decisions on main activities require the unanimous consent of the controlling parties. Investments under joint control entities are presented in the consolidated financial statements using the equity method so that initial recognition is recognized at cost including costs associated with the acquisition and the subsequent measurement in the consolidated financial statements increases or decreases the carrying amount of the investment by the Group's share of profit or loss.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

3-4 Financial instruments

3-4-1 Financial assets

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

A. Classification:

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

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

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

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

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

B. Recognition and derecognition:

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

C. Measurement:

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

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

Debt instruments:

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

- **Amortized cost:** Assets held to maturity date to collect contractual cash flows, where those cash flows represent only payment of original amount and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate item in the statement of profit or loss.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

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

Equity instruments

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

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

d- Impairment:

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

Financial derivatives

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

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

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

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Other financial liabilities

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

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

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

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

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

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

Debtors

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

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

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

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

Cash and cash equivalents

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

Non-derivative financial liabilities

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

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

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

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

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

3-5 Intangible assets and goodwill

Recognition & Measurement

Goodwill

Goodwill arise from acquisition of subsidiaries. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed. Goodwill is not amortized.

3-6 Property, plant and equipment

Recognition and measurement

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

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

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

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

Subsequent costs

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

Depreciation

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

The estimated useful lives are as follows:

Description	Estimated useful life (Years)
Buildings & Constructions	13.3- 50
Machinery & Equipment	More than -13
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	More than -10
Empty plastic containers & pallets	5
Computers	3.33-5
Wells	25 or Wells use full life

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

Depreciation method useful life and residual value are reviewed at each date and adjusted as appropriate.

3-7 Projects under construction

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

3-8 Government grants

Government grants related to assets – including non-monetary grants recorded at fair value presented in financial statements as deferred income (grants considered deferred income and recorded in income statement according to regular systematic basis over the estimated useful lives of assets).

3-9 Plant wealth

This item represents the amounts spent for cultivation of fruit trees which were recognized as noncurrent assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as noncurrent assets (plant wealth), and will be depreciated over (25-50) years respectively according to the nature of those assets.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

3-10 Lease Contracts

Operating lease contracts

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

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

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

At inception, the ROU asset comprises, the initial lease liability, initial direct costs, and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator for impairment, as for owned assets.

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

If an entity (the lessee) transfers an asset to another entity (the lessor) and re-leases the asset, the entity must determine whether the asset is being accounted for as a sale transaction on that asset or not.

- **In case the transfer of the asset is not a sale transaction**

The lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

3-11 Inventories

Inventories of raw materials, supplies, packing materials and spare parts are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

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

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

3-12 Transactions with related parties:

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

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

3-13 Impairment

Non –derivative financial assets

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

Non-financial assets

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

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

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

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

3-14 Defined contribution plans

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

3-15 Provisions

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

3-16 Revenue

Sales of goods

Revenue for sale of goods is recognized based on the transaction price of the received or receivable payment. The transaction price is determined considering returns, trade discounts and volume rebates. Revenue is recognized in the income statement when pervasive evidence exists of the settlement of contractual performance obligation by transfer of goods to the customer. Pervasive evidence usually exists in the form of an executed sales agreement. Settlement of the performance obligation has pervasively occurred when control over the goods has been transferred to the customer, associated costs

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

and possible return of goods can then be estimated reliably and there is no continuing control or involvement with the goods.

Discounts are recognized as a reduction of revenues when they will probably be granted, and the discounts amount can be measured reliably. When discounts granted over past performance obligations, a provision is recognized in the balance sheet. In case a discount will be granted over future performance obligations, a contract liability will be recognized.

Export subsidy revenue

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

3-17 Rental income

Rental income from other assets is recognized in other income.

3-18 Finance income and finance costs

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

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

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

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

3-19 Income tax

Current tax

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

Deferred tax

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

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

3-20 Assets held for sale

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

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets & biological

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Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

3-21 Legal reserve

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

3-22 End of service benefits

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work voluntarily according to law (12) of 2003 and related Egyptian Laws and the policy approved and declared by the company.

If the benefit is payable for a period of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

3-23 Segmentation reporting

A segment is a group of associated assets and processes that are characterized by risks and rewards that differ from those of other segments or within a same economic environment with risks and rewards that are related to other segments operating in a different economic environment. All the operating results of the operating segments are reviewed regularly by the Group's business leaders (chief operating decision maker), where the Group makes decisions about the resources allocated to the segments and assesses their performance, which provides detailed financial information

The group has 5 operational segments, which represent segments for which financial reporting is provided to high management. These reports present different products and services and are managed separately because they require different technology and marketing strategies. The operation of each sector is reported below:

Segmentation reports	Operations
Dairy sector	Manufacture and sell dairy products & its derivatives
Cooling sector	Manufacture cooled dairy products
Juice sector	Manufacture and sell various products of juice
Concentrate sector	Manufacture and sell fruit concentrates
Agriculture sector	Produce agriculture crops in- addition to livestock farm that produce dairy product and sell to dairy sector

3-24 The new and adjusted accounting standard

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

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

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.

4 Determination of fair value

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

4-1 Non-derivative financial liabilities

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

4-2 Biological assets

Biological assets are measured by fair value less cost to sell unless the fair value cannot be measured reliably.

If the fair value cannot be measured reliable, the biological assets acquired during the Financial Year are presented according to their cost at the date of acquisition Also biological assets which are internally grown are presented at cost of breeding or growth until commercial production (called the increase in the value of the biological assets), less accumulated depreciation and accumulated impairment loss, If any. The cost of small bio-assets is determined by the cost of breeding or growth according to the age group. These young ones are also not consumed. The biological assets are depreciated on a straight-line basis to their estimated residual values over periods, as summarized below.

Cows	4 years
Orange trees	35 years

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Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

5 Other operating income

	Financial period From 1/1/2023 To 31/03/2023 L.E	Financial period From 1/1/2022 To 31/03/2022 L.E
Export subsidy revenue	36 898 721	13 492 572
Capital gain	24 600	13 024 047
Increase in biological wealth due to newborn	4 963 800	304 896
Inventory write-down (Reverse)	-	70 806
Gains from assets held for sale	-	739 999
Income from the sale of scrap and waste	3 463 031	2 139 109
Other income	1 753 151	770 284
	47 103 303	30 541 713

6 Selling and marketing expenses

	Financial period From 1/1/2023 To 31/03/2023 L.E	Financial period From 1/1/2022 To 31/03/2022 L.E
Advertising expenses	209 119 778	178 471 235
Salaries and wages	95 638 176	81 252 129
Cost of replaced items	30 317 414	22 622 058
Depreciation	15 338 318	12 484 064
Vehicles expenses	33 071 530	19 601 800
Shipping & export expenses	18 291 326	30 429 378
Rents	3 089 339	3 362 758
Temporary labor contractors cost	8 368 026	8 106 972
Others	21 006 730	19 331 871
	434 240 637	375 662 265

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Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

7 General and administrative expenses

	Financial period From 1/1/2023 To 31/03/2023 L.E	Financial period From 1/1/2022 To 31/03/2022 L.E
Salaries and wages	35 194 523	27 100 299
Depreciation expense	4 239 605	5 588 815
Rent expenses	3 829 705	3 248 774
Subscription fees and licenses	11 210 109	8 859 898
End of service expenses	16 618 846	15 101 794
BOD bonus (32-2)	770 000	665 000
Other administrative expenses	19 692 276	13 854 892
	91 555 064	74 419 472

8 Other expenses

	Financial period From 1/1/2023 To 31/03/2023 L.E	Financial period From 1/1/2022 To 31/03/2022 L.E
Donations	511 838	2 063 215
Impairment in trade and other receivables	203 045	341 784
Impairment of fixed assets	2 064 146	-
Real- estate tax	833 150	263 254
Provision for claims formed	10 320 400	5 003 514
Health insurance	16 291 182	11 503 924
Loss from selling and death of animal wealth	6 556 115	392 166
Others	3 144 596	2 325 477
	39 924 472	21 893 334

9 Net finance expense

	Financial period From 1/1/2023 To 31/03/2023 L.E	Financial period From 1/1/2022 To 31/03/2022 L.E
Interest expense	(50 904 781)	(20 210 130)
Interest income	3 573 141	3 775 743
Gain (loss) from foreign currency exchange	(27 500 005)	3 425 010
	(74 831 645)	(13 009 377)

10 Segmentation reports

10-1 Segmentation reports for the financial period ended 31 March 2023

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries. Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentat as follows:

	Activity Segments						Elimination of consolidated transactions L.E 31/03/2023	Total L.E 31/03/2023
	Dairy sector L.E 31/03/2023	chilled sector L.E 31/03/2023	Juices sector L.E 31/03/2023	Concentrates sector L.E 31/03/2023	Agriculture sector L.E 31/03/2023	Undistributed items L.E 31/03/2023		
Net Sales	1 771 055 556	848 152 049	481 155 941	241 796 400	8 811 708	72 313 572	3 423 285 225	
Sales between segments	1 825 535 842	690 356 691	390 799 416	61 596 031	207 108 170	-	819 531 672	
Other operating income	8 785 420	2 842 333	3 210 499	32 532 616	-	(9 845)	47 561 023	
Expenses	(247 233 173)	(308 369 671)	(97 531 682)	16 503 509	-	(3 920 802)	(640 551 818)	
Other Information								
Depreciation	23 812 121	24 213 908	11 128 634	5 701 277	7 256 762	421 112	72 533 814	
Assets	2 872 775 701	1 716 465 597	1 314 700 155	1059 994 117	269 315 627	114 838 721	7 348 089 919	
Liabilities	1 550 622 930	839 377 609	696 146 111	481 697 102	30 099 898	-	3 597 943 650	

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

10 Segmentation reports

10-1 Segmentation reports for the financial year ended 31 March 2022

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.

Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segment as follows:

	Activity Segments							Elimination of consolidated transactions L.E 31/03/2022	Total L.E 31/03/2022
	Dairy sector L.E 31/03/2022	chilled sector L.E 31/03/2022	Juices sector L.E 31/03/2022	Concentrates sector L.E 31/03/2022	Agriculture sector L.E 31/03/2022	Undistributed items L.E 31/03/2022			
Net Sales	1 298 499 908	585 043 484	382 037 182	59 321 165	4 884 193	73 647 514		2 403 433 446	
Sales between segments	1 518 746 817	471 040 349	289 948 693	71 524 485	4 604 134		(2 355 864 478)	-	
Other operating income	9 887 279	8 261 401	3 948 461	8 255 994	244 356	177 674		30 775 165	
Expenses	(179 546 058)	(226 920 879)	(68 620 874)	(5 071 516)	591 798	(5 416 919)		(484 984 448)	
Other Information									
Depreciation	42 100 319	18 968 439	12 386 515	1 923 327	158 357	2 387 819		77 924 776	
Assets	1 689 196 793	1 572 376 320	849 679 217	573 342 875	828 472 918	117 745 958		5 630 814 081	
Liabilities	670 762 361	512 783 201	223 208 869	236 923 985	46 975 640	2 142 464		1 692 796 520	

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

11. Investment under joint control (equity)

Name of the investee company	Share percentage %	Current assets		Non current assets		Total assets		Current liabilities		Total liabilities		Cost of investment	
		L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Arju Company For food Industrial*	50.75%	18 534 245	-	18 534 245	1,350,432.00	1 350 432	17 183 813						
Balance as of 31 March 2023		18 534 245	-	18 534 245	1 350 432	1 350 432	17 183 813						
Arju Company For food Industrial	50.75%	18 667 277	-	18 667 277	1,741,184.00	1 741 184	16 926 093						
Balance as at 31 December 2022		18 667 277	-	18 667 277	1 741 184	1 741 184	16 926 093						

12. Property, plant and equipment

Transportation & transport vehicles

Machinery & Equipment

Buildings & Constructions

Tools

Empty plastic containers & pallets

Display ref.'s

Wells

Office furniture & equipment

Computers

Total

Description	Land		Buildings & Constructions		Machinery & Equipment		Transportation & transport vehicles		Tools		Empty plastic containers & pallets		Display ref.'s		Wells		Office furniture & equipment		Computers		Total		
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	
Cost as at 1/1/2022	183 500 802		1649 357 443	2714 596 383	371 418 473	161 427 637	72 100 035	97 584 532	39 789 600	35 421 050	150 780 934	5476 176 889											
Additions of the year			10 074 454	89 084 831	5 599 198	19 666 262	17 037 300																
Disposals of the year			(3 842 360)	(47 688 134)	(16 791 495)	(372 611)	(5 378 362)	(1 224 473)															
Cost as of 31/12/2022	183 500 802		1 655 589 537	2 755 993 080	360 426 176	180 721 288	83 758 973	96 360 059	39 789 600	57 412 394	157 124 675	5 570 676 584											
Additions during the period			1 235 313	763 339	7 366 140	669 804	10 488 000	(15 729)															
Disposals during the period							(2 917 932)																
Cost as of 31/03/2023	183 500 802		1 656 824 850	2 756 756 419	367 792 316	181 391 092	91 329 041	96 344 330	39 789 600	57 412 394	158 650 719	5 589 791 562											
Accumulated depreciation as at 1/1/2022			277 530 700	1 416 681 084	201 088 781	100 117 853	47 236 545	79 992 997	12 767 634	23 997 973	127 189 990	2 286 603 557											
Depreciation of the year			40 963 623	176 743 469	31 178 137	13 895 944	13 970 086	4 202 958	1 489 635	4 068 112	14 511 536	301 215 747											
Accumulated depreciation as of 31/12/2022			(3 842 360)	(21 979 146)	(15 533 570)	(279 707)	(5 378 362)	(1 224 473)															
Depreciation of the period			317 909 890	1 571 445 407	216 733 348	113 734 090	55 828 268	87 971 482	14 257 269	28 006 191	141 629 327	2 542 707 519											
Accumulated depreciation as of 31/03/2023			10 456 601	41 819 586	7 806 255	3 455 689	3 896 938	1 050 676	372 404	1 207 644	2 423 921	72 533 815											
Fixed assets impairment as of 31/03/2023			328 366 491	1 613 264 993	224 539 603	117 189 779	56 807 274	84 006 429	14 629 673	29 213 835	144 030 609	2 612 285 034											
Net book value as of 31/03/2023	(10 354 591)		(4 407 389)	(6 591 858)	(1 163 252 713)	(64 201 313)	(34 521 767)	(12 337 901)	(225 931)	(28 198 559)	(14 620 110)	(21 583 768)											
Impairment of fixed assets 31/12/2022			(132 189)	(9 974 467)																			
Net book value as of 31/12/2022	172 953 964		1 337 547 458	1 174 573 206	143 692 828	66 987 198	27 930 705	13 388 577	25 302 400	29 406 203	15 495 348	3 007 277 888											

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Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

13 Projects under constructions

	31/03/2023	31/12/2022
	L.E	L.E
Buildings and constructions in progress	5 441 743	12 179 201
Machineries under installation	81 058 853	56 662 054
Advance payments for purchase of fixed assets	78 118 458	43 780 203
Lake	7 795 733	-
Computer software	6 038 377	5 271 908
Transport Vehicles and Transportation in process	6 561 060	9 487 200
	<u>185 014 224</u>	<u>127 380 566</u>

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

	31/03/2023	31/12/2022
	L.E	L.E
Cost at the beginning of the period	47 045 779	28 614 074
Additions during the period	-	18 431 705
Cost at end of the period	<u>47 045 779</u>	<u>47 045 779</u>
Less:		
Accumulated depreciation at beginning of the period	(3 055 402)	(2 540 218)
Depreciation during the period	(338 412)	(515 184)
Accumulated depreciation at end of the period	<u>(3 393 814)</u>	<u>(3 055 402)</u>
Net	<u>43 651 965</u>	<u>43 990 377</u>

14-2 Plant wealth – unproductive

	330 / 150 / 192	Palm project	Total
	Projects acre		
Balance at 01 January 2023	19 813 586	460 211	20 273 797
Transferred productive plant wealth classification	1 812 908	10 951	1 823 859
Balance at end of the period	<u>21 626 494</u>	<u>471 162</u>	<u>22 097 656</u>

Juhayna Food Industries
Notes to the consolidated financial statements for the financial period ended 31 March 2023

Translated from Arabic

15- Biological wealth

	biological wealth (Flock of dairy livestock - productive)		biological wealth (Flock of dairy livestock - unproductive)		Total	
	L.E.		L.E.		L.E.	
Amount of flock of livestock at the beginning of the year	193 654 289		67 534 324		261 188 613	252 429 668
Adding:						
Addition during the year	-	14 531 059	-	(14 531 059)	-	-
Transferred from biological wealth (Flock of dairy livestock - unproductive)	-	-	-	-	-	-
* Births of flock						
Female	358 847		3 281 800		3 281 800	10 793 000
Capital cost during drying -off	208 544 195		22 340 037		22 698 884	59 574 426
			78 625 102		287 169 297	322 797 094
Biological wealth sales	8 496 262		1 805 153		10 301 415	54 432 692
The death of live stock losses	653 768		646 593		1 300 361	7 175 787
Cost of flock of livestock as of the end of the period	9 150 030		2 451 746		11 601 776	61 608 479
Accumulated depreciation	199 394 165		76 173 356		275 567 521	261 188 615
Beginning of the year	63 716 528		-		63 716 528	56 235 249
Depreciation of the year	7 924 782		-		7 924 782	30 466 088
Accumulated depreciation of disposals of sales case	(3 721 850)		-		(3 721 850)	(20 763 911)
Accumulated depreciation of disposals of death case	(309 412)		-		(309 412)	(2 220 896)
Accumulated depreciation as of end year	67 610 048		-		67 610 048	63 716 530
Net amount of flock of livestock as of end period	131 784 117		76 173 356		207 957 473	197 472 085

* Calfs of flocks are measured at fair value deducted by selling costs. Any increase or decrease in fair value under book value is recognized at financial statement date in the income statement.

** The company management measure the flocks of dairy livestock at cost because an active market to rely on to determine the fair value is unavailable.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

16 Tax status

16-1 Holding Company

Corporate tax

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and payments due over annual taxable profits.

The period from the beginning of operation till year 2009

The Company has been inspected and all tax inspection differences were paid.

Years from 2010 till 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 due time.

Year 2019 - 2022

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

Payroll tax

The period from the beginning of operation till year 2020

The tax inspection performed, and differences settled.

Year 2021 - 2022

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

Stamp tax

The period from the beginning of operation till 2018

The tax inspection performed, and differences settled.

Year 2019/2020

The tax inspection under processing

Year 2021/2022

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

Sales tax/ Value added tax

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

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

Years 2016 till 2018

The tax inspection is performed and and differences settled.

Years 2019/2020

The examination has been completed and Form 15 has been received, and the dispute is being resolved in the internal committee.

Withholding tax

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

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

Subsidiaries

First: Corporate tax

he Company that benefits form the corporate tax exemption

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

The Companies that are not exempted.

Egyptian Companies for Food Industries: -

Inspected from beginning of its activity to 2012. 2013-2021 in processing.to inspection.

Modern Company for Concentrates: -

Inspected from beginning of its activity to 2009 the objection was made in legal date to Council of State .
Years 2010-2012 the objection was made in legal date.

2013 -2014 notified the company of Form 19, and it was objected to within the legal deadlines

Years 2015–2019 requested for inspection. Years 2020 – 2021 not requested for inspection and the Company submitted the annual tax return in the due date

International Company for Food industries: -

The tax departments inspected the subsidiary books of accounts for the year 2009 to 2014 in accordance with the reinspection memo dated 20/11/2019. The tax department revoked the tax exemption certificate issued by the General Authority for Investment (GAFI) to this subsidiary.

The tax department notified the subsidiary by the tax base (Form 19) for the tax years 2009 to 2014.

The group challenged the tax assessment before the tax department higher appeal committee in its dispute No. 850 /2022. The committee decided on the appeal on 30/8/2022 to revoke the aforementioned exemption and to claim corporate tax from the subsidiary for the tax years 2009 up to 2014 for an amount of L.E 61.5 million and additional tax of L.E 4.2 million. These amounts of taxes are due for payment to the tax Authority after the decision of the appeal committee.

The management has made an assessment, following legal and tax advice, that it is more likely than not that it will be successful in defending the lawsuit it brought against the tax department based on GAFI tax exemption certificates dated 23/12/2008 and 10/11/2009, in-addition to the certificate issued on 25/3/2021. The management challenges the tax department decision which disagree with article No 64 of the Investment law No. 8 for the year 1997 and the tax instructions by the tax department No 27 for the year 2007 and No 21 for the year 2015. These instructions stipulate the tax department commitment to the exemption decisions issued by GAFI as these exemptions are irrevocable with no requirement of further approvals. The company submitted its appeal to the primary court as of 3/11/2022. Therefore, the management concluded that there is no present obligation and has not recognized a provision in the financial statements.

On 13 December 2022, the company submitted a request the tax department dispute resolution committee, for their foresight. The dispute is currently under discussion with the committee.

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004, years from 2005-2008 was not requested for inspection. Years from 2009-2012 was inspected and settled. 2013-2017 form 19 has been notified and the objection was made in legal date. Years 2018-2022 not requested for inspection and the Company submitted the annual tax return in the due date.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

Tiba for Trading and Distribution

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

Year 2009-2012 was inspected and settled. Years 2013-2018 the estimated inspection of the period and the objection was made, and a decision was issued to re-examine the actual and ongoing inspection. Years 2019-2022 the declarations were submitted on the legal date and not requested for inspection and the Company submitted the annual tax return in the due date.

Al Marwa for Food Industries

The company was inspected from the beginning of its operations and settled till 2005. Years 2006-2009 the objection for model 19 then years 2010-2013 the inspection inspected and settled. Years 2014-2018 form 19 has been received the objection on the legal date and years 2019-2020 -2022 not requested for inspections in processing to inspection.

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Livestock

The company not inspected yet.

Second: Salaries tax

Subsidiaries

Tax inspection ending date

Egyptian Company for Dairy Products	- Inspection was performed from starting of activity till 2014 and tax settled. Years 2015/2019 inspection was performed, and tax settled years 2020-2022 the Company submitted the quarter tax return in the due date.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2019 years 2020/2022 not inspected yet.
Tiba for Trading and Distributing	- Inspection was performed from starting of activity till 2015/2019 and differences settled. Years 2020/2022 the Company submitted the quarter tax return in the due date.
International Company for Modern Food Industries	- Tax inspection was performed from start of activity till 2019 and tax settled Years 2021/2022 the Company submitted the quarter tax return in the due date.
The Egyptian Company for Food Industries "Egyfood"	- Tax inspection was performed till 2020 and tax differences settled. the Company submitted the quarter tax return in the due date
Modern Concentrates Industrial Company	- Tax inspection was performed from start of activity till 2018 till 22.06.2022
Inmaa for Agriculture Development Co. and Biological Wealth	- Tax inspection was performed and settled till 2015 was inspected and settled. Years 2016/2019 waiting for inspection.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

	Years 2020/2022 the Company submitted the quarter tax return in the due date
Inmaa for livestock	· From the beginning of activity till 2019 was inspected and settled. Years 2020/2022 the Company submitted the quarter tax return in the due date
Inmaa for agriculture	-From the beginning of activity till 2016 was inspected and settled Years 2017/2019 the Company submitted the quarter tax return in the due date Years 2020/2022 the Company submitted the quarter tax return in the due date
Third: Stamp tax	
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 2020. Years 2021/2022 preparing for inspection
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected the objection was made in legal date. Years 2020/2022 the Company submitted the quarter tax return in the due date
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected and waiting the documents. Years 2020/2022 the Company submitted the quarter tax return in the due date
International Company for Modern Food Industries	-Inspection has been performed and difference settled till 2018. Year 2019/2022 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	· From the beginning of activity till 2017 was inspected and settled - Years 2018 – 2022 not inspected yet .
Modern Concentrates Industrial Company	-Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.
Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2019. Years 2020/2022 was inspected the objection was made in legal date.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

Inmaa for agriculture	Years till 2017 was inspected and settled. Years 2018/2022 not inspected yet.
Inmaa for livestock	Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.
Fourth: Value added tax (Sales tax)	
Egyptian Company for Dairy Products	- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 2019 inspected and settled. Years 2020/2022 not inspected yet.
Al-Marwa for Food Industries	Inspected and difference settled /2019 inspected and settled. Years 2020/2022 not inspected yet.
International Company for Modern Food Industries	-The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 2017 Years 2018/2020 inspected performed and receive form 15 from internal committee Years 2021/2022 not inspected yet.
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 2019 inspected and settled. Years 2020/2022 not inspected yet.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 2014 and differences settled. Years 2015/2019 preparing for inspection. Years 2020/2021 not inspected yet.
Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 2013, preparing for tax inspection till 2022.
Inmaa for livestock	-The tax inspection was performed from 15/3/2012 till 31/8/2016 Years 1/09/2016 till /2021 not inspected yet.
Inmaa for agricultural reclamation	-Inspected and difference is settled from beginning of activity till August 2016 Years 1/09/2016 till /2022 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	-The tax inspection performed till 2019 Years 2020/2022 not inspected yet.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

17 Inventories

	31/03/2023	31/12/2022
	L.E	L.E
Raw materials	513 923 922	514 750 127
Packaging and packing materials	828 894 292	486 448 453
Finished goods	892 783 386	561 486 453
Spare parts and miscellaneous supplies	104 685 087	96 617 666
Goods in transit - L/C's for goods purchase	21 920 086	66 210 669
	2 362 206 773	1 725 513 368

18 Trade and other receivables

	31/03/2023	31/12/2022
	L.E	L.E
Trade receivables	593 457 567	446 191 534
Less: Expected credit losses	(42 633 176)	(42 638 430)
	550 824 391	403 553 104
Note receivables	1 571 635	2 229 862
Suppliers – advance payments	105 158 926	63 794 691
Prepaid expenses	12 381 861	8 453 413
Export subsidy*	94 954 984	67 088 638
Tax Authority	170 133 929	152 910 732
Customs Authority	8 132 216	9 986 809
Deposits with others	20 780 304	22 793 771
Debtors- sales of PP&E	33 824 181	34 274 181
Other debit balances	17 588 744	8 642 244
	1 015 351 171	773 727 445
Less: Impairment in other debit balances	(5 603 304)	(5 603 304)
	1 009 747 867	768 124 141

* The collections occurred during the period ended 31 March 2023 is L.E 5 106 285 after deducting bank commissions and governmental fees and L.E 24 883 529 during the year 2022.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

19 Cash at bank and on hand

	31/03/2023	31/12/2022
	L.E	L.E
Time deposits *	350 151 454	84 184 001
Banks -- current accounts	-	182 419 778
Cash on hand	1 740 795	5 883 317
Cash in transit	30 134 892	22 016 956
Cash and cash equivalent in cash flow	<u>382 027 141</u>	<u>294 504 052</u>

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

20 Share capital

	31/03/2023	31/12/2022
	L.E	L.E
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid-up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

20-1 General reserve

The balance of general reserve is as follows: -

Collected from issuance premium of 205 972 632 shares during the year 2010	999 379 210	999 379 210
<u>Less:</u>		
i. Nominal value of issued shares with a premium	(205 972 632)	(205 972 632)
ii. Issuance fees	(38 507 164)	(38 507 164)
iii. Legal reserve formed to reach 50 % of paid-up capital	(350 398 732)	(350 398 732)
iv. Difference between the nominal value and the cost of own shares cancelled on 5 February 2012.	(73 580 254)	(73 580 254)
General reserve	<u>330 920 428</u>	<u>330 920 428</u>

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

21 Loans

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

	Long term loans		Total
	Current portion	Non-current portion	
	L.E	L.E	
Commercial International Bank (CIB)	45 175 001	21 067 170	66 242 171
Attijariwafa Bank	23 191 444	52 159 348	75 350 792
HSBC bank	47 750 000	-	47 750 000
Balance at 31/03/2023	116 116 445	73 226 518	189 342 963
Balance at 31/12/2021	123 444 343	78 951 620	202 395 963

These loans are subject to variable interest rates and guaranteed by promissory notes and joint guarantees.

22 Bank credit facilities

This balance amounted to L.E 916 475 153 at 31 March 2023 (against L.E 707 922 331 as at 31 December 2022), represents the drawn down portion of the L.E 1.683 billion (of the group) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with different collators from the group.

23 Provision for claims

Description	Balance at	Formed	No longer	Used during	Balance at
	01/01/2023	during the	require for	the period	31/03/2023
	L.E	period	the period	L.E	L.E
Provision for claims	78 789 406	10 788 420	(1 620 445)	(5 220 770)	82 736 611

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

24 Creditors and other credit balances

	31/03/2023	31/12/2022
	L.E	L.E
Suppliers	1 353 728 255	1 061 323 992
Notes Payables	3 641 999	1 250 000
Dividends payable*	41 965 398	41 965 398
Accrued expenses	158 548 347	111 627 404
Tax authority	32 742 229	39 013 987
Deposits for others	3 055 994	3 452 962
Sales tax installments on the imported machineries and equipment (Note No. 25)	-	184 852
Social Insurance Authority	7 230 994	6 600 182
Due to health insurance	70 843 342	54 214 156
Advances from customers	16 220 829	14 924 486
Other credit balances	16 286 468	5 728 146
	<u>1 704 263 855</u>	<u>1 340 285 565</u>

*The amount is dividends to shareholders and dividends tax withheld till the dividends are remitted to MCDR

25 Other non-current liabilities

	31/03/2023	31/12/2022
	L.E	L.E
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 184 852 as at 31/3/2023 are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	111 564	297 878
	<u>111 564</u>	<u>297 878</u>

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 296 225 617 at 31/3/2023 representing net book value of taxable assets and liabilities, with LE 304 602 189 at 31/12/2022

Deferred Tax (Lease Contracts)

	Balance 31/03/2023	Balance 31/12/2022
	L.E	L.E
Deferred tax liability	<u>(8 343 703)</u>	<u>7 607 878)</u>
Deferred asset/ liability (Lease contracts)	(8 343 703)	(7 607 878)
Deferred tax liability from fixed assets	<u>(287 881 914)</u>	<u>(296 994 311)</u>
Total deferred tax liability	<u>(296 225 617)</u>	<u>(304 602 189)</u>

	Balance on 1/1/2023	Movement during the period	Balance on 31/03/2023
	L.E	L.E	L.E
Deferred tax liability	<u>304 602 189</u>	<u>(8 376 562)</u>	<u>296 225 617</u>

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company controlled by the Company as at 31/03/2023 and the investment under joint control which are shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution % 31/03/2023	Contribution % 31/12/2022	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Inmaa for Agriculture Development Co. and Livestock	99.994 %	99.994 %	Egypt
Inmaa for Livestock	Indirect 99.862 %	Indirect 99.862 %	Egypt
Inmaa for Agriculture and improvement	Indirect 99.964 %	Indirect 99.964 %	Egypt
<u>Under joint control</u>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

28 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced 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.

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

Credit risk

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

Trade and other receivables

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

Credit risk

Exposure to credit risk

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

	Note	Carrying amount	
		31/03/2023	31/12/2022
		L.E	L.E
Trade and other receivables	(18)	1 009 747 867	768 124 141

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit.

Banks - credit facilities in a principal amount of L.E 534 448 012 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

		Carrying amount	Contractual cash flows
		L.E	L.E
Banks - credit facilities	(22)	916 475 135	208 552 822
Total loans	(21)	189 342 963	(13 053 000)
Operating lease – liabilities	(29)	103 626 919	(8 535 490)

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

Market risk

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

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

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the L.E The currencies in which these transactions primarily are denominated are Euro, USD, and Swiss Francs (CHF).

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

Foreign currency risk

Exposure to currency risk

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

	USD	Euro
Trade and other receivables	5 502 745	-
Cash at banks and on hand	6 849 074	60 735
Creditors and other credit balances	(18 443 978)	(2 269 468)
31 March 2023	<u>(6 092 159)</u>	<u>(2 208 468)</u>
31 December 2022	<u>(5 749 889)</u>	<u>(2 277 613)</u>

The following significant exchange rates applied during the period:

	Average rate		Closing Rate	
	31/03/2023	31/12/2022	31/03/2023	31/12/2022
USD	30.6	19.76	30.93	24.76
Euro	32.98	20.67	33.66	26.35

Interest rate risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, considering assets with exposure to changes in interest rates.

Capital management

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

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

	31/03/2023	31/12/2022
	L.E	L.E
Total liabilities	3 597 943 650	2 958 554 699
Less: cash at bank and on hand	(382 027 141)	(294 504 052)
Net debt	3 215 916 509	2 664 050 647
Total equity	3 750 146 269	3 410 732 172
Net debt to equity ratio	86%	78%

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

29 Lease contracts

29-1 Liabilities arising from lease contracts

- Lease contracts (Sale and lease back)

On 23/3/2016 the Company signed a contract regarding a land lease (including the building built there on), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Contract value		Contract year Months	Purchase value at end of contract L.E	Quarterly Installment value L.E
	Contractual value L.E	Accrued interest L.E			
	Contract from 24/3/2016 to 23/3/2026	125 000 000			

In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 on leasing contracts, the initial application date of this standard is the beginning of the annual reporting period in which the Finance Leasing Law No. 95 of 1995 was amended and the Financial Leasing and Factoring Law No. 176 For the year 2018, in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with IAS 20 (Accounting Standards and Standards for Financial Leasing Transactions).

Lease contract liabilities

	31/03/2023	31/12/2022
	L.E	L.E
Liabilities from lease contracts current portion	16 579 820	15 875 352
Liability from lease contracts non-current portion	36 936 270	41 354 955
	53 516 090	57 230 307

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

Notes to the consolidated interim financial statements for the financial period ended 31 March 2023

Lease contracts liabilities payment are as follows:

	Payment of liability principal		Payment of accrued interest	
	31/03/2023	31/12/2022	31/03/2023	31/12/2022
	L.E	L.E	L.E	L.E
Liabilities for one year	16 579 820	15 875 352	7 372 535	8 077 004
Liabilities between 1-5 years	36 936 270	41 345 955	4 980 353	6 549 757

29-2 Operating Lease contracts liabilities

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

	31/03/2023	31/12/2022
	L.E	L.E
Buildings, warehouses, and stores	87 460 924	85 118 957
Accumulated amortization during the period	(43 730 783)	(37 936 580)
Net book value	43 730 141	47 182 377

During the period ended 31 Dec 2022 the group has been charged by L.E 5 748 043 as an interest from leasing contracts.

Operating lease contract liability

	31/03/2023	31/12/2022
	L.E	L.E
Liabilities from lease contracts-current portion	13 202 849	14 866 781
Liability from lease contracts non-current portion	36 907 980	39 085 352
Total	50 110 829	53 952 133

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

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Payment of lease contracts liabilities are as follows:

	Liabilities in present value		Accrued interest	
	31/03/2023	31/12/2022	31/03/2023	31/12/2022
	L.E	L.E	L.E	L.E
Liabilities for one year	17 213 588	14 866 781	4 199 632	4 800 404
Liabilities between 1-5 years	42 877 060	35 771 294	7 222 103	8 584 429
Liabilities more than 5 years	1 336 528	3 314 058	83 505	212 279

30 Contingent Liabilities

The Contingent Liabilities are represented in IDC'S during the period ended 31 March 2023 and due after the that date amounting to L.E 79 804 659.

The contingent liabilities related to group subsidiaries are disclosed in Note (16).

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 113 464 800 on 31/03/2023.

32 Related party transactions

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

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

32 -1 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/03/2023	31/12/2022	31/03/2023	31/12/2022
		L.E	L.E	L.E	L.E
Arju Company for Food Industries	Current account	2050	498 111	503 125	501 075
				503 125	501 075

32-2 Board of Director's remuneration

The total allowances received by the board of directors during the period amounted to LE 770 000 against LE 665 000 during the year ended 31 March 2022.

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33 Income tax – current

	31/03/2023	31/12/2022
	L.E	L.E
Income tax at the beginning of the year	213 078 927	180 249 503
Income tax expense	93 110 179	228 047 412
Dividends Tax	-	40 085 238
Taxes paid during the year	(1 028 138)	(227 919 133)
Tax difference in previous years	-	(7 384 093)
	305 160 968	213 078 927

34 Goodwill

	31/03/2023	31/12/2022
	L.E	L.E
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	97 092 890	97 092 890

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35 Earnings per share

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

	Financial period 31/03/2023 L.E	Financial period 31/03/2022 L.E
Parent Company's share in profit	339 217 994	637 721 335
Weighted average number of shares	941 405 082	941 405 082
EPS (L.E/Share)	0.36	0.68

36 Important events:

The company ordinary general assembly approved in its meeting dated 03 May 2023, dividends the shareholders 15 PT for each share calculated at 15% of the par value per share. Also, the said general assembly decided on a distribution to the company employees and members of the board of directors of approximately L.E 41.2 million.