

Translation from Arabic

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

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

**For the financial period ended 30 June 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 30 June 2023 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these 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 30 June 2023 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

#### **Emphasis of a matter**

We draw attention to Note [16] to the consolidated 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.

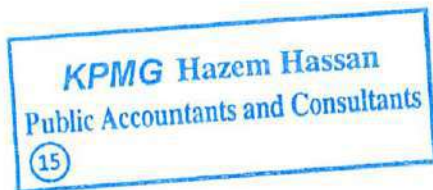


**Hazem Hassan**

The group has made an assessment, following legal 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, it 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, 8 August 2023



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of financial position**  
**As of 30 June 2023**

Translated from Arabic

	Note No.	30/06/2023 L.E	31/12/2022 L.E
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	2 936 275 799	3 007 277 888
Projects under construction	(13)	260 844 080	127 380 566
Plant wealth - productive	(14-1)	43 313 553	43 990 377
Plant wealth - not productive	(14-2)	25 300 130	20 328 869
Biological wealth	(15)	214 920 954	197 472 085
Investments under joint control (equity)	(11)	17 257 550	16 926 093
Right of use assets	(29-2)	46 760 390	47 182 377
Goodwill	(34)	97 092 890	97 092 890
Other - long term asset		711 464	715 600
<b>Non-current assets</b>		<b>3 642 476 810</b>	<b>3 558 366 745</b>
<b>Current assets</b>			
Biological assets - Existing Agriculture		15 368 379	20 158 767
Biological assets - Feeding Sector		269 979	117 332
PPE held for sale		1 942 497	1 942 496
Inventories	(17)	2 925 984 114	1 725 513 368
Trade and other receivables	(18)	954 136 302	768 124 141
Due from related party	(32 -1)	1 250 309	559 970
Cash at banks and on hand	(19)	328 058 716	294 504 052
<b>Current assets</b>		<b>4 227 010 296</b>	<b>2 810 920 126</b>
<b>Total assets</b>		<b>7 869 487 106</b>	<b>6 369 286 871</b>
<b>Equity</b>			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		742 112 963	719 145 789
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		1 769 086 188	1 418 366 451
<b>Total equity attributable to the shareholders of the parent company</b>		<b>3 783 524 661</b>	<b>3 409 837 750</b>
Non-controlling interest		1 213 990	894 422
<b>Total equity</b>		<b>3 784 738 651</b>	<b>3 410 732 172</b>
<b>Non-current liabilities</b>			
Long - term loans	(21)	64 770 041	78 951 620
Lease contract liabilities - non current portion	(29)	71 693 915	80 440 307
Deferred tax liabilities	(26)	297 790 515	304 602 189
Other non current liabilities	(25)	111 564	297 878
<b>Non-current liabilities</b>		<b>434 366 035</b>	<b>464 291 994</b>
<b>Current liabilities</b>			
Provisions	(23)	84 209 864	78 789 406
Bank credit facilities	(22)	1 145 240 317	707 922 331
Creditors and other credit balances	(24)	2 093 944 213	1 340 285 565
Income tax payable	(33)	167 420 683	213 078 927
Lease contract liabilities- current portion	(29)	30 461 548	30 742 133
Loans-current portion	(21)	129 105 795	123 444 343
<b>Current liabilities</b>		<b>3 650 382 420</b>	<b>2 494 262 705</b>
<b>Total liabilities</b>		<b>4 084 748 455</b>	<b>2 958 554 699</b>
<b>Total equity and total liabilities</b>		<b>7 869 487 106</b>	<b>6 369 286 871</b>

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should be read there to.

Chief Financial Officer  
Samch El-hodaiby

Chairman  
Ahmed Elwakil

Limited review report " attached"

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of profit or loss**  
**For the financial period ended 30 June 2023**

Translated from Arabic

	Note No.	Financial period From 1/1/2023 To 30/6/2023 L.E.	Financial period From 1/1/2022 To 30/6/2022 L.E.	Financial period From 1/4/2023 To 30/6/2023 L.E.	Financial period From 1/4/2022 To 30/6/2022 L.E.
Net sales		7 153 366 258	5 164 567 216	3 730 081 032	2 761 133 770
Cost of sales		(5 225 522 968)	(3 750 110 709)	(2 819 576 526)	(1 988 495 067)
<b>Gross profit</b>		<b>1 927 843 290</b>	<b>1 414 456 507</b>	<b>910 504 506</b>	<b>772 638 703</b>
Other operating income	(5)	71 714 793	59 731 238	24 611 490	29 189 525
Selling and Marketing expenses	(6)	( 935 174 175)	( 821 545 075)	( 500 933 538)	( 445 882 810)
General and administrative expenses	(7)	(172 134 690)	(153 290 864)	(80 579 626)	(78 871 392)
Other expenses	(8)	(65 937 519)	(59 974 355)	(26 013 047)	(38 081 021)
<b>Results from operating activities</b>		<b>826 311 699</b>	<b>439 377 451</b>	<b>327 589 785</b>	<b>238 993 005</b>
Share in profit of a company under joint control		331 456	487 923	73 736	254 471
Net finance (expense)	(9)	( 128 399 171)	( 24 569 883)	( 53 567 526)	( 11 560 506)
<b>Net profit for the period before income tax</b>		<b>698 243 984</b>	<b>415 295 491</b>	<b>274 095 995</b>	<b>227 686 970</b>
Current income tax	(33)	( 148 625 368)	( 98 732 401)	( 55 515 189)	( 55 367 937)
Deferred tax	(26)	6 811 674	2 386 301	( 1 564 888)	2 210 653
<b>Net profit for the period after tax</b>		<b>556 430 290</b>	<b>318 949 391</b>	<b>217 015 918</b>	<b>174 529 686</b>
<b>Distributed as follows</b>					
Parent Company share in profit		556 120 109	318 848 694	216 902 115	174 467 901
Non-controlling interest		310 181	100 697	113 803	61 785
		<b>556 430 290</b>	<b>318 949 391</b>	<b>217 015 918</b>	<b>174 529 686</b>
<b>Earning per share for the period (L.E /share )</b>	(35)	<b>0.59</b>	<b>0.34</b>	<b>0.23</b>	<b>0.19</b>

The notes from No.(1) to No.(35) 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 30 June 2023**

	Financial period From 1/1/2023 To 30/6/2023 L.E.	Financial period From 1/1/2022 To 30/6/2022 L.E.	Financial period From 1/4/2023 To 30/6/2023 L.E.	Financial period From 1/4/2022 To 30/6/2022 L.E.
Net profit for the period after tax	556 430 290	318 949 391	217 015 918	174 529 686
Total other comprehensive income	556 430 290	318 949 391	217 015 918	144 419 705
Distributed as follows				
Parent Company's share in profit	556 120 109	318 848 694	216 902 115	174 467 901
Non-controlling interest	310 181	100 697	113 803	61 785
	<u>556 430 290</u>	<u>318 949 391</u>	<u>217 015 918</u>	<u>174 529 686</u>

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should be read there to.

	Issued & paid up capital L.E	Legal reserve L.E	General reserve- insurance premium L.E	Retained earnings L.E	Non-controlling interest L.E	Total L.E
Translated from Arabic						
Balance as at 1 January 2022	941 405 082	688 879 026	330 920 428	1206 348 929	762 819	3188 316 284
Total other comprehensive income for the period ended 30 June 2022	-	-	-	318 848 694	100 697	318 949 391
<u>Transaction with owners of the company</u>						
Dividends to shareholders	-	-	-	( 329 491 779)	( 30 060)	(329 521 839)
Dividends to employees and board of directors	-	-	-	( 65 943 677)	-	(65 943 677)
Holding Company's share in reserves & retained earnings of subsidiaries	-	-	-	( 20 729 122)	5 806	(20 723 316)
Balance as at 30 June 2022	941 405 082	688 879 026	330 920 428	1 109 033 045	839 262	3 071 076 843
Balance as at 1 January 2023	941 405 082	719 145 789	330 920 428	1 418 366 451	894 422	3 410 732 172
Total other comprehensive income for the period ended 30 June 2023	-	-	-	556 120 109	310 181	556 430 290
<u>Transaction with owners of the company</u>						
Dividends to shareholders	-	-	-	(141 210 762)	-	(141 210 762)
Dividends to employees and board of directors	-	-	-	(41 212 761)	-	(41 212 761)
Holding Company's share in reserves & retained earnings of subsidiaries	-	22 967 174	-	(22 967 174)	( 288)	( 288)
Balance as at 30 June 2023	941 405 082	742 112 963	330 920 428	1 769 095 863	1 204 315	3 784 738 651

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should be read thereto.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated interim statement of cash flows**  
**For the financial period ended 30 June 2023**

Translated from Arabic

	Note No.	Financial period From 1/1/2023 To 30/6/2023	Financial period From 1/1/2022 To 30/6/2022
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax and minority interest share in profits		698 243 984	415 295 491
<b>Adjustments for:</b>			
PPE depreciation	(12)	143 825 270	155 839 199
Capital loss (gain)	(8)	-	(23 902 851)
Amortization of asset right of use (lands)		4 136	4 136
Increase of herd plant wealth		( 17 448 869)	
Amortization of animal wealth	(15)	16 093 496	15 313 344
Amortization of plant wealth (productive)	(14-1)	676 824	403 277
Capitalized during the drying period		( 48 751 923)	(26 166 559)
Changes in investments under joint control (equity)	(11)	( 331 457)	( 487 923)
Impairment of other debit balances		-	(1 607 431)
Amortization of right of use	(29)	6 850 928	7 010 309
Right of use interest	(29)	1 995 132	3 044 270
Provision for claims formed	(23)	10 711 684	18 463 748
Herd birth		( 5 362 000)	(7 570 700)
Loss from selling and death of animal wealth	(15)	9 347 846	1 456 267
Foreign currencies exchange differences	(9)	35 690 082	(7 088 122)
Credit interests	(9)	( 7 994 166)	(12 871 093)
Finance interests & expenses	(9)	98 708 123	41 484 828
Impairment of Fixed assets & projects under construction		( 799 309)	( 117 781)
		<u>941 459 781</u>	<u>578 502 409</u>
<b>Changes in:</b>			
Inventories	(17)	( 1 200 470 746)	(567 634 807)
Biological assets- Exiting Agriculture		4 790 388	(3 486 451)
Changes in held for sale		-	505 064
Trade and other receivables	(18)	( 186 012 163)	(102 570 220)
Due from related parties	(32-1)	( 690 339)	( 383 657)
Creditors & other credit balances	(24)	770 954 387	295 692 643
Dividends paid to employeee		( 41 212 761)	(37 184 580)
Income tax paid		( 194 283 612)	(182 182 829)
Sales tax on capital goods -paid		( 186 314)	-
Used from provisions for claims		( 5 291 030)	(2 727 682)
<b>Net cash flows from (used in) operating activities</b>		<u>89 057 591</u>	<u>(21 470 110)</u>
<b>Cash flows from investing activities</b>			
Acquisition of PPE & projects under construction	(12-13)	( 206 839 959)	(86 485 529)
Proceeds from sale of PPE		1 352 573	30 739 778
Proceeds from plant wealth unproductive	(14-15)	( 4 971 261)	(6 099 449)
Payments to invest in vital assets		9 349 559	16 801 014
Proceeds from the compensation of calves death		1 874 153	1 784 647
<b>Net cash flows (used in) investing activities</b>		<u>(199 234 935)</u>	<u>(43 259 539)</u>
<b>Cash flows from financing activities</b>			
Proceeds from credit facilities	(22)	437 317 986	432 067 118
(Payments for) financial lease contract liabilities	(29)	( 17 451 051)	(15 439 315)
(Payments for) bank loans	(21)	( 8 520 127)	(137 722 128)
Collected credit interests		7 994 166	12 871 093
Finance interests & expenses paid		(98 708 123)	(41 484 828)
Dividends paid to shareholders		(141 210 761)	(188 281 016)
<b>Net cash flows from financing activities</b>		<u>179 422 890</u>	<u>62 010 924</u>
<b>Change in cash &amp; cash equivalents during the period</b>		<u>69 244 746</u>	<u>(2 718 725)</u>
<b>The effect of foreign exchange difference</b>	(9)	(35 690 082)	7 088 122
<b>Cash &amp; cash equivalents at 1 January</b>		<u>294 504 052</u>	<u>453 015 330</u>
<b>Cash &amp; cash equivalents at 30 June</b>	(19)	<u>328 058 716</u>	<u>457 384 727</u>

The notes from No.(1) to No.(35) are an integral part of these consolidated financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements**  
**For the financial period ended 30 June 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 Sodic West, Sheikh Zayed Giza.

The factory address: 6<sup>th</sup> 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 8 August 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 30 June 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 30 June 2023

### **3-4 Financial instruments**

#### **3-4-1 Financial assets**

The Group has adopted the Egyptian Accounting Standard no.47

##### **A. Classification:**

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 30 June 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 30 June 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 30 June 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.

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Notes to the consolidated interim financial statements for the financial period ended 30 June 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:

<b>Description</b>	<b>Estimated useful life (Years)</b>
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.



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Notes to the consolidated interim financial statements for the financial period ended 30 June 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 30 June 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 and possible return of goods can then be estimated reliably and there is no continuing control or involvement with the goods.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

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 recognize 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 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-

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

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:

<b>Segmentation reports</b>	<b>Operations</b>
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 30 June 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 30 June 2023

**5 Other operating income**

	Financial period From 1/1/2023 To 30/06/2023 L.E	Financial period From 1/1/2022 To 30/06/2022 L.E	Financial period From 1/4/2023 To 30/06/2023 L.E	Financial period From 1/4/2022 To 30/06/2022 L.E
Export subsidy revenue	49 743 563	22 931 958	12 844 842	9 439 386
Capital gain	-	23 902 851	(24 600)	10 878 804
Increase in biological wealth due to newborn	8 777 500	5 694 265	3 813 700	5 389 369
Inventory write-down (Reverse)	-	-	-	(70 806)
Gains from assets held for sale	2 786 312	-	2 786 312	(739 999)
Impairment of trade and other receivables (Reverse)	-	1 607 431	-	1 607 431
Income from the sale of scrap and waste	5 982 405	-	2 519 374	-
Fixed Assets write-down (Reverse)	799 309	117 781	799 309	117 781
Income from leasing assets (under the company's control)	-	150 000	-	75 000
Other income	3 625 704	5 326 952	1 872 553	2 492 559
	<b>71 714 793</b>	<b>59 731 238</b>	<b>24 611 490</b>	<b>29 189 525</b>

**6 Selling and marketing expenses**

	Financial period From 1/1/2023 To 30/06/2023 L.E	Financial period From 1/1/2022 To 30/06/2022 L.E	Financial period From 1/4/2023 To 30/06/2023 L.E	Financial period From 1/4/2022 To 30/06/2022 L.E
Advertising expenses	433 041 766	396 323 615	223 921 988	217 852 380
Salaries and wages	218 576 899	180 496 136	122 938 723	99 244 007
Cost of replaced items	74 192 122	53 740 809	43 874 708	31 118 751
Depreciation	30 124 058	31 500 993	14 785 740	19 016 929
Vehicles expenses	70 436 815	50 270 284	37 365 285	30 668 484
Shipping & export expenses	40 516 608	49 911 610	22 225 282	19 482 232
Rent	5 779 069	5 602 923	2 689 730	2 240 165
Temporary labor contractors	21 703 599	18 852 874	13 335 573	10 745 902
Others	40 803 239	34 845 831	19 796 509	15 513 960
	<b>935 174 175</b>	<b>821 545 075</b>	<b>500 933 538</b>	<b>445 882 810</b>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**7 General and administrative expenses**

	Financial period From 1/1/2023 To 30/06/2023 L.E	Financial period From 1/1/2022 To 30/06/2022 L.E	Financial period From 1/4/2023 To 30/06/2023 L.E	Financial period From 1/4/2022 To 30/06/2022 L.E
Salaries and wages	79 762 982	62 361 937	44 568 455	35 261 638
Depreciation expense	8 415 261	13 809 990	4 175 656	8 221 175
Rent expense	8 264 024	6 107 996	4 434 319	2 859 222
Subscription fees and licenses	17 850 661	21 186 577	6 640 556	12 326 679
Repair and maintenance expenses	6 113 042	-	6 113 042	-
End of service expenses	16 923 588	15 114 148	304 742	12 354
BOD bonus (32-2)	1 205 000	905 000	435 000	240 000
Other administrative expenses	33 600 132	33 805 216	13 907 856	19 950 324
	<b>172 134 690</b>	<b>153 290 864</b>	<b>80 579 626</b>	<b>78 871 392</b>

**8 Other expenses**

	Financial period From 1/1/2023 To 30/06/2023 L.E	Financial period From 1/1/2022 To 30/06/2022 L.E	Financial period From 1/4/2023 To 30/06/2023 L.E	Financial period From 1/4/2022 To 30/06/2022 L.E
Donations	5 694 585	4 282 765	5 182 746	2 219 550
Impairment in trade and other receivables	(5 482 503)	-	(5 685 548)	(341 784)
Real estate tax	971 893	831 682	138 743	568 428
Custom Claims	12 053 009	18 463 748	1 732 609	13 460 234
Health insurance	33 786 050	24 540 393	17 494 868	13 036 469
Loss from selling and death of animal wealth	9 347 846	502 055	2 791 731	109 889
Impairment of fixed assets	2 971 011	-	906 865	-
Costs of cows sold not capitalized	-	6 978 514	-	6 978 514
Others	6 595 628	4 375 198	3 451 033	2 049 721
	<b>65 937 519</b>	<b>59 974 355</b>	<b>26 013 047</b>	<b>38 081 021</b>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**9 Net finance expense**

	Financial period From 1/1/2022 To 30/06/2022 L.E	Financial period From 1/1/2022 To 30/06/2022 L.E	Financial period From 1/4/2022 To 30/06/2022 L.E	Financial period From 1/4/2022 To 30/06/2022 L.E
Interest expense	(100 703 255)	(44 529 098)	(49 798 474)	(24 318 968)
Interest income	7994 166	12 871 093	4 421 025	9 095 350
Net Gain (Loss) from foreign currency exchange	(35 690 082)	7 088 122	(8 190 077)	3 663 112
	<b>(128 399 171)</b>	<b>(24 569 883)</b>	<b>53 567 526</b>	<b>(11 560 506)</b>



## 10 Segmentation reports

## 10-1 Segmentation reports for the financial period ended 30 June 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 6/30/2023	Total L.E 6/30/2023
	Dairy sector L.E 6/30/2023	chilled sector L.E 6/30/2023	Juices sector L.E 6/30/2023	Concentrates sector L.E 6/30/2023	Agriculture sector L.E 6/30/2023	Undistributed items L.E 6/30/2023			
Net Sales	3 598 721 207	1 713 746 001	1 088 015 013	582 918 904	19 405 383	150 559 750		7 153 366 258	
Sales between segments	3 419 773 717	1 313 053 181	946 292 010	171 320 957	414 391 708	-	(6 264 831 573)	-	
Other operating income	15 214 823	5 101 362	4 119 756	47 038 598	-	240 254		71 714 793	
Expenses	(380 434 985)	(586 245 860)	(166 734 120)	(31 901 251)	-	(7 930 168)		(1 173 246 384)	
<b>Other Information</b>									
Depreciation	46 865 730	46 612 525	24 112 544	11 151 949	14 429 381	653 141	-	143 825 270	
Assets	3 423 239 345	1 721 362 485	1 359 660 848	997 662 684	251 960 995	115 600 749	-	7 869 487 106	
Liabilities	1 883 529 170	755 818 587	954 325 824	467 141 979	23 932 895	-	-	4 084 748 455	

\* 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 30 June 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							Total L.E 6/30/2022
	Dairy sector L.E 6/30/2022	chilled sector L.E 6/30/2022	Juices sector L.E 6/30/2022	Concentrates sector L.E 6/30/2022	Agriculture sector L.E 6/30/2022	Undistributed items L.E 6/30/2022	Elimination of consolidated transactions L.E 6/30/2022	
Net Sales	2 582 187 898	1 458 262 813	843 660 275	129 314 378	17 332 280	133 809 572	5 164 567 216	
Sales between segments	2 728 503 189	1 107 557 367	711 804 716	173 402 567	4 604 134	-	9 890 239 189	
Other operating income	15 214 823	5 101 362	4 119 756	47 038 598	-	240 254	-	
Expenses	(380 434 985)	(586 245 860)	(166 734 120)	(31 901 251)	-	(7 930 168)	(1173 246 384)	
<b>Other Information</b>								
Depreciation	77 919 600	43 999 527	25 470 233	3 892 962	513 026	4 043 852	155 839 200	
Assets	1 701 306 538	1 720 109 056	1 078 689 852	564 063 172	841 978 533	154 627 470	6 060 774 641	
Liabilities	1 220 631 637	796 617 958	524 180 251	314 864 410	89 332 046	23 348 180	2 968 974 482	

\* 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 30 June 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		
Arju Company For food Industrial*	50.75%	18 806 335	-	18 806 335	1 548 785	17 257 550							
<b>Balance as of 30 June 2023</b>		<b>18 806 335</b>	<b>-</b>	<b>18 806 335</b>	<b>1 548 785</b>	<b>17 257 550</b>							
Arju Company For food Industrial	50.75%	18 667 277	-	18 667 277	1 741 184	16 926 093							
<b>Balance as at 31 December 2022</b>		<b>18 667 277</b>	<b>-</b>	<b>18 667 277</b>	<b>1 741 184</b>	<b>16 926 093</b>							

12. Property, plant and equipment

Transportation & transport vehicles

Description	Land		Buildings & Constructions		Machinery & Equipment		Transportation & transport vehicles		Tools		Empty plastic containers & Palletes		Display refg'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 1/1/2023	183 500 802	1649 357 443	2774 596 383	371 618 473	161 427 637	72 100 035	97 584 531	39 789 600	35 421 050	150 780 934	5476 176 889											
Additions of the year		10 074 454	89 084 831	5 399 198	19 666 262	17 037 300	(1 224 473)		22 054 710	6 416 157	169 932 912											
Disposals of the year		(3 842 360)	(47 688 134)	(16 791 495)	(3 372 611)	(5 378 363)			(63 366)	(72 416)	(75 433 217)											
Cost as of 31/12/2022	183 500 802	1 655 589 537	2 755 993 080	360 426 176	180 721 386	83 758 973	96 360 059	39 789 600	57 412 394	157 124 675	5 570 676 584											
Additions during the period		4 276 732	35 337 903	10 871 220	6 903 281	12 812 020	(1 767 523)		222 319	2 752 951	73 376 446											
Disposals during the period		(3 359 132)	(11 678 250)	(10 871 220)	(3 372 611)	(7 593 527)			(10 292)	(37 732)	(21 011 956)											
Cost as of 30/6/2023	183 500 802	1 659 507 137	2 779 822 733	371 297 396	187 055 069	88 977 466	95 592 536	39 789 600	57 624 421	159 839 894	5 623 041 074											
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	127 189 590	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 of disposals of the year		(584 433)	(21 979 146)	(15 533 570)	(2 292 707)	(5 378 363)				(72 199)	(45 111 785)											
Accumulated depreciation as of 31/12/2022	192 247	3 17 909 890	1 571 445 407	216 733 348	113 734 950	55 839 268	82 971 482	14 257 269	28 086 191	141 629 337	2 542 707 519											
Depreciation of the period	88 202	20 854 040	83 529 122	15 153 671	6 946 500	7 569 230	2 101 352	744 817	2 363 739	4 783 597	143 825 270											
Accumulated depreciation of disposals of the period		(1 07 000)	(12 041 002)	(1 533 671)	(227 530)	(7 459 180)				(767 323)	(21 148 780)											
Accumulated depreciation as of 30/6/2023	280 449	3 38 656 870	1 642 933 227	231 887 019	119 953 060	55 629 318	84 305 311	15 002 086	30 361 177	146 375 192	2 665 384 009											
Fixed assets impairment as of 30/6/2023	10 265 314	4 407 389	6 478 634																			
Net book value as of 30/6/2023	193 485 667	1 325 257 676	1 143 297 840	139 410 377	67 106 009	33 348 148	11 287 225	25 017 443	27 263 244	13 464 702	3 936 275 799											
Impairment of fixed assets 31/12/2022	(10 354 891)	(132 189)	(9 974 467)																			
Net book value as of 31/12/2023	172 953 865	1 337 547 458	1 174 573 206	143 692 378	66 987 198	27 930 705	13 388 577	25 302 400	29 406 203	15 495 348	3 007 277 888											

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**13 Projects under constructions**

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
Buildings and constructions in progress	33 236 903	12 179 201
Machineries under installation	84 317 174	56 662 054
Advance payments for purchase of fixed assets	110 582 720	43 780 203
Computer software	17 923 916	5 271 908
Transport vehicles and means of transportation	15 554 230	9 487 200
	<u>261 614 943</u>	<u>127 380 566</u>
Less	<u>(770 863)</u>	<u>-</u>
<b>Impairment</b>	<u>260 844 080</u>	<u>127 380 566</u>

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

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
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	(676 824)	(515 184)
<b>Accumulated depreciation at end of the period</b>	<u>(3 732 226)</u>	<u>(3 055 402)</u>
<b>Net</b>	<u>43 313 553</u>	<u>43 990 377</u>

**14-2 Plant wealth – unproductive**

	<b>330 / 150 / 192</b>	<b>Palm project</b>	<b>Total</b>
	<b>Projects acre</b>		
<b>Balance on 01 January 2023</b>	19 813 586	460 211	20 273 797
Additions	5 002 357	23 976	5 026 333
<b>Balance at end of the period</b>	<u>24 815 943</u>	<u>484 187</u>	<u>25 300 130</u>

Juhayna Food Industries  
Notes to the consolidated financial statements for the financial period ended 30 June 2023

Translated from Arabic

15- Biological wealth

	biological wealth (Flock of dairy livestock - productive)		biological wealth (Flock of dairy livestock - unproductive)		Total	
	L.E	193 654 289	L.E	67 534 324	L.E	261 188 613
Amount of flock of livestock at the beginning of the year		193 654 289		67 534 324		261 188 613
<u>Adding:</u>						
Addition during the year						
Transferred from biological wealth (Flock of dairy livestock - unproductive)		26 724 419		(26 724 419)		-
† Births of flock						
Female		801 768		5 362 000		10 793 000
Capital cost during drying -off		221 180 476		47 950 155		59 574 426
				94 122 060		322 797 094
Biological wealth sales						
The death of live stock losses		19 183 414		7 271 062		54 432 692
Cost of flock of livestock as of the end of the period		2 157 018		1 511 808		7 175 787
Accumulated depreciation		21 340 432		8 782 870		61 608 479
		199 840 044		85 339 190		261 188 615
Beginning of the year		63 716 528				56 235 249
Depreciation of the year		16 093 496				30 466 088
Accumulated depreciation of disposals of sales case		(8 508 181)				(20 763 911)
Accumulated depreciation of disposals of death case		(1 043 563)				(2 220 896)
Accumulated depreciation as of end year		70 258 280				63 716 530
Net amount of flock of livestock as of end period		129 581 764		85 339 190		197 472 085
				214 920 954		

\* 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 30 June 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 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 performed, and differences settled.

#### **Year 2021/2022**

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

#### 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 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.

#### **Year 2021/2022**

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

#### 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 30 June 2023

## Subsidiaries

### First: Corporate tax

#### The Company that benefits form the corporate tax exemption

#### Tax exemption ending date

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. ( Tax years 2013-2021 processed to inspection.)

#### Modern Company for Concentrates: -

Inspected from beginning of its activity to 2009 the company objected the inspection result before the 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 returns in the due dates.



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

Notes to the consolidated interim financial statements for the financial period ended 30 June 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 subsidiary objected form 19 Years. 2010-2013 the inspection inspected and settled. Years 2014-2018 was inspected and objected on certain disputed items. Year 2019 was inspected and settled -Years 2020/2022 not requested for inspections.

### **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 not inspected yet.
International Company for Modern Food Industries	- Tax inspection was performed from start of activity till 2019 and tax settled Years 2020/2022 the Company submitted tax return quarterly in the due date.
The Egyptian Company for Food Industries "Egyfood"	- Tax inspection was performed till 2020 and tax differences settled. The Company submitted tax return in the due dates.
Modern Concentrates Industrial Company	- Tax inspection was performed from start of activity till 2018. The Company submitted tax return in the due dates.
Inmaa for Agriculture Development Co. and Biological Wealth	- Tax inspection was performed and settled till 2015 was inspected and settled. Years 2016/2019 processing inspection.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

	Years 2020/2022 the Company submitted tax return in the due dates
Inmaa for livestock	· From the beginning of activity till 2019 inspected and settled. Years 2020/2022 the Company submitted tax returns in the due dates
Inmaa for agriculture	-From the beginning of activity till 2016 was inspected and settled Years 2017/2019 inspection is in process. Years 2020/2022 the Company submitted the quarterly tax returns in the due date
<b>Third: Stamp tax</b>	
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 2020. Years 2021/2022 not inspected yet
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected and the objection was made in legal date. Years 2020/2022 the Company submitted 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 results of inspection are not yet communicated . Years 2020/2022 not inspected yet
International Company for Modern Food Industries	-Inspection has been performed and difference settled till 2019. Year 2020/2022 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	· From the beginning of activity till 2017 was inspected and settled -Years 2018 – 2020 inspected - Years 2021 – 2022 not inspected yet.
Modern Concentrates Industrial Company	-Inspection has been performed and difference settled till 2017. The company inspected till 2022.
Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2017. Years 2018-2020 inspected and objected. Years 2021/2022 not inspected yet.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

Inmaa for agriculture	Years till 2019 was inspected and settled. Years 2020/2022 not inspected yet.
Inmaa for livestock	· Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.
<b>Fourth: Value added tax (Sales tax)</b>	
Egyptian Company for Dairy Products	- The company products are exempted from sales tax and entity submitted monthly sales tax return. the company was inspected and difference settled till 2019. 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 inspection completed and receive form 15 obtained 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 under 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 from 2014 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 30 June 2023

## 17 Inventories

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
Raw materials	840 761 600	514 750 127
Packaging and packing materials	798 646 576	486 448 453
Finished goods	778 929 051	561 486 453
Spare parts and miscellaneous supplies	110 134 931	96 617 666
Goods in transit - L/C's for goods purchase	397 511 956	66 210 669
	<b><u>2 925 984 114</u></b>	<b><u>1 725 513 368</u></b>

## 18 Trade and other receivables

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
Trade receivables	611 160 800	446 191 534
<b>Less: Expected credit losses</b>	<b>(24 592 781)</b>	<b>(42 638 430)</b>
	<b><u>586 568 019</u></b>	<b><u>403 553 104</u></b>
Note receivables	3 428 090	2 229 862
Suppliers – advance payments	94 023 159	63 794 691
Prepaid expenses	10 663 460	8 453 413
Export subsidy*	114 234 193	67 088 638
Tax Authority	87 361 847	152 910 732
Customs Authority	28 732 094	9 986 809
Deposits with others	19 393 334	22 793 771
Debtors- sales of PP&E	11 264 181	34 274 181
Other debit balances	15 335 410	8 642 244
	<b><u>971 003 787</u></b>	<b><u>773 727 445</u></b>
<b>Less: Impairment in other debit balances</b>	<b>(16 867 485)</b>	<b>(5 603 304)</b>
	<b><u>954 136 302</u></b>	<b><u>768 124 141</u></b>

\* The collections occurred during the period ended 30 June 2023 is L.E 5 222 712 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 30 June 2023

## 19 Cash at bank and on hand

	30/6/2023	31/12/2022
	L.E	L.E
Time deposits *	253 511 063	84 184 001
Banks – current accounts	-	182 419 778
Cash on hand	2 801 965	5 883 317
Cash in transit	71 745 688	22 016 956
<b>Cash and cash equivalent in cash flow</b>	<b><u>328 058 716</u></b>	<b><u>294 504 052</u></b>

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

## 20 Share capital

	30/6/2023	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)
<b>General reserve</b>	<b><u>330 920 428</u></b>	<b><u>330 920 428</u></b>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 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)	46 736 103	35 979 340	82 715 443
Attijariwafa Bank	46 557 192	28 790 701	75 347 893
HSBC bank	35 812 500	-	35 812 500
<b>Balance at 30/6/2023</b>	<b>129 105 795</b>	<b>64 770 041</b>	<b>193 875 836</b>
<b>Balance at 31/12/2021</b>	<b>123 444 343</b>	<b>78 951 620</b>	<b>202 395 963</b>

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 1 145 240 317 at 30 June 2023 (against L.E 707 922 331 as at 31 December 2022), represents the drawn down portion of the L.E 1.685 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 collaterals from the group.

**23 Provision for claims**

Description	Balance at	Formed during	No longer	Used during	Balance at
	01/01/2023	the period	require for the	the period	30/6/2023
	L.E	L.E	period	L.E	L.E
Provision for claims	78 789 406	12 562 738	(1 851 250)	(5 291 030)	84 209 864

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**24 Creditors and other credit balances**

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
Suppliers	1 792 036 819	1 061 323 992
Notes Payables	1 250 000	1 250 000
Dividends payable*	20 037 009	41 965 398
Accrued expenses	140 478 533	111 627 404
Tax authority	34 432 710	39 013 987
Deposits for others	3 853 808	3 452 962
Sales tax installments on the imported machineries and equipment (Note No. 25)	-	184 852
Social Insurance Authority	7 346 621	6 600 182
Due to health insurance	62 549 343	54 214 156
Advances from customers	23 117 467	14 924 486
Other credit balances	8 841 903	5 728 146
	<b>2 093 944 213</b>	<b>1 340 285 565</b>

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

**25 Other non-current liabilities**

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
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 30/6/2023 are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	111 564	297 878
	<b>111 564</b>	<b>297 878</b>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**26 Deferred tax liabilities**

Deferred tax liability amounted to L.E 297 790 515 at 30/6/2023 representing net book value of taxable assets and liabilities, with LE 304 602 189 at 31/12/2022

**Deferred Tax (Lease Contracts)**

	<b>Balance 30/6/2023</b>	<b>Balance 31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
Deferred tax liability (Lease Contracts)	(8 343 703)	(7 607 878)
Deferred tax liability from fixed assets	(289 446 812)	(296 994 311)
<b>Total deferred tax liability</b>	<b>(297 790 515)</b>	<b>(304 602 189)</b>

	<b>Balance on 1/1/2023</b>	<b>Movement during the period</b>	<b>Balance on 30/6/2023</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>
Deferred tax liability	304 602 189	(6 811 674)	297 790 515



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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

## 27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company controlled by the Company as at 30/06/2023 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 % 30/6/2023	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
<b><u>Under joint control</u></b>			
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 30 June 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	
		30/6/2023	31/12/2022
		L.E	L.E
Trade and other receivables	(18)	827 378 901	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
		L.E		cash flows
		L.E		L.E
Banks - credit facilities	(22)	1 145 240 317		437 317 986
Total loans	(21)	193 875 836		(8 520 127)
Operating lease – liabilities	(29)	102 155 463		(17 451 051)

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 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:

	<b>USD</b>	<b>Euro</b>
Trade and other receivables	7 218 225	90 673
Cash at banks and on hand	1 190 161	68 577
Creditors and other credit balances	(35 725 516)	(2 566 603)
<b>30 June 2023</b>	<u>(27 317 130)</u>	<u>(2 457 354)</u>
<b>31 December 2022</b>	<u>(5 749 889)</u>	<u>(2 277 613)</u>

The following significant exchange rates applied during the period:

	<b>Average rate</b>		<b>Closing Rate</b>	
	<b>30/6/2023</b>	<b>31/12/2022</b>	<b>30/6/2023</b>	<b>31/12/2022</b>
USD	30.77	19.76	30.93	24.76
Euro	33.31	20.67	33.77	26.35

**sensitivity analysis**

Any reasonably possible strengthening (weakness) of the EUR, USD or GBP/EGP 30 June by 10% would affect the measurement of financial instruments denominated in a foreign currency and affect equity and profit or loss in the amounts set out below. This analysis assumes that all other variables particularly interest rates remain constant and ignore any influence of expected sales and purchases.

	<b>30 June 2023</b>
<b>EGP</b>	<b>10% Effect</b>
USD	84 491 883
Euro	8 298 484

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

### 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.

A reasonably possible change of 100 basis points in interest rates at the reporting date could increase (decrease) equity and profit or loss by the amounts described below. This analysis assumes that all other variables particularly foreign exchange rates remain constant.

#### The effect is in Egyptian pounds

##### 30 June 2023

Financial instruments that carry a variable interest rate

	Profit or Loss	
	100 points increase	100 points decrease
	669 600	(669 600)

##### 31 December 2022

Financial instruments that carry a variable interest rate

	9 103 000	(9 103 000)
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### 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.

	30/6/2023	31/12/2022
	L.E	L.E
Total liabilities	4 084 748 455	2 958 554 699
Less: cash at bank and on hand	(328 058 716)	(294 504 052)
<b>Net debt</b>	<b>3 756 689 739</b>	<b>2 664 050 647</b>
Total equity	3 784 738 651	3 410 732 172
<b>Net debt to equity ratio</b>	<b>99%</b>	<b>78%</b>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

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

Description	Contract value		Contract year	Purchase value at end of contract	Quarterly Installment value
	Contractual value	Accrued interest			
	L.E	L.E			
Contract from 24/3/2016 to 23/3/2026	125 000 000	109 716 514	120	1	5 988 089

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

	30/6/2023	31/12/2022
	L.E	L.E
Liabilities from lease contracts current portion	17 077 460	15 875 352
Liability from lease contracts non-current portion	32 659 376	41 354 955
	<u>49 736 836</u>	<u>57 230 307</u>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**Lease contracts liabilities payment are as follows:**

	Payment of liability principal		Payment of accrued interest	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	L.E	L.E	L.E	L.E
Liabilities for one year	17 077 460	15 875 352	7 400 396	8 077 004
Liabilities between 1-5 years	32 659 376	41 345 955	4 057 407	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

	30/6/2023	31/12/2022
	L.E	L.E
Buildings, warehouses, and stores	84 505 924	85 118 957
Accumulated amortization during the period	(37 754 534)	(37 936 580)
<b>Net book value</b>	<b>46 751 390</b>	<b>47 182 377</b>

During the period ended 30 June 2023 the group has been charged by L.E 2 496 570 as an interest from leasing contracts.

**Operating lease contract liability**

	30/6/2023	31/12/2022
	L.E	L.E
Liabilities from lease contracts-current portion	13 297 735	14 866 781
Liability from lease contracts non-current portion	39 120 892	39 085 352
<b>Total</b>	<b>52 418 627</b>	<b>53 952 133</b>

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**Payment of lease contracts liabilities are as follows:**

	Liabilities in present value		Accrued interest	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	L.E	L.E	L.E	L.E
Liabilities for one year	18 136 890	14 866 781	4 839 155	4 800 404
Liabilities between 1-5 years	44 980 622	35 771 294	6 866 254	8 584 429
Liabilities more than 5 years	1 060 005	3 314 058	53 481	212 279

**30 Contingent Liabilities**

The Contingent Liabilities are represented in IDC'S during the period ended 30 June 2023 and due after the that date amounting to L.E 72 738 396.

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 91 754 100 on 30/06/2023.

**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	
		30/6/2023	31/12/2022	30/6/2023	31/12/2022
		L.E	L.E	L.E	L.E
Arju Company for Food Industries	Current account	690 339	498 111	1 250 309	559 970
				<b>1 250 309</b>	<b>559 970</b>

**32-2 Board of Director's remuneration**

The total allowances received by the board of directors during the period amounted to LE 1 205 000 against LE 905 000 during the year ended 30 June 2022.

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

Notes to the consolidated interim financial statements for the financial period ended 30 June 2023

**33 Income tax – current**

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
<b>Income tax at the beginning of the year</b>	213 078 927	180 249 503
Income tax expense	148 625 368	228 047 412
Dividends Tax	-	40 085 238
Taxes paid during the year	(194 283 612)	(227 919 133)
Tax difference in previous years		(7 384 093)
	<b>167 420 683</b>	<b>213 078 927</b>

**34 Goodwill**

	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>
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
	<b>97 092 890</b>	<b>97 092 890</b>



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

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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 :

	<b>Financial period from 1/1/2023 To 30/6/2023 L.E</b>	<b>Financial period from 1/1/2022 To 30/6/2022 L.E</b>	<b>Financial period from 1/4/2023 To 30/6/2023 L.E</b>	<b>Financial period from 1/4/2022 To 30/6/2022 L.E</b>
<b>Net profit for the period according to profit or loss statement</b>	556 120 109	318 848 694	216 902 115	174 467 901
<b>Weighted average to number of shares</b>	941 405 082	941 405 082	941 405 082	941 405 082
<b>EPS (L.E/Share)</b>	<b>0.59</b>	<b>0.34</b>	<b>0.23</b>	<b>0.19</b>