

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated interim financial statements  
For the financial period ended  
31 March 2019  
and review report**

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Public Accountants  
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87 Ramses St., Cairo**

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated interim financial statements**  
**for the period ended 31 March 2019**

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Translation from Arabic

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## **Report on Limited Review of interim Consolidated Financial Statements**

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

### ***Introduction***

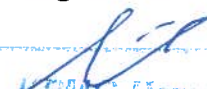
We have performed a limited review for the accompanying consolidated statement of financial position of Juhayna Food Industries S.A.E as of 31 March 2019 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

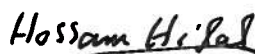
### ***Scope of Limited Review***

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

### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the three-months then ended in accordance with Egyptian Accounting Standards.

  
**KPMG Hazem Hassan**  
**Hatem Montasser**  
**KPMG Hazem Hassan**  
**Public Accountants & Consultancies**

  
**Hossam Hilal**  
**Mohamed Hilal – Grant Thornton**

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Public Accountants  
The Egyptian Member Firm of  
Grant Thornton international

**Cairo, 24 April 2019**

*Samin A.R.*

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated financial position  
As of 31 March 2019

Translated from Arabic

	Note no.	31/03/2019 L.E.	31/12/2018 L.E.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (net)	(12)	3 053 000 561	3 055 939 627
Projects under construction(net)	(13)	150 873 666	192 169 631
Plant wealth(net)	(14-1)	12 652 798	12 752 641
Plant wealth - under preparation	(14-2)	4 205 755	3 391 921
Biological wealth	(15)	155 262 119	143 126 438
Investments under joint control ( equity)	(11)	11 432 835	8 574 995
Other - long term assets		746 621	748 688
Other - long term - debit balances	(30)	7 138 745	7 436 192
Goodwill	(35)	97 092 890	97 092 890
<b>Non-current assets</b>		<b>3 492 405 990</b>	<b>3 521 233 023</b>
<b>Current assets</b>			
Biological assets- feeding sector		19 399 839	20 616 236
Biological assets- Existing Agriculture		6 257 003	14 606 171
PPE held for sale		15 042 385	17 387 581
Inventories	(17)	1 371 944 521	1 054 873 180
Due from related parties	(33-1)	1 767 070	-
Trade and other receivables	(18)	559 181 750	487 383 819
Cash at banks and on hand	(19)	246 677 643	30 403 615
<b>Current assets</b>		<b>2 220 270 211</b>	<b>1 625 270 602</b>
<b>Total assets</b>		<b>5 712 676 201</b>	<b>5 146 503 625</b>
<b>Equity</b>			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		576 398 425	552 519 162
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		592 822 322	784 087 944
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 441 546 257</b>	<b>2 608 932 616</b>
<b>Non-controlling interest</b>		<b>657 949</b>	<b>978 001</b>
<b>Total equity</b>		<b>2 442 204 206</b>	<b>2 609 910 617</b>
<b>Non-current liabilities</b>			
long - term loans	(21)	563 381 429	609 854 157
Other non current liabilities	(25)	17 367 089	19 415 111
Deferred revenues	(26)	76 296 908	79 868 590
Deferred tax liabilities	(27)	244 370 010	241 914 730
<b>Non-current liabilities</b>		<b>901 415 436</b>	<b>951 052 588</b>
<b>Current liabilities</b>			
Provision for claims	(23)	11 730 894	16 387 784
Banks - over draft	(19)	22 566 102	15 571 312
Banks - credit facilities	(22)	1 158 561 995	719 051 689
Creditors and other credit balances	(24)	871 932 130	527 078 093
Income tax payable	(34)	81 572 438	51 136 832
Due to related parties	(33-1)	-	782 927
Loans-current portion	(21)	222 693 000	255 531 783
<b>Current liabilities</b>		<b>2 369 056 559</b>	<b>1 585 540 420</b>
<b>Total liabilities</b>		<b>3 270 471 995</b>	<b>2 536 593 008</b>
<b>Total equity and total liabilities</b>		<b>5 712 676 201</b>	<b>5 146 503 625</b>

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

Finance Director  
Sameh El-hodaiby

Cairo 24 April 2019

\*Limited review report "attached".

Chairman  
Safwan Thabet

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated income statement**  
**For the financial period ended 31 March 2019**

Translated from Arabic

	Note no.	financial period From 1/1/2019 To 31/3/2019 L.E.	financial period From 1/1/2018 To 31/3/2018 L.E.
Net sales		1 734 099 883	1 553 247 959
Cost of sales		(1 231 397 641)	(1 088 287 820)
<b>Gross profit</b>		<b>502 702 242</b>	<b>464 960 139</b>
Other operating revenue	(5)	26 399 546	27 275 745
Selling and marketing expenses	(6)	( 237 353 050)	( 215 600 314)
General & administrative expenses	(7)	(55 589 741)	(47 873 116)
Other expenses	(8)	(31 660 281)	(43 564 588)
Board of directors remuneration		(4 960 000)	( 355 000)
<b>Results from operating activities</b>		<b>199 538 716</b>	<b>184 842 866</b>
Share in the gain of company under joint control		2 857 840	483 599
Cost of the end of service		( 8 585 529)	( 6 054 530)
Net finance income and finance (expenses)	(9)	( 81 057 635)	( 77 446 370)
<b>Net profit before income tax</b>		<b>112 753 392</b>	<b>101 825 565</b>
Income tax		( 30 435 606)	( 14 399 071)
Investment tax on dividends		( 8 245 495)	( 5 996 155)
Deferred tax	(27)	( 2 455 280)	( 707 820)
<b>Net profit for the period</b>		<b>71 617 011</b>	<b>80 722 519</b>
<b>Distributed as follows</b>			
Parent Company's share in profit		71 562 903	80 562 375
Non-controlling interest		54 107	160 144
		<b>71 617 011</b>	<b>80 722 519</b>

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

Translated from arabic

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Statement of comprehensive income**  
**For the financial period ended 31 March 2019**

	<b>financial period From 1/1/2019 To 31/3/2019 L.E.</b>	<b>financial period From 1/1/2018 To 31/3/2018 L.E.</b>
<b>Net profit for the year</b>	<b>71 617 011</b>	<b>80 722 519</b>
<b>Total other comprehensive income</b>	<b>71 617 011</b>	<b>80 722 519</b>
<b>Distributed as follows</b>		
Parent Company's share in profit	71 562 903	80 562 375
Non-controlling interest	54 107	160 144
	<b>71 617 011</b>	<b>80 722 519</b>

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

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of changes in equity**  
**For the financial period ended 31 March 2019**

## Translated from Arabic

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Non-controlling Interest L.E.	Total L.E.
<b>Balance as at 1 January 2018</b>	<b>941 405 082</b>	<b>518 993 941</b>	<b>330 920 428</b>	<b>524 903 922</b>	<b>857 853</b>	<b>2 317 081 226</b>
Dividends to shareholders	-	-	-	( 94 140 508)	-	( 94 140 508)
Dividends to employees and board of directors	-	-	-	( 21 021 220)	-	( 21 021 220)
Dividends from subsidiaries to non controlling interest	-	-	-	-	( 76 900)	( 76 900)
Holding Company's share in reserves & retained earnings of subsidiaries	-	15 285 740	-	( 15 291 537)	5 797	-
Prior year adjustments	-	-	-	167 542	( 170 434)	( 2 892)
Total other comprehensive income for the year ended 31 March 2018	-	-	-	80 562 375	160 144	80 722 519
<b>Balance as at 31 March 2018</b>	<b>941 405 082</b>	<b>534 279 681</b>	<b>330 920 428</b>	<b>475 180 574</b>	<b>776 460</b>	<b>2 282 562 225</b>
<b>Balance as at 1 January 2019</b>	<b>941 405 082</b>	<b>552 519 162</b>	<b>330 920 428</b>	<b>784 087 944</b>	<b>978 001</b>	<b>2 609 910 617</b>
Dividends to shareholders	-	-	-	(188 281 016)	-	(188 281 016)
Dividends to employees and board of directors	-	-	-	(50 927 506)	-	(50 927 506)
Dividends from subsidiaries to non controlling interest	-	-	-	-	( 85 100)	( 85 100)
Holding company share from reserve and retained earnings of subsidiaries	-	23 879 263	-	( 23 879 263)	4 255	4 255
Prior year adjustments	-	-	-	259 260	( 293 314)	( 34 054)
Total other comprehensive income for the year ended 31 March 2019	-	-	-	71 562 903	54 107	71 617 010
<b>Balance as at 31 March 2019</b>	<b>941 405 082</b>	<b>576 398 425</b>	<b>330 920 428</b>	<b>592 822 322</b>	<b>657 949</b>	<b>2 442 204 206</b>

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

		financial period From 1/1/2019 To 31/3/2019	financial period From 1/1/2018 To 31/3/2018
	Note no.	L.E.	L.E.
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax and minority interest in profits		112 753 392	101 825 565
<b>Adjustments for:</b>			
PPE depreciation	(12)	67 432 384	68 639 106
Capital loss/ (gains)		2 441 149	(6 291 422)
Amortization of right to -use land		2 067	
Amortization of animal wealth	(15)	4 291 673	3 455 085
Amortization of plant wealth (productive)		99 843	99 844
Plant wealth (non productive)		-	( 359 784)
Fixed assets impairment		-	5 860 917
Change in Investments under joint control		(2 857 840)	( 483 599)
Impairment of trade and other receivables		433 872	1 294 018
Capital gain deferred		(3 571 684)	
Impairment in inventories		-	8 117 934
Provision for claims formed	(23)	-	2 000 000
Financial lease installments		7 099 283	7 474 223
Herd births		(3 797 100)	(3 084 000)
Herd capitalized expenses		(22 952 210)	(16 195 653)
Losses from selling cows		1 072 703	298 002
Losses from calves death		1 757 757	872 734
Foreign exchange gain		3 788 939	856 443
Credit interests	(9)	(3 785 649)	(4 968 323)
Finance interests & expenses	(9)	81 054 345	81 558 250
		<u>245 262 924</u>	<u>250 969 340</u>
Collected credit interests		3 785 649	4 968 323
Interest expenses paid		(81 054 345)	(81 558 250)
<b>Changes in:</b>			
Inventories	(17)	(317 071 341)	(72 050 787)
Other debt balance -long term		297 447	-
Biological assets- Exiting agriculture		8 349 168	53 855
Trade and other receivable	(18)	(72 231 800)	(90 512 597)
Creditors & other credit balances	(24)	105 620 704	117 915 920
Due to related parties		( 782 927)	3 094 327
Due from related parties		(1 767 070)	-
Income tax paid		( 8 246 222)	-
sales tax on capital goods -paid		( 2 048 022)	-
Provision for claims used		(4 656 890)	( 157 858)
<b>Net cash flows (used in ) result from operating activities</b>		<u>(124 542 725)</u>	<u>132 722 273</u>
<b>Cash flows from investing activities</b>			
Acquisition of PPE & projects under construction	(12,13)	(42 719 061)	(71 509 479)
Proceeds from sale of PPE		19 425 758	14 563 153
Acquisition of plant and animal wealth	(14,15)	( 813 834)	(4 162 228)
Proceeds from the sale of plant and animal wealth	(14,15)	8 707 893	6 747 171
<b>Net cash flows used in investing activities</b>		<u>( 15 399 244)</u>	<u>( 54 361 383)</u>
<b>Cash flows from financing activities</b>			
Collected (Payment) for Bank Loans and credit facility	(22,21)	446 505 096	(41 589 412)
Payment for Bank long term loans		(79 311 510)	5 555 977
Payments in lease installments - sales and lease back	(30)	(7 099 283)	(7 474 223)
Decrease in non-controlling interest		( 89 367)	( 81 393)
<b>Net cash flows result from (used in) financing activities</b>		<u>360 004 936</u>	<u>( 43 589 051)</u>
<b>Change in cash &amp; cash equivalents during the year</b>		<u>220 062 967</u>	<u>34 771 839</u>
<b>The effect of foreign exchange difference</b>		( 3 788 939)	( 856 443)
<b>Cash &amp; cash equivalents at 1 January</b>		30 403 615	85 736 257
<b>Cash &amp; cash equivalents at 31 March.</b>	(19)	<u>246 677 643</u>	<u>119 651 653</u>

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



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements**  
**For the financial period ended 31 March 2019**

**1 Reporting the entity**

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

The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 25 years starting from the date of registration in the commercial registry.

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

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

Mr. Safwan Thabet 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**

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

The financial statements were authorized for issue by the Board of Directors on 24 April 2019 .

**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 is measured at fair value less cost to sell, unless the fair value cannot be reliably measured.
- 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 financial statements for the financial period ended 31 March 2019

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 next financial statements are included in the following notes:

- Note (18) : impairment of trade and notes receivable.
- Note (23) : provisions & contingent liabilities
- Note (27) : 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.

#### 3-1 Basis of consolidation

##### Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries are 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.

#### 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

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

decreases the carrying amount of the investment by the Group's share of profit or loss and other comprehensive income.

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

#### **Non-derivative financial assets**

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

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

#### **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.

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

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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

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

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:

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

<b>Description</b>	<b>Estimated useful life (Years)</b>
Buildings & Construction	13.3- 50
Machinery & Equipment	1-13
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Computers	3.33-5
Wells	25 or Wells useful 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 and protection trees (Kazhurana) 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 and 50) years respectively according to the nature of those assets.

### **3-10 Leases**

#### **Company is the lessee**

Leases are classified as operating leases. The costs in respect of operating leases after deducting the value of any lease incentive received to take on an operating lease (for example, rent-free periods) are charged on a straight-line basis over the lease term.

### **3-11 Inventories**

Inventories of raw materials, supplies, packaging & 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.

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

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 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.

### **3-13 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 aforementioned contributions.

### **3-14 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.

### **3-15 Revenue**

#### **Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are 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.

**3-16 Rental income**

Rental income from other assets is recognized in other income.

**3-17 Finance income and finance costs**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss. 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.

**3-18 Income tax**

Income tax on profit or loss for the year comprises current and deferred tax. Income 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.

**3-19 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.

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

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, employee benefit assets, investment property or 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-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.

If the bonus 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 report**

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 segment, 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 are 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



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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**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 is 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 period 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 tree	35 years

**5 Other operating revenue**

	<b>Financial period ended from 1/1/2019 to 31/03/2019</b>	<b>Financial period ended from 1/1/2018 to 31/03/2018</b>
	<b>L.E</b>	<b>L.E</b>
Export subsidy revenue	9 565 069	7 806 212
Deferred capital gains	3 571 684	3 571 684
Capital gain	-	6 291 422
Increase in biological wealth due to newborn	3 797 100	3 084 000
Compensation for calves death	-	70 141
Provisions	680 230	-
Leasing assets (under joint control)	1 821 976	-
Other revenues	6 963 487	6 452 286
	<b>26 399 546</b>	<b>27 275 745</b>

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**6 Sales and distribution expenses**

	<b>Financial period ended from 1/1/2019 to 31/03/2019</b>	<b>Financial period ended from 1/1/2018 to 31/03/2018</b>
	<b>L.E</b>	<b>L.E</b>
Advertising expenses	78 042 676	84 934 604
Salaries and Wages	69 429 055	56 775 985
Depreciation	13 817 087	14 362 148
Cars expenses	23 267 758	16 169 865
Replacement of goods	23 291 551	16 362 113
Rent	9 176 186	9 095 134
Temporary labor contractors	4 421 560	3 439 190
Others	15 907 177	14 461 275
	<b>237 353 050</b>	<b>215 600 314</b>

**7 General & administrative expenses**

	<b>Financial period ended from 1/1/2019 to 31/03/2019</b>	<b>Financial period ended from 1/1/2018 to 31/03/2018</b>
	<b>L.E</b>	<b>L.E</b>
Salaries and wages	29 210 305	24 289 585
Depreciation expense	4 356 015	5 154 896
Rent expense	3 187 478	1 825 286
Other administrative expense	18 835 943	16 603 119
	<b>55 589 741</b>	<b>47 873 116</b>

**8 Other expenses**

	<b>Financial period ended from 1/1/2019 to 31/03/2019</b>	<b>Financial period ended from 1/1/2018 to 31/03/2018</b>
	<b>L.E</b>	<b>L.E</b>
Lease expenses	7 099 283	7 474 223
Donations	231 994	15 214 811
Decrease in fixed asset	-	5 860 917
Damaged inventory	-	-
Impairment of trade and other receivables	433 872	1 294 018
Inventory write down	-	8 117 934
Property tax	4 882 857	-
Provision for claims	-	2 000 000
Capital losses	10 511 298	-
Health insurance	2 441 149	-
Others	6 119 828	3 602 915
	<b>31 660 281</b>	<b>43 564 588</b>

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**9 Finance income and finance costs**

	<b>Financial period ended from 1/1/2019 to 31/03/2019</b>	<b>Financial period ended from 1/1/2018 to 31/03/2018</b>
	<b>L.E</b>	<b>L.E</b>
Interest expense	(81 054 345)	(81 147 434)
Interest income	3 785 649	4 968 323
Foreign exchange Gain/ (loss)	( 3 788 939)	(1 267 259)
	<b><u>(81 057 635)</u></b>	<b><u>(77 446 370)</u></b>

**10- Segmentation reports****10-1 Segmentation reports for the financial year period 31 March 2019**

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 segmentations were as follows:

	Dairy sector L.E 31/03/2019	Cooling sector L.E 31/03/2019	Juices sector L.E 31/03/2019	Activity Segments Concentrates sector L.E 31/03/2019	Agriculture sector L.E 31/03/2019	Undistributed items L.E 31/03/2019	Elimination of consolidated transactions L.E 31/03/2019	Total L.E 31/03/2019
Sales	908 274 610	353 733 742	320 769 123	84 320 533	11 174 666	55 827 209		1 734 099 883
Sales between segments	2 993 083 628	1 269 986 709	1 148 159 218	98 636 290	214 298 447	-	(5 724 164 292)	
Other operating income	11 183 190	4 898 341	3 051 806	4 607 596	776 495	4 739 958		29 257 386
Expenses	(160 387 154)	(152 649 286)	(82 336 503)	(12 947 920)	(2 738 342)	(8 147 031)		(419 206 236)
<b>Other Information</b>								
Depreciation	20 510 744	19 420 715	15 766 159	5 315 252	6 419 514	-		67 432 384
Assets	1 634 755 363	1 458 389 710	1 022 120 609	552 086 669	852 953 725	192 370 125		5712 676 201
Liabilities	1 232 471 820	895 231 180	614 851 030	315 990 328	211 927 637	-		3 270 471 995

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

**10- Segmentation reports****10-2 Segmentation reports for the financial period ended 31 March 2018**

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 segmentations were as follows:

	Dairy sector L.E 31/03/2018	chilled sector L.E 31/03/2018	Activity Segments			Agriculture sector L.E 31/03/2018	Undistributed items L.E 31/03/2018	Elimination of consolidated transactions L.E 31/03/2018	Total L.E 31/03/2018
Sales	791 017 790	315 782 190				9 149 427	52 825 662		1 553 247 959
Sales between segments	642 388 846	257 020 424				50 342 816	-	( 1 203 692 865)	-
Other operating income	9 395 914	1 216 525				5 744 147	1 610 180		27 759 344
Expenses	( 139 889 110)	( 117 059 127)				( 25 037 559)	( 5 239 808)		( 390 893 918)
	21 135 042	19 458 977				6 595 679	-		68 639 106
Depreciation	1 241 452 475	1 265 364 559				809 934 535	166 084 374		5 107 812 193
Assets	983 592 950	722 136 063				216 878 592	5 920 869		2 825 249 968
Liabilities									

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

11 Investment under joint control (Equity)

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Current liabilities		Revenues		Expenses		Net profit		Cost of investment	
		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.	
<b>March 31, 2019</b>																	
Arju Company For food Industrial	50.75		50 751 023		280 300		51 031 323		28 503 571		32 034 065		(26 402 854)		5 631 211		11 432 835
<b>Balance as at 31 March 2019</b>			<b>50 751 023</b>		<b>280 300</b>		<b>51 031 323</b>		<b>28 503 571</b>		<b>32 034 065</b>		<b>( 26 402 854)</b>		<b>5 631 211</b>		<b>11 432 835</b>
<b>December 31, 2018</b>																	
Arju Company For food Industrial	50.75		18 954 076		151 387		19 105 463		10 530 468		54 063 532		(52 683 421)		1 380 111		8 574 995
<b>Balance as at 31 December 2018</b>			<b>18 954 076</b>		<b>151 387</b>		<b>19 105 463</b>		<b>10 530 468</b>		<b>54 063 532</b>		<b>( 52 683 421)</b>		<b>1 380 111</b>		<b>8 574 995</b>

**Juhayna Food Industries**

Notes to the consolidated financial statements for the financial period ended 31 March 2019

Translation from Arabic

**12-Property, plant, and equipment (net)**

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation &transport vehicles L.E.	Tools L.E.	Empty plastic containers & Palettes L.E.	Display ref.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
<b>Cost as at 1/1/2018</b>	<b>172 109 176</b>	<b>1 533 429 033</b>	<b>2 201 345 323</b>	<b>270 573 782</b>	<b>103 814 812</b>	<b>57 654 384</b>	<b>96 539 438</b>	<b>44 137 411</b>	<b>29 355 508</b>	<b>106 369 785</b>	<b>4 615 328 652</b>
Additions of the year	5 437 680	16 399 373	89 691 694	18 150 352	8 027 971	18 556 542	-	-	2 821 009	1 313 557	160 198 178
Disposals of the year	-	( 18 028 999)	( 39 711 856)	( 3 048 072)	( 400 005)	( 12 083 520)	( 303 662)	-	( 40 054)	( 172 037)	( 73 788 205)
Transferred to asset held for sale	( 6 508 437)	-	( 25 455 666)	-	-	-	-	-	-	-	( 31 964 103)
<b>Cost as at 31/12/2018</b>	<b>171 038 419</b>	<b>1 531 799 407</b>	<b>2 225 869 495</b>	<b>285 676 062</b>	<b>111 442 778</b>	<b>63 927 406</b>	<b>96 235 776</b>	<b>44 137 411</b>	<b>32 136 463</b>	<b>107 511 305</b>	<b>4 669 774 522</b>
Additions during the period	-	14 178 202	60 367 605	1 000 000	2 344 503	5 272 500	-	-	45 639	806 580	84 015 029
Disposals during the period	-	-	( 60 147 751)	( 238 820)	( 2 257 135)	( 3 031 454)	( 109 702)	-	-	( 12 350)	( 65 797 212)
<b>Cost as at 31/03/2019</b>	<b>171 038 419</b>	<b>1 545 977 609</b>	<b>2 226 089 349</b>	<b>286 437 242</b>	<b>111 530 146</b>	<b>66 168 452</b>	<b>96 126 074</b>	<b>44 137 411</b>	<b>32 182 102</b>	<b>108 305 535</b>	<b>4 687 992 339</b>
<b>Accumulated depreciation</b>											
Accumulated depreciation as at 1/1/2018	-	130 312 230	864 124 660	123 133 499	54 336 504	37 214 594	61 986 864	7 905 361	14 306 838	86 638 954	1 379 959 504
Depreciation of the year	-	33 687 342	158 678 808	27 106 426	10 461 148	10 463 625	17 426 995	1 973 907	2 636 903	11 803 970	274 239 124
Accumulated depreciation of assets held for sale	-	( 1 438 013)	( 24 459 459)	( 1 907 622)	( 397 717)	( 11 538 228)	( 260 900)	-	( 35 162)	( 101 297)	(40 138 398)
<b>Accumulated depreciation as at 31/12/2018</b>	<b>-</b>	<b>162 561 559</b>	<b>985 269 339</b>	<b>148 332 303</b>	<b>64 399 935</b>	<b>36 139 991</b>	<b>79 152 959</b>	<b>9 879 268</b>	<b>16 908 579</b>	<b>98 341 627</b>	<b>(13 074 670)</b>
Depreciation of the period	-	7 999 695	39 675 765	7 030 271	3 167 710	2 243 538	3 683 285	469 983	679 121	2 483 016	67 432 384
Accumulated depreciation of disposals of the period	-	-	( 40 642 502)	( 228 484)	( 2 257 135)	( 3 031 454)	( 103 575)	-	-	( 12 350)	( 46 275 500)
<b>Accumulated depreciation as at 31/03/2019</b>	<b>-</b>	<b>170 561 254</b>	<b>984 302 602</b>	<b>155 134 090</b>	<b>65 310 510</b>	<b>35 352 075</b>	<b>82 732 669</b>	<b>10 349 251</b>	<b>17 587 700</b>	<b>100 812 293</b>	<b>1 622 142 444</b>
<b>fixed assets impairment</b>											
Net book value as at 31/03/2019	10 492 090	440 628	1 005 160	-	-	-	-	911 457	-	-	12 849 335
Net book value as at 31/12/2018	160 546 329	1 374 975 727	1 240 781 587	131 303 152	46 219 636	30 816 377	13 393 405	32 876 703	14 594 402	7 493 242	3 053 000 561
<b>Net book value as at 31/12/2018</b>	<b>160 546 329</b>	<b>1 368 797 220</b>	<b>1 239 594 996</b>	<b>137 343 759</b>	<b>47 042 843</b>	<b>27 787 415</b>	<b>17 082 817</b>	<b>33 346 686</b>	<b>15 227 884</b>	<b>9 169 678</b>	<b>3 055 939 627</b>

\*Cost of fully depreciated assets are amounted to L.E 139 411 342 as at 31 March 2019.

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Notes to the consolidated financial statements for the financial period ended 31 March 2019

The land item amounted to L.E 160 546 329 on 31/12/2018 includes an amount of L.E 97 667 641 for a land that is under registration.

**12-1 Land of Juhayna Food Industries Co.**

Description	Amount L.E	
Marsa Allam	1 367 244	Preliminary contract

**12-2 Land of Tiba for Trad. & Distr. Co.**

Description	Amount L.E	
Hoof valley Land	11 798 056	Preliminary contract
Demyat land	10 942 734	Preliminary contract
Obour land	9 047 399	Preliminary contract
New cairo land pc.60,62	6 868 125	Specification letter
Olaykat Arab land	2 589 300	Preliminary contract
Other	9 537 769	
	<b>50 783 383</b>	

**12-3 Land of Egyptian Co. for Dairy Products**

Description	Amount as per Egyptian Co. for Dairy Products L.E.	(Adjustment) L.E.	Amount as per Consolidated financial statement L.E.	
The service axis 1,2- 6 <sup>th</sup> of October	2 415 388	(539 598)	1 875 790	Specification letter

**12-4 Land of International Co. for Modern Industries Co.**

Description	Amount L.E	
Pc. 112:118 m <sup>3</sup> 6 <sup>th</sup> of October	11 060 593	Specification letter

**12-5 Land of Egyptian for food industries Co. (Egyfood)**

Description	Amount L.E	
Pc. 19 A, 9 B third zone 6 <sup>th</sup> of October	2 241 861	Specification letter
Pc. 24 B	2 611 004	Specification letter
	<b>4 852 865</b>	

**12-6 Land of Modern Concentration Co.**

Description	Amount L.E	
Pc. 42 forth zone 6 <sup>th</sup> of October	4 333 446	Preliminary contract
	<b>4 333 446</b>	



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Notes to the consolidated financial statements for the financial period ended 31 March 2019

### **12-7 Land of Inmaa for Agriculture Development & Biological wealth**

The Land item includes the follows:

- Area of 2 500 Acres on Farafra zone amounted to L.E 1 250 000 with the virtue of preliminary contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation.
- Area of 186 Acres on Farafra zone amounted to L.E 5 185 680 with the virtue of preliminary contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation

### **12-8 Land of Inmaa For Live Stock**

- Area of 550 Acres amounted to L.E 1 089 000 in the virtue of a preliminary contract from Inmaa for Agriculture Development & Biological Wealth. The necessary legal procedures with government for legal convey of land are in progress.

### **12-9 Land of Inmaa for Agriculture Development**

- Area of 6 318 Acres amounted to L.E 12 509 640 in the virtue of a preliminary contract from Inmaa for Agriculture Development & Biological Wealth. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 2 000 Acres amounted to L.E 3 000 000 in the virtue of a contract with the seizure (Mohamad Mahrous Ahmad) dated 21 March 2013 and all the necessary legal procedures with government for legal convey of land are in progress.
- Area of 240 Acres amounted to L.E 360 000 in the virtue of a contract with the seizure (Mohamad Ali Farag) dated 21 March 2013 and all the necessary legal procedures with government for legal convey of land are in progress.

### **12-10 Land grants**

Company management has acquired five plots of land as a governorate grant for the establishment of projects in the areas and provinces where the land are located against guarantees by the company for the governorate with total value of L.E 2 516 750. In case the company did not meet the conditions of acquiring these lands, the letters of guarantee will be liquidated. These lands are as follows:-

- land plots from No. 637 to No. 650 in Assuit governorate its total area 30 000 m<sup>2</sup> to establish a project for reserving & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots numbers ( 67/68/69/75/76 ) in Beni suef governorate its total area 10.335 thousands m<sup>2</sup> to establish a factory for the production of natural juices , dairy products , white cheese, freezing & cooling vegetables , fruits , meat & fish.
- Land plot in Sohag governorate its total area 10000 m<sup>2</sup> to establish a refrigerator for reserving foodstuff
- Land plot in Qena governorate numbers ( 186/187/188, plus main part of 185 ) its total area 5960 m<sup>2</sup> to establish a factory for reserving , cooling and freezing dairy products , juices and concentrates

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**13 Projects under constructions**

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E</b>	<b>L.E.</b>
Buildings and constructions in progress	5 501 723	17 139 450
Machineries under installation	111 233 741	142 394 299
Advance payments for purchase of fixed assets	41 972 143	40 707 127
Wells and water pump	1 282 718	1 282 717
Lake	572 530	572 530
	<b>160 562 855</b>	<b>202 096 123</b>
<b>Less:</b>		
Impairment of projects under construction	(9 689 189)	(9 926 492)
<b>Net balance</b>	<b>150 873 666</b>	<b>192 169 631</b>

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

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E.</b>	<b>L.E.</b>
Cost at the beginning of the period / year	13 880 181	13 880 181
Additions during the period / year	-	-
Cost at end of the period /year	<b>13 880 181</b>	<b>13 880 181</b>
<b>Less:</b>		
Accumulated depreciation at beginning of the period / year	(1 127 540)	( 728 165)
Depreciation during the period / year	(99 843)	( 399 375)
<b>Accumulated depreciation at the end of the period /year</b>	<b>(1 227 383)</b>	<b>(1 127 540)</b>
<b>Net</b>	<b>12 652 798</b>	<b>12 752 641</b>

- The cost is the value of fruit trees.

**14-2 Plant wealth – under construction**

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E.</b>	<b>L.E.</b>
Land reclamation	156 788	156 788
Fruit trees	3 801 007	2 984 923
Protection trees	269 336	271 586
Palm trees	4 412	4 412
	<b>4 231 543</b>	<b>3 417 709</b>
<b>Less: impairment</b>	<b>(25 788)</b>	<b>(25 788)</b>
<b>Net Balance</b>	<b>4 205 755</b>	<b>3 391 921</b>

15- Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2019	2 870	109 951 852	2 726	61 979 357	5 596	171 931 209
<u>Adding:</u>						
Additional during year	-	-	-	-	-	-
Transferred from biological wealth (Flock of dairy live stock - u	308	5 306 224	( 308)	( 5 306 224)	-	-
<b>* Births of flock</b>						
Female	-	-	360	2 545 500	360	2 545 500
Capital cost during drying -off	-	3 025 105	-	14 871 806	-	17 896 911
	<b>3 178</b>	<b>118 283 181</b>	<b>2 778</b>	<b>74 090 439</b>	<b>5 956</b>	<b>192 373 620</b>
<b>Biological wealth sales</b>						
Cows	81	3 065 432			81	3 065 432
pregnant			2	47 977	2	47 977
Newborn - Female			16	463 311	16	463 311
<b>The death of live stock losses</b>						
Cows	20	793 899			-	-
pregnant			9	122 330	20	793 899
Female			46	628 462	9	122 330
	<b>101</b>	<b>3 859 331</b>	<b>73</b>	<b>1 262 080</b>	<b>46</b>	<b>628 462</b>
	<b>3 077</b>	<b>114 423 850</b>	<b>2 705</b>	<b>72 828 359</b>	<b>174</b>	<b>5 121 411</b>
<b>Cost of flock of livestock at 31/03/2019</b>					<b>5 782</b>	<b>187 252 209</b>
<b>Accumulated depreciation</b>						
Beginning of the period	-	28 804 771	-	-	-	28 804 771
Depreciation milking cows during the period	-	4 291 673	-	-	-	4 291 673
Accumulated depreciation of disposals of sales case	-	( 911 769)	-	-	-	( 911 769)
Accumulated depreciation of disposals of death case	-	( 194 585)	-	-	-	( 194 585)
Accumulated depreciation at 31 March 2019		<b>31 990 090</b>				<b>31 990 090</b>
<b>Net amount of flock of livestock at 31/03/2019</b>	<b>3 077</b>	<b>82 433 760</b>	<b>2 705</b>	<b>72 828 359</b>	<b>5 782</b>	<b>155 262 119</b>
<b>Net amount of flock of livestock at 31/12/2018</b>	<b>2 870</b>	<b>81 147 081</b>	<b>2 726</b>	<b>61 979 357</b>	<b>5 596</b>	<b>143 126 438</b>

\* Calfs of flocks are measured at fair value deducted by sale cost . any increase or decrease in fair value about book value is recognized at financial statement date in income statement

\*\* The company capitalized special cost at drying off period and consume it at rest of useful life of livestock

\*\*\* The company management measure the cost of Flock of dairy live stock because unavailable active market that can relay on in determine fair value

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

## **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 2015**

The company received Forms (31 and 32) for inspecting these tax years and the company requested postponing the inspections by Form (26).

#### **Year 2016 ~ 2018**

The Company submitted the annual tax return for the income tax in the due date.

#### **Salaries tax**

#### **The period from the beginning of operation till year 2014**

The tax inspection performed and differences settled.

#### **Year 2015/2016**

The tax inspection performed and paid

#### **Years 2017~2018**

Not Requested for Inspection Yet

#### **Stamp tax**

#### **The period from the beginning of operation till 2014**

The tax inspection performed and paid

#### **Year 2015/2016**

The tax inspection performed and paid

#### **Year 2017~2018**

The tax inspection has not performed yet

#### **Sales tax / VAT.**

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

#### **Years 2016/2018:**

**In inspection progressing**

#### **Value added tax**

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

#### **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 financial statements for the financial period ended 31 March 2019

**16-2 Subsidiaries****First: Corporation tax****The Companies that enjoy the corporate tax exemption****Tax exemption ending date****Subsidiaries**

Inmaa for agriculture development &amp; biological wealth.

19/03/2021

**The Companies that do not enjoy the corporate tax exemption****Subsidiaries****Corporate Tax Status**

The Egyptian Company For Food Industries "Egyfood"

Not Requested for Tax Inspection Yet

Modern Concentrates Industrial Company

Not Requested for Tax Inspection Yet

International Company For Modern Food Industries

Not Requested for Tax Inspection 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.

Al-Marwa for Food industries

- Inspection was performed from starting activity till 2015 and tax settled.

Tiba for Trading and Distributing

- Years from 2006 till 2012 was inspected and difference partially settled in internal committee at L.E 2 million and other matters are pending with the higher appeal committee

International Company For Modern Food Industries

- Tax inspection was performed from start of activity till 2010 and differences settled. The company is preparing for inspection for years 2011 till 2016.

The Egyptian Company For Food Industries "Egyfood"

- Tax inspection was performed till 2016 and tax differences settled.

Modern Concentrates Industrial Company

-Tax Inspection was performed from start of activity till 2015 and differences settled.

Inmaa for Agriculture Development Co. and Biological Wealth

- Tax inspection was performed from start of activity till 2010 and differences settled.

Inmaa for live stock

- From the beginning of activity till 2016 are prepared and waiting for inspection

Inmaa for agriculture

-From the beginning of activity till 2016 and preparing for inspection.

**Third: Stamp tax**

Egyptian Company for Dairy Products

-Inspection has been performed and difference settled till 31/12/2015.

Al-Marwa for Food Industries

-Inspection has been performed and difference settled till 31/12/2017.

Tiba for Trading and Distribution

-Inspection has been performed and difference settled till 2015.

International Company For Modern Food Industries

-Inspection has been performed and difference settled till 31/12/2015.

The Egyptian Company for Food Industries "Egyfood"

- Inspection finished from starting activity till 31/12/2017 and difference settled

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

Modern Concentrates Industrial Company	- Inspection was performed from start of activity till 31/12/2017 and difference settled.
Inmaa for agricultural development and biological wealth	- Inspection was performed from start of activity till 31/12/2017 and difference settled.
Inmaa for livestock	-Tax inspection performed and setteled till 2017
Inmaa for agricultural reclamation	-Company has not inspected from beginning of activity till now
<b>Fourth: Value Adding Tax (Sales) Subsidiaries</b>	<b>Tax inspection ending date</b>
Egyptian Company for Dairy Products	- The company products are exempted from sales tax, entity submitted monthly sales tax return .inspected and difference settled till 31/12/2015
Al-Marwa for Food Industries	-Inspected and difference settled 31/12/2015
International Company For Modern Food Industries	-The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 31/12/2015
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 31/12/2014 and differences settled, preparing for tax inspection for August 2016
Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 31/12/2013, preparing for tax inspection till August 2016
Inmaa for livestock	-The tax inspection performed from 15/3/2012 till 31/8/2016
Inmaa for agricultural reclamation	-Inspected and difference is settled from beginning of activity till august 2016

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**17 Inventories**

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E.</b>	<b>L.E.</b>
Raw materials	796 796 724	492 203 346
Packaging & packing materials	204 388 245	219 406 965
Finished products	242 697 277	224 790 993
Spare parts & miscellaneous supplies	70 274 656	64 623 106
Goods in transit - L/C's for goods purchase	57 787 619	53 848 770
	<b>1 371 944 521</b>	<b>1 054 873 180</b>

**18 Trade and other receivables (Net)**

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E.</b>	<b>L.E.</b>
Trade receivables	273 682 369	192 528 938
Less: Impairment in trade receivables	(6 854 367)	(7 418 568)
	<b>266 828 002</b>	<b>185 110 370</b>
Notes receivables	1 996 447	491 879
Suppliers – advance payments	46 276 696	31 605 971
Prepaid expenses	25 518 985	21 661 520
Export subsidy	68 042 211	58 551 018
Tax authority	55 560 869	53 550 066
Customs authority	43 612 489	52 115 219
Deposits with others	13 930 653	12 845 252
*Letter of credit (cash cover)	979 182	6 718 523
Letter of guarantee	25 398	98 162
PPE creditors	13 292 338	13 250 000
Supplier discount	7 655 231	45 540 063
Due Interest payable	275 332	-
Other debit balances	19 612 470	9 952 486
	<b>296 778 301</b>	<b>491 490 529</b>
Less: Impairment in other debit balances	(4 424 553)	(4 106 710)
	<b>559 181 750</b>	<b>487 383 819</b>

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

- This balance represents the amount held by the banks that the company deals with in return for opening documentary credits for purchase of fixed assets. These amounts will be refunded upon paying the facility to the bank in accordance with the central bank instructions

**19 Cash at Bank and on hand**

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E.</b>	<b>L.E.</b>
Time deposits *	2 493 003	2 557 528
Banks – current accounts	226 180 109	23 136 645
Cash in hand	3 051 774	1 933 456
Cash in transit	14 952 757	2 775 986
	<b>246 677 643</b>	<b>30 403 615</b>
Credit banks / Bank over draft	(22 566 102)	(15 571 312)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>224 111 541</b>	<b>14 832 303</b>

\*The above mentioned time deposits are maturing within 3 months.

**20 Share capital**

	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
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 as follows:-

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

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

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**330 920 428**


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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**21 Loans**

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

	<b>Current portion</b>	<b>Non –current</b>	<b>Total</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>
Commercial International Bank (CIB)	90 893 000	367 281 429	458 174 429
National Bank of Kuwait – Egypt	25 000 000	75 000 000	100 000 000
European Bank for Reconstruction & Development	59 000 000	59 000 000	118 000 000
HSBC bank	5 000 000	7 500 000	12 500 000
Qatar National bank (QNB)	12 800 000	9 600 000	22 400 000
Egypt Golf bank (EGBE)	30 000 000	45 000 000	75 000 000
<b>Balance at 31/03/2019</b>	<b>222 693 000</b>	<b>563 381 429</b>	<b>786 074 429</b>
<b>Balance at 31/12/2018</b>	<b>255 531 783</b>	<b>609 854 157</b>	<b>865 385 940</b>

**22 Banks - Credit facilities**

This balance amounted to L.E 1 158 561 995 as at 31/03/2019 (against L.E 719 051 689 as at 31/12/2018), represents the drawn down portion of the L.E. 2.056 billion (in aggregate principal) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

**23 Provision for claims**

<b>Description</b>	<b>Balance at 01/01/2019</b>	<b>Formed</b>	<b>Used</b>	<b>Balance at 31/03/2019</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>	<b>L.E.</b>
Provision for claims	16 387 784		(4 656 890)	11 730 894

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**24 Creditors and other credit balances**

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E.</b>	<b>L.E.</b>
Suppliers	411 750 897	343 470 574
Dividends payable	239 254 858	30 025
Notes payable	11 225 655	-
Accrued expenses	87 840 215	80 308 516
PPE creditors	2 255 854	1 717 261
Tax authority	27 461 517	28 602 036
Customs authority	51 341	-
Insurance for others	1 218 465	1 123 776
Sales tax installments on the imported machineries and equipment	7 025 506	7 990 574
Deferred capital gains	14 286 733	14 286 733
Due to sodic-current portion	1 597 273	1 930 787
Social Insurance Authority	6 690 462	5 096 410
Due to health insurance	26 167 421	15 656 123
Advances from customers	27 127 822	20 218 501
10 <sup>th</sup> of Ramadan City Authority- short term	113 443	-
Other credit balances	7 865 395	6 646 777
	<b>871 932 857</b>	<b>527 078 093</b>

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**25 Other Non current liabilities**

	<b>2019/03/31</b>	<b>2018/12/31</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 7 025 506 as at 31/03/2019 (L E 7 990 574 as at 31/12/2018) are shown under the caption of creditors and other credit balances in the consolidated balance sheet (Note 24).	17 469 371	19 415 111
The amount due to (Sodic SIAC for Real State and Investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. Total payments amounted to L.E75 078 643 and the rest will be settled over 4 equal last installment on December 2018.	-	-
	<b>17 469 371</b>	<b>19 415 111</b>

**26 Deferred revenues**

	<b>2019/03/31</b>	<b>2018/12/31</b>
	<b>L.E.</b>	<b>L.E.</b>
The balance is represented in the long term deferred capital gain from the sale of a plot of land located in Zayed city No.21 (Crazy Water Corridor) together with the buildings and constructions according to finance lease contract with QNB Al Ahli dated 23/3/2016. The Company had deferred the gain of L.E 117 738 021 as the sale transaction was in the form of a sale and lease back within 10 years starting on March 2016 through to March 2026. The deferred revenue is amortized during the lease period starting from 1/4/2016.	70 642 813	73 586 263
The amortization for the year is L.E 2 943 451 and the short term portion during the year ended 31 December 2018 amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 24).		
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land owned by Tiba Company and leased back with an amount of L.E 141 721 908 on 84 monthly installments from 31 July 2015 till 30 June 2022, L.E 1 757 339 for each Installment. The amortization during the period ended amounted to L.E 628 232 while the short term portion amounted to L.E 2 512 931 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).	5 654 095	6 282 327
	<b>76 296 908</b>	<b>79 868 590</b>

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**27 Deferred tax liabilities**

Deferred tax liability amounted to L.E 244 370 010 on 31/03/2019 representing net book value of taxable assets and liabilities:

	Balance on 1/1/2019 L.E	Deferred tax as at 31/03/2019 L.E	Balance on 31/03/2019 L.E
Deferred tax liability from fixed assets	<b>241 914 730</b>	<b>2 455 280</b>	<b>244 370 010</b>

**Recognized deferred tax assets and liabilities**

Deferred tax liabilities are:

	Liabilities	
	31/03/2019 L.E.	31/12/2018 L.E.
Fixed assets	244 370 010	241 914 730
<b>Net tax liabilities</b>	<b>244 370 010</b>	<b>241 914 730</b>

**28 Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2018 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution percentage 31/03/2019	Contribution percentage 31/12/2018	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
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Live Stock	Indirect 99.862 %	Indirect 99.862 %	Egypt
Inmaa for Agriculture and improvement	Indirect 99.964 %	Indirect 99.964 %	Egypt
<b>Company under joint control</b>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

## 29 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.

### 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 a number of 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:

		Carrying amount	
	Note	2019/03/31	2018/12/31
		L.E.	L.E.
Trade receivables	(18)	266 828 002	185 110 370
Banks - credit facilities	(22)	1 158 561 995	719 051 689
Total long term loans	(21)	786 074 430	865 385 940

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**Liquidity risk**

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

The Company 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.

A bank - credit facility in a principal amount of L.E 719 051 689 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:

	<b>Carrying amount L.E.</b>	<b>Contractual cash flows L.E.</b>
Banks - credit facilities	1 158 561 995	2 979 226 077

**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.

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**Foreign currency risk**

Exposure to currency risk

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

	USD	Euro	GBP
Trade and other debit balances	5 064 157	281 115	
Cash at banks and on hand	934 008	84 513	
Short term loan –credit facility	(1 996)	-	
Trade and other payables	(7 479 287)	(811 228)	
<b>31 March 2019</b>	<b>(1 483 118)</b>	<b>(445 600)</b>	
<b>31 December 2018</b>	<b>(1 218 299)</b>	<b>(171 363)</b>	<b>1 024 697</b>

The following significant exchange rates applied during the period:

	Average rate		Closing Rate	
	31/3/2019	31/12/2018	2019	2018
USD	17,55	17,71	17,37	17,95
Euro	19,97	21,83	19,51	20,84

**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, taking into account assets with exposure to changes in interest rates.

**Capital management**

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

	31/3/2019	31/12/2018
	L.E.	L.E.
Total liabilities	3 270 471 995	2 536 593 008
Less: cash at bank and on hand	(246 677 643)	(30 403 615)
<b>Net debt</b>	<b>3 023 794 352</b>	<b>2 506 189 393</b>
Total equity	2 442 204 206	2 609 910 617
<b>Net debt to equity ratio</b>	<b>123.81%</b>	<b>96.02%</b>

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

**30- Financial lease contracts**

The company signed a finance lease contract with Sajulis Leasing Company:

**Financial lease contracts (Sale and lease back)**

On 23/3/2016 the Company signed a contract with regard to 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 15374.47 m<sup>2</sup>. The contract terms became effective starting 24/3/2016 .The following is a summary of the above mentioned contract:

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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

Description	Lease value		Lease period Months	Purchase value at end of contract L.E	Quarterly lease value L.E
	Contractual value	Accrued interest			
	L.E	L.E			
Contract from 24/3/2016 to 23/3/2026	277 714 031	140 816 132	120	1	6 632 645

- Juhayna has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.
- The monthly finance lease's instalments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement. Thus, total instalments of the financial period ended 31/03/2019 amounted to L.E. 7 099 283.
- The company paid L.E 11 897 900 as a down payment and as at 31 March 2019 amounted L.E 8 328 534 classified under the current portion amounted to L.E 1 189 788 in advance payments (note 18) and the non-current portion amounted to L.E 7 138 745 presented in the other long term debit balances.
- The company has signed financial lease contracts with International for Financial Lease (Ancolis) during 2015 that allow selling the owned Plot of Land of Tiba Company (subsidiary) with leaseback with an amount of L.E 138 587 064 on 84 monthly installment starting from 31 July 2015 till 30 June 2022 for L.E 1 697 077 each Installment

	L.E
Total amount of the contract	121 848 259
Contract adjusted (increase in interest)	20 756 064
Down payment	(4 017 259)
<b>Remaining amount</b>	<b>138 587 064</b>
Paid installment	(72 401 061)
<b>Unpaid (42 installment by L.E 1 697 077 monthly )</b>	<b>186 003</b>

**31 Contingencies**

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company has given guarantees on 31/3/2019 amounting to LE 8 555 518 and the covered portion reached to be LE 25 398.

**32 Capital commitments**

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 116 334 624 on 31/12/2018.



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

Notes to the consolidated financial statements for the financial period ended 31 March 2019

**33 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 year, between the Company and its related parties.

32-1

**Due from (to) related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		2019/03/31	2018/12/31	2019/03/31	2018/12/31
		L.E.	L.E.	L.E.	L.E.
Argu	Current ccount	2 549 997	2 043 611	1 767 070	(782 927)
				<u>1 767 070</u>	<u>(782 927)</u>

**33-1** Board of Director remuneration : L.E 4 960 000

**34 Income tax payable**

	2019/03/31	2018/12/31
	L.E.	L.E.
Balance at 1/1	51 136 832	14 561 649
Tax paid	-	(14 561 471)
Income tax during the year	30 435 606	51 136 654
	<u>81 572 438</u>	<u>51 136 832</u>

**35 Goodwill**

	2019/03/31	2018/12/31
	L.E.	L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	<u>97 092 890</u>	<u>97 092 890</u>