

Translation from Arabic

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

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Km 22 Cairo/Alex Road
Giza- Cairo – Egypt**

**Mohamed Hilal – Grant Thornton
Public Accountants
A member of Grant Thornton international
87 Ramses St., Cairo**

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
for the period ended 30 June 2019

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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 30 June 2019 and the related 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 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 30 June 2019, and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.


Hatem Montasser
KPMG Hazem Hassan
Public Accountants & Consultancies

KPMG Hazem Hassan
Public Accountants and Consultants

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Cairo, 31 July 2019

Schir A.P.


Hossam Hilal
Mohamed Hilal – Grant Thornton

Grant Thornton - Mohamed Hilal

Public Accountants
The Egyptian Member Firm of
Grant Thornton International

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial position
As of 30 June 2019

Translated from Arabic

	Note No.	30/06/2019 L.E.	31/12/2018 L.E. <u>Restated</u>
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 189 268 540	3 162 908 882
Projects under construction	(13)	127 719 311	192 169 631
Plant wealth	(14-1)	12 717 988	12 752 641
Plant wealth - under preparation	(14-2)	6 348 442	3 391 921
Biological wealth	(15)	178 263 025	143 126 438
Investments under joint control (equity)	(11)	11 540 178	8 574 995
Other - long term asset		744 553	748 688
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		<u>3 623 694 927</u>	<u>3 620 766 086</u>
Current assets			
Biological assets - Feeding Sector		15 786 737	20 616 236
Biological assets - Existing Agriculture		10 312 289	14 606 171
PPE held for sale		13 724 633	17 387 581
Inventories	(17)	1 452 156 458	1 054 873 180
Trade and other receivables	(18)	533 500 593	484 185 401
Cash at banks and on hand	(19)	128 218 513	30 403 615
Current assets		<u>2 153 699 223</u>	<u>1 622 072 184</u>
Total assets		<u>5 777 394 150</u>	<u>5 242 838 270</u>
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		577 785 797	554 014 324
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		727 190 202	810 344 582
Total equity attributable to the shareholders of the parent company		<u>2 577 301 509</u>	<u>2 636 684 416</u>
Non-controlling interest		688 861	989 088
Total equity		<u>2 577 990 370</u>	<u>2 637 673 504</u>
Non-current liabilities			
Long - term loans	(21)	505 169 897	609 854 157
Other non current liabilities	(25)	15 151 770	19 415 111
Lease contract liabilities	(29-1)	131 515 763	140 810 714
Deferred tax liabilities	(26)	252 221 843	244 925 822
Non-current liabilities		<u>904 059 273</u>	<u>1 015 005 804</u>
Current liabilities			
Provision for claims	(23)	11 500 533	16 387 784
Banks - over draft	(19)	24 370 783	15 571 312
Banks - credit facilities	(22)	1 268 925 910	719 051 689
Creditors and other credit balances	(24)	675 017 916	531 696 635
Income tax payable	(33)	58 464 652	51 136 832
Due to related parties	(32-1)	12 478 855	782 927
Loans-current portion	(21)	244 585 858	255 531 783
Current liabilities		<u>2 295 344 507</u>	<u>1 590 158 962</u>
Total liabilities		<u>3 199 403 780</u>	<u>2 605 164 766</u>
Total equity and total liabilities		<u>5 777 394 150</u>	<u>5 242 838 270</u>

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

Chief Finance Officer
Sameh El-hodaiby

Chairman
Safwan Thabet

Cairo, 31 July 2019

"Limited review report "attached".

Translated from Arabic

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 comprehensive income
For the financial period ended 30 June 2019

Translated from Arabic

	Financial period From 1/1/2019 To 30/6/2019 L.E.	Financial period From 1/1/2018 To 30/6/2018 L.E. <u>Restated</u>	Financial period From 1/4/2019 To 30/6/2019 L.E.	Financial period From 1/4/2018 To 30/6/2018 L.E. <u>Restated</u>
Net profit for the period	179 640 389	238 418 799	108 890 565	158 499 112
Total other comprehensive income	<u>179 640 389</u>	<u>238 418 799</u>	<u>108 890 565</u>	<u>158 499 112</u>
Distributed as follows				
Parent Company's share in profit	179 570 711	238 221 572	108 874 637	158 460 901
Non-controlling interest	69 678	197 227	15 928	38 211
	<u>179 640 389</u>	<u>238 418 799</u>	<u>108 890 565</u>	<u>158 499 112</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)
Consolidated statement of changes in equity
For the financial period ended 30 June 2019

Translated from Arabic

	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.
Balance as at 1 January 2018	941 405 082	518 993 941	330 920 428	524 903 922	857 853	2 317 081 226
Restatement result from lease contract liabilities	-	1 495 162	-	28 408 091	11 087	29 914 340
Balance as at 1 January 2018 after adjustment	941 405 082	520 489 103	330 920 428	553 312 013	868 940	2 346 995 566
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	-	14 341 585	-	(14 347 382)	5 797	-
Prior year adjustments	-	-	-	167 373	(170 433)	(3 060)
Total other comprehensive income for the period ended 30 June 2018	-	-	-	238 221 572	160 144	238 381 716
Balance as at 30 June 2018	941 405 082	534 830 688	330 920 428	662 191 848	787 548	2 470 135 594
Balance as at 1 January 2019	941 405 082	552 519 162	330 920 428	784 087 944	978 001	2 609 910 617
Restatement arising from lease contract liabilities	-	1 495 162	-	26 256 638	11 087	27 762 887
Balance as at 1 January 2019 after adjustment	941 405 082	554 014 324	330 920 428	810 344 582	989 088	2 637 673 504
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	-	-	-	-	(99 100)	(99 100)
Holding company share from reserve and retained earnings of subsidiaries	-	23 771 473	-	(23 771 473)	-	-
Prior year adjustments	-	-	-	254 904	(270 805)	(15 901)
Total other comprehensive income for the period ended 30 June 2019	-	-	-	179 570 711	69 678	179 640 389
Balance as at 30 June 2019	941 405 082	577 785 797	330 920 428	727 190 202	688 861	2 577 990 370

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 cash flows
For the financial period ended 30 June 2019

Translated from Arabic

		Financial period From 1/1/2019 To 30/6/2019	Financial period From 1/1/2018 To 30/6/2018
	Note No.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		252 313 275	272 949 426
Adjustments for:			
PPE depreciation	(12)	133 816 100	138 149 820
Capital loss/ (gains)		2 449 975	(16 720 276)
Amortization of right to -use land		4 135	-
Amortization of animal wealth	(15)	8 712 478	7 034 259
Amortization of plant wealth (productive)		200 084	199 688
Provision no longer required		(1 380 230)	-
Plant wealth (non productive)		-	(710 080)
Fixed assets impairment		-	13 459 207
Change in Investments under joint control		(2 965 183)	(940 680)
Impairment of trade and other receivables		3 683 797	1 620 766
Impairment in inventories		-	13 664 366
Provision for claims formed	(23)	360 675	8 700 000
Herd births		(7 289 100)	(5 075 000)
Herd capitalized expenses		(44 350 428)	(24 587 219)
Losses from selling cows		4 582 154	685 740
Losses from calves death		4 075 732	854 430
Foreign exchange gain		6 998 279	3 728 681
Credit interests	(9)	(6 217 075)	(9 529 827)
Finance interests & expenses	(9)	183 647 765	182 527 652
		<u>538 642 433</u>	<u>586 010 953</u>
Collected credit interests		6 217 075	9 529 827
Finance interest & expenses paid		(183 647 765)	(182 527 652)
Changes in:			
Inventories	(17)	(397 283 278)	(391 585 885)
Biological assets- Feeding sector		-	(9 471 470)
Biological assets- Exiting agriculture		4 293 882	2 909 462
Trade and other receivable	(18)	(52 998 986)	(138 241 540)
Due to related parties		11 695 928	(15 386 202)
Creditors & other credit balances	(24)	143 295 751	213 618 155
Due from related parties		-	(2 826 538)
Dividends to employees		(50 927 506)	(21 021 220)
Income tax paid		(58 049 045)	(11 877 023)
sales tax on capital goods -paid		(4 263 341)	-
Provision for claims used		(3 867 696)	(310 398)
Net cash flows (used in) result from operating activities		<u>(46 892 548)</u>	<u>38 820 469</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(115 651 941)	(151 647 146)
Proceeds from sale of PPE		21 138 975	36 562 855
Acquisition of plant and animal wealth	(14,15)	(21 058 621)	-
Proceeds from the sale of plant and animal wealth	(14,15)	21 898 745	4 118 931
Net cash flows (used in) investing activities		<u>(93 672 842)</u>	<u>(110 965 360)</u>
Cash flows from financing activities			
Proceeds from overdraft & credit facility	(22,21)	549 874 221	284 981 609
Lease contract liabilities	(29-1)	(9 294 953)	(6 985 364)
Payments from Bank loans and overdraft		(115 630 185)	(54 238 669)
Dividends to shareholders		(188 281 016)	(94 107 483)
Decrease in non-controlling interest		(88 971)	(43 120)
Net cash flows result from financing activities		<u>236 579 096</u>	<u>129 606 973</u>
Change in cash & cash equivalents during the period		<u>96 013 706</u>	<u>57 462 082</u>
The effect of foreign exchange difference		<u>(6 998 279)</u>	<u>(3 728 681)</u>
Cash & cash equivalents at 1 January		<u>14 832 303</u>	<u>65 072 656</u>
Cash & cash equivalents at 30 June.	(19)	<u><u>103 847 730</u></u>	<u><u>118 806 057</u></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 30 June 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 Polygon 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 31 July 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 (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.

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

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.

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

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

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 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.

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

Non-derivative financial liabilities

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

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

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

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

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

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

Subsequent costs

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

Depreciation

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

Description	Estimated useful life (Years)
Buildings & 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.

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

3-10 Lease Contracts

- Operating lease contracts

Rental leases are classified as operating leases, Rental payments (after deducting any deductions and taking effect of periods of grace in consideration) are recognized as rental expense in the statement of income on a straight-line method over the life of the lease. Amounts due on operating leases, including sublease contracts, are recognized as income.

- Finance leases contracts (sales and re-leasing operation):

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, 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.

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

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

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.

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. 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.

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

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 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.

3-19 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, 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.

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

3-20 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.

3-21 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 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.

3-22 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

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

3-23 The new and adjusted accounting standard

- On 18 March 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- based on the requirements of this standard the following standards were amended :</p> <ul style="list-style-type: none"> -Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019] -Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". -Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. -Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". -Egyptian Accounting Standard - EAS No. (40) "Financial Instruments: Disclosures" 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early adoption is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.</p> <p>-These amendments are effective as of the date of implementing Standard No. (47)</p>

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"	<ol style="list-style-type: none"> 1- The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void. 2- Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. 3- Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015. 4- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 5- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 6- the standard requires that contract must have a commercial substance in order for revenue to be recognized 7- Expanding in the presentation and disclosure requirements 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early adoption is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts	<ol style="list-style-type: none"> 1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements. The disclosure no. (32) Represent the adjustments of applying the new accounting standard no. (49).	This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, and the early adoption is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
	contracts as income either based on the straight-line method or based on any other regular basis.		lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was canceled and Law No. (176) of 2018 was issued.

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (38) as amended "Employees Benefits"	A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) Applies to financial periods beginning on or after January 1st, 2020, and the early adoption is permitted.
Egyptian Accounting Standard No. (42) as amended "Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> - (EAS 15) Related Party Disclosures - (EAS 17) Consolidated and Separate Financial Statements - (EAS 18) Investments in Associates - (EAS 24) Income Taxes - (EAS 29) Business Combinations - (EAS 30) Periodical Financial Statements - (EAS 44) Disclosure of Interests in Other Entities. 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early adoption is permitted. -The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019
Egyptian Accounting Standard No. (22) as amended "Earnings per Share"	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
			after January 1st, 2019.
Egyptian Accounting Standard No. (4) as amended "Statement of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 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 reliably, 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

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

5 Other operating revenue

	Financial period ended from 1/1/2019 to 30/06/2019	Financial period ended from 1/1/2018 to 30/06/2018	Financial period ended from 1/4/2019 to 30/06/2019	Financial period ended from 1/4/2018 to 30/06/2018
	L.E	L.E	L.E	L.E
Export subsidy revenue	17 045 782	16 074 817	7 480 713	8 268 605
Capital gain	-	16 720 276	-	10 428 854
Increase in biological wealth due to newborn	7 289 100	5 075 000	3 492 000	1 991 000
Compensation for calves death	-	-	-	(70 141)
Provisions no longer required	1 380 230	-	700 000	-
Leasing assets (under joint control)	741 817	2 633 191	(1 080 159)	2 633 191
Other revenues	9 337 623	11 454 714	2 374 136	5 002 426
	<u>35 794 552</u>	<u>51 957 998</u>	<u>12 966 690</u>	<u>28 253 935</u>

6 Sales and distribution expenses

	Financial period ended from 1/1/2019 to 30/06/2019	Financial period ended from 1/1/2018 to 30/06/2018	Financial period ended from 1/4/2019 to 30/06/2019	Financial period ended from 1/4/2018 to 30/06/2018
	L.E	L.E	L.E	L.E
Advertising expenses	245 962 059	209 444 708	167 919 383	124 510 104
Salaries and Wages	137 901 124	117 109 730	68 472 069	60 333 745
Depreciation	26 978 308	28 886 731	13 003 030	14 366 392
Cars expenses	80 740 654	49 726 252	57 472 896	33 556 387
Replacement of goods	23 326 797	27 685 516	35 246	11 323 402
Rent	8 382 653	7 451 318	4 249 230	3 447 415
Temporary labor contractors	9 941 697	7 884 235	5 520 137	4 445 045
Others	39 757 269	29 660 967	23 850 092	15 475 267
	<u>572 990 561</u>	<u>477 849 457</u>	<u>340 522 083</u>	<u>267 457 757</u>

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

7 General & administrative expenses

	Financial period ended from 1/1/2019 to 30/06/2019 L.E	Financial period ended from 1/1/2018 to 30/06/2018 L.E	Financial period ended from 1/4/2019 to 30/06/2019 L.E	Financial period ended from 1/4/2018 to 30/06/2018 L.E
Salaries and wages	58 239 684	52 372 858	29 029 379	28 083 273
Depreciation expense	9 248 718	10 287 934	4 670 764	5 376 835
Rent expense	6 400 853	4 330 083	3 213 375	2 504 797
Other administrative expense	43 442 131	39 851 607	24 606 188	22 647 941
	117 331 386	106 842 482	61 519 706	58 612 846

8 Other expenses

	Financial period ended from 1/1/2019 to 30/06/2019 L.E	Financial period ended from 1/1/2018 to 30/06/2018 L.E	Financial period ended from 1/4/2019 to 30/06/2019 L.E	Financial period ended from 1/4/2018 to 30/06/2018 L.E
Donations	2 794 358	18 200 156	2 562 364	2 985 575
Decrease in fixed asset	-	13 459 207	-	7 598 290
Impairment of trade and other receivables	3 683 797	1 620 766	3 249 925	326 748
Inventory write down	-	13 664 366	-	5 546 432
Property tax	5 309 685	3 287 287	486 828	3 287 287
Provision	360 675	8 700 000	360 675	6 700 000
Health insurance	19 664 135	-	9 152 837	-
Capital losses	2 449 975	-	8 826	-
Others	10 287 353	4 302 645	4 173 525	699 730
	44 549 978	63 234 427	19 994 980	27 144 062

9 Finance income and finance costs

	Financial period ended from 1/1/2019 to 30/06/2019 L.E	Financial period ended from 1/1/2018 to 30/06/2018 L.E	Financial period ended from 1/4/2019 to 30/06/2019 L.E	Financial period ended from 1/4/2018 to 30/06/2018 L.E
Interest expense	(183 647 765)	(182 527 652)	(94 424 963)	(92 492 274)
Interest income	6 217 075	9 529 827	2 431 426	4 561 490
Foreign exchange (loss)	(6 998 279)	(3 728 681)	(3 209 340)	(2 461 422)
	(184 428 969)	(176 726 506)	(95 202 877)	(90 392 206)

Juhayna Food Industries

Notes to the consolidated financial statements for the financial period ended 30 June 2019

Translation from Arabic

10 Segmentation reports

10-1 Segmentation reports for the financial year period 30 June 2019

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments 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:

	Activity Segments						Elimination of consolidated transactions L.E 30/6/2019	Undistributed items L.E 30/6/2019	Total L.E 30/6/2019
	Dairy sector L.E 30/6/2019	Cooling sector L.E 30/6/2019	Juices sector L.E 30/6/2019	Concentrates sector L.E 30/6/2019	Agriculture sector L.E 30/6/2019				
Sales	1771 366 243	961 069 591	707 440 110	168 264 000	20 238 652	122 431 738	-	3750 810 334	
Sales between segments	(1397 054 971)	(892 956 442)	(612 098 252)	(69 589 436)	(124 359 103)	-	3 096 058 204	-	
Other operating income	11 733 458	5 843 085	4 890 809	8 467 349	1 849 991	5 975 043	-	38 759 735	
Expenses	(318 398 655)	(377 907 511)	(180 182 299)	(38 568 573)	(10 118 886)	(14 111 522)	-	(939 287 446)	
<u>Other Information</u>									
Depreciation	39 013 813	41 473 018	30 921 525	9 185 784	13 221 960	-	-	133 816 100	
Assets	1 673 067 286	1 486 121 212	1 022 960 696	569 432 767	852 659 258	173 152 931	-	5 777 394 150	
Liabilities	1 183 042 389	863 002 340	596 375 326	339 280 688	205 224 182	12 478 855	-	3 199 403 780	

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

Juhayna Food Industries

Notes to the consolidated financial statements for the financial period ended 30 June 2019

10 Segmentation reports

10-2 Segmentation reports for the financial period ended 30 June 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:

	Activity Segments						Total L.E 30/6/2018
	Dairy sector L.E 30/6/2018	chilled sector L.E 30/6/2018	Juices sector L.E 30/6/2018	Concentrates sector L.E 30/6/2018	Agriculture sector L.E 30/6/2018	Undistributed items L.E 30/6/2018	Elimination of consolidated transactions L.E 30/6/2018
Sales	1 634 126 914	831 434 064	657 200 934	218 690 848	19 352 973	120 859 881	3 481 665 614
Sales between segments	(1 320 698 579)	(717 926 451)	(538 738 290)	(39 400 840)	(115 809 985)	-	-
Other operating income	11 653 559	4 470 814	13 683 741	16 145 701	3 114 856	3 830 007	52 898 678
Expenses	(327 768 235)	(266 404 583)	(169 299 535)	(29 205 246)	(26 233 819)	(18 435 984)	(837 347 402)
Other Information							
Depreciation	41 333 167	40 318 751	33 383 618	9 969 244	13 145 040	-	138 149 820
Assets	1 413 961 375	1 486 739 377	1 145 493 143	573 940 724	816 938 919	176 630 758	5613 704 296
Liabilities	1 065 866 596	897 481 373	627 683 159	343 249 360	209 251 163	-	3143 531 651

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

11 Investment under joint control (Equity)

Name of the investee company	Share percentage	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Revenues	Expenses	Net profit (loss)	Cost of investment
June 30, 2019	%	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Ajuu Company For food Industrial	50.75	15 137 928	133 117	15 271 045	3 875 306	-	3 875 306	26 505 581	(23 540 398)	2 965 183	11 540 178
Balance as of 30 June 2019		15 137 928	133 117	15 271 045	3 875 306	-	3 875 306	26 505 581	(23 540 398)	2 965 183	11 540 178
December 31, 2018											
Ajuu Company For food Industrial	50.75	18 954 076	151 387	19 105 463	10 530 468	-	10 530 468	54 063 532	(52 683 421)	1 380 111	8 574 995
Balance as at 31 December 2018		18 954 076	151 387	19 105 463	10 530 468	-	10 530 468	54 063 532	(52 683 421)	1 380 111	8 574 995

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

Translation from Arabic

12. Property, plant and equipment

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation & transport vehicles L.E.	Tools L.E.	Empty plastic containers & Palletes L.E.	Display ref.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2018	172 109 176	1 533 429 033	2 201 345 323	270 573 782	103 814 812	57 654 384	96 539 438	44 137 411	29 355 508	106 369 785	4 615 328 652
Reclassification (Lease)	43 397 821	76 025 576	-	-	-	-	-	-	-	-	119 423 397
Cost as of 1/1/2018 after reclassification	215 506 997	1 609 454 609	2 201 345 323	270 573 782	103 814 812	57 654 384	96 539 438	44 137 411	29 355 508	106 369 785	4 734 752 049
Additions of the year	5 437 680	16 399 373	89 691 694	18 150 352	8 027 971	18 356 542	-	-	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)	-	(25 453 666)	-	-	-	-	-	-	-	(31 964 103)
Cost as of 31/12/2018	214 436 240	1 607 824 983	2 225 869 495	285 676 062	111 442 778	63 927 406	96 235 776	44 137 411	32 136 463	107 511 305	4 789 197 919
Additions during the period	-	15 518 923	119 744 236	28 589 777	14 045 670	5 333 652	-	330 278	126 887	4 605 826	188 295 249
Disposals during the period	-	(230 543)	(60 196 746)	(266 178)	(3 643 307)	(3 340 399)	(135 806)	-	(5 434)	(24 866)	(67 843 279)
Cost as of 30/06/2019	214 436 240	1 623 113 363	2 285 416 985	313 999 661	121 845 141	65 920 659	96 099 970	44 467 689	32 257 916	112 092 265	4 909 649 889
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
Reclassification (Lease)	-	12 454 643	-	-	-	-	-	-	-	-	12 454 643
Accumulated depreciation as of 1/1/2018 after reclassification	-	142 766 873	864 124 660	123 133 499	54 336 504	37 214 594	61 986 864	7 905 361	14 306 838	86 638 954	1 392 414 147
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 disposals of the year	-	(1 438 013)	(24 459 459)	(1 907 622)	(397 717)	(11 558 228)	(260 900)	-	(35 162)	(101 297)	(40 138 398)
Accumulated depreciation of assets held for sale	-	-	(13 074 670)	-	-	-	-	-	-	-	(13 074 670)
Accumulated depreciation as of 31/12/2018	-	175 016 202	985 269 339	148 332 303	64 399 935	36 139 991	79 152 959	9 879 268	16 908 579	98 341 627	1 613 440 203
Depreciation of the period	-	16 842 465	78 318 400	14 151 127	6 439 316	4 664 858	6 317 450	932 660	1 322 820	4 827 004	133 816 100
Accumulated depreciation of disposals of the period	-	(21 627)	(40 677 572)	(252 479)	(3 471 539)	(3 340 399)	(124 620)	-	(4 175)	(24 866)	(47 917 277)
Accumulated depreciation as at 30/06/2019	-	191 837 040	1 022 910 167	162 230 951	67 367 712	37 464 450	85 345 789	10 811 928	18 227 224	103 143 765	1 699 339 026
fixed assets impairment**	10 492 090	585 033	8 723 467	-	-	-	-	1 241 733	-	-	21 042 323
Net book value as of 30/06/2019	203 944 150	1 430 691 290	1 253 783 351	151 768 710	54 477 429	28 456 209	10 754 181	32 414 028	14 030 692	8 948 500	3 189 268 540
Net book value as of 31/12/2018	203 944 150	1 432 368 654	1 239 594 996	137 343 759	47 042 843	27 787 415	17 082 817	33 346 686	15 227 884	9 169 678	3 162 908 882

*Cost of fully depreciated assets are amounted to L.E 270 979 450 as at 30 June 2019.

** Fixed Assets Impairment balance allocated from Assets under construction impairment balance by Amount of 8 192 988.

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

The land item amounted to L.E 160 546 329 on 30/06/2019 includes an amount of L.E 97 667 641 for a land that is under registration, and the necessary procedures are being taken to register this land.

These lands are as follows:

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	11 814 091	Preliminary contract
Demyat land	10 942 734	Preliminary contract
Obour land	9 130 135	Preliminary contract
New cairo land pc.60,62	8 153 614	Waiver letter
Olaykat Arab land	2 589 300	Preliminary contract
Other	9 537 769	
	<u>52 167 643</u>	

12-3 Land of Egyptian Co. for Dairy Products

Description	Amount as per Egyptian Co. for Dairy Products L.E.	(Restatment) L.E.	Amount as per Consolidated financial statement L.E.	
The service axis 1,2- 6 th 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 ³ 6 th 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 th of October	2 241 861	Specification letter
Pc. 24 B	2 611 004	Specification letter
	<u>4 852 865</u>	

12-6 Land of Modern Concentration Co.

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

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

Notes to the consolidated financial statements for the financial period ended 30 June 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 final contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation.
- Amount of L.E 5 185 680 represents value of 186 agriculture acres at Farafra as per final contract from Alwadi Algadeed governorate.

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 procedures of legalizing the land of animal production and payment of 25% of the value of the agreement with giza governorate – state property authority 568 acers amounted to L.E 3 554 375 in addition to service charges are in progress and receiving preliminary contract.

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.
- 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 .
- 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 .

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 750 000 (Assuite governate). 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 m² 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 m² 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 m² 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 m² 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 30 June 2019

13 Projects under constructions

	30/6/2019	31/12/2018
	L.E	L.E.
Buildings and constructions in progress	6 093 638	17 139 450
Machineries under installation	92 543 293	142 394 299
Advance payments for purchase of fixed assets	29 733 079	40 707 127
Wells and water pump	222 473	1 282 717
Lake	860 407	572 530
	129 452 890	202 096 123
Less:		
Impairment of projects under construction	(1 733 579)	(9 926 492)
Net balance	127 719 311	192 169 631

14 Plant wealth (Net)**14-1 Plant wealth (Net)**

	30/6/2019	31/12/2018
	L.E	L.E.
Cost at the beginning of the period / year	13 880 181	13 880 181
Additions during the period / year	165 431	-
Cost at end of the period /year	14 045 612	13 880 181
Less:		
Accumulated depreciation at beginning of the period / year	(1 127 540)	(728 165)
Depreciation during the period / year	(200 084)	(399 375)
Accumulated depreciation at the end of the period /year	(1 327 624)	(1 127 540)
Net	12 717 988	12 752 641

- The cost is the value of fruit trees.

14-2 Plant wealth – under construction (Net)

	30/6/2019	31/12/2018
	L.E	L.E.
Land reclamation	-	156 788
Fruit trees	6 349 022	2 984 923
Protection trees	20 796	271 586
Palm trees	4 412	4 412
	6 374 230	3 417 709
Less: impairment	(25 788)	(25 788)
Net Balance	6 348 442	3 391 921

Juhayna Food Industries

Translated from Arabic

Notes to the consolidated financial statements for the financial period ended 30 June 2019

15 Biological wealth (Net)

	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 on 1-1-2019	2 870	109 951 852	2 726	61 979 357	5 596	171 931 209
<u>Adding:</u>						
Transferred from projects under construction	-	16 048 664	-	1 888 005	-	17 936 669
Transferred from biological wealth (Flock of dairy live stock - unproductive)	719	17 235 829	(719)	(17 235 829)	-	-
* Births of flock						
Female	-	-	660	4 672 500	660	4 672 500
** Capital cost during drying -off	-	6 426 583	-	27 707 035	-	34 133 618
	3 589	149 662 928	2 667	79 011 068	6 256	228 673 996
Biological wealth sales						
Cows	225	9 057 611	-	-	225	9 057 611
Pregnant	-	-	24	1 136 759	24	1 136 759
Newborn - Female	-	-	63	2 159 923	63	2 159 923
The death of live stock losses						
Cows	45	1 879 508	-	-	45	1 879 508
Pregnant	-	-	11	242 123	11	242 123
Female	-	-	87	1 452 861	87	1 452 861
	270	10 937 119	185	4 991 666	455	15 928 785
	3 319	138 725 809	2 482	74 019 402	5 801	212 745 211
Cost of flock of livestock on 30/06/2019						
Accumulated depreciation						
Beginning of the period	-	28 804 771	-	-	-	28 804 771
Depreciation milking cows during the period	-	8 712 478	-	-	-	8 712 478
Accumulated depreciation of disposals of sales case	-	(2 643 315)	-	-	-	(2 643 315)
Accumulated depreciation of disposals of death case	-	(391 748)	-	-	-	(391 748)
Accumulated depreciation at 30 June 2019		34 482 186				34 482 186
Net amount of flock of livestock on 30/6/2019	3 319	104 243 623	2 482	74 019 402	5 801	178 263 025
Net amount of flock of livestock on 31/12/2018	2 870	81 147 081	2 726	61 979 357	5 596	143 126 438

* 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 rely on in determine fair value

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

16 Tax status

16-1 Holding Company

A. 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 tax inspection performed and 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, 2017

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

B. 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

C. Stamp tax

The period from the beginning of operation till 2014

The tax inspection performed and differences settled.

Year 2015/2016

The tax inspection performed and differences settled\

Year 2017/2018

The tax inspection has not performed yet

D. Sales tax/ Value added tax

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

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

Years 2016 till 2018

The company prepare for tax inspection.

E. 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 30 June 2019

16-2 Subsidiaries

First: Corporate tax

The Companies that enjoy the corporate tax exemption	Tax exemption ending date
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Subsidiaries

Inmaa for agriculture development & biological wealth.

19/03/2021

The Companies that are not exempted.

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004

Egyptian Companies for Food Industries :-

Inspected from Beginning of activity to 2012 – 2013-2018 not inspected

Modern Company for Concentrates :-

Inspected from Beginning of activity to 2008 – 2009-2018 not inspected

International company for food industries :-

Inspected from Beginning of activity to 2014 – 2015-2018 not inspected

Tiba for Trading and Distributing

The company was not inspected from beginning the activity until 2008.

The company was inspected for year 2009 appealed the inspection during the legal period. The appeal was settled in the appeal committee.

Al Marwa for Food Industries

The company was inspected from the beginning of its operations till 31/12/2005 and the differences settled. The company submits its annual tax returns in due dates. The company is subject to corporate tax from 1/1/2010.

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Live Stock

The inspection performed and waiting for tax form.

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 2013-2015 pending for committee

International Company For Modern Food Industries

- Tax inspection was performed from start of activity till 2016 and paid

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.

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

Inmaa for live stock

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

Inmaa for agriculture

-From the beginning of activity till 2016 not inspected.

Third: Stamp tax

Egyptian Company for Dairy Products

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

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 31/12/2015 and difference settled and under tax inspections 2016,2017

Modern Concentrates Industrial Company

- Inspection was performed from start of activity till 31/12/2013 and difference settled. Under inspection for year 2014, 2015.

Inmaa for agricultural development and biological wealth

-Tax inspection has not performed till now.

Inmaa for livestock

-Tax inspection performed and waiting for tax claims from beginning of activity till 2017

Inmaa for agricultural reclamation

-Company not inspected from beginning of activity till now

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

Fourth: Value Adding Tax (Sales)

Subsidiaries

Egyptian Company for Dairy Products

Al-Marwa for Food Industries

International Company For Modern Food Industries

Tiba for Trading and Distribution

Inmaa for Agriculture Development and biological wealth.

Modern concentrates Industrial Company

Inmaa for livestock

Inmaa for agricultural reclamation

Tax inspection ending date

- The company products are exempted from sales tax, entity submitted monthly sales tax return .inspected and difference settled till 31/12/2015
- Inspected and difference settled 31/12/2015
- The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 31/12/2017
- The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
- The tax inspection performed till 31/12/2014 and differences settled, preparing for tax inspection for August 2016
- The inspection was performed since beginning of activity till 31/12/2013, preparing for tax inspection till August 2016
- The tax inspection performed from 15/3/2012 till 31/8/2016
- 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 30 June 2019

17 Inventories

	30/6/2019	31/12/2018
	L.E	L.E.
Raw materials	974 256 057	492 203 346
Packaging & packing materials	155 635 089	219 406 965
Finished products	237 946 509	224 790 993
Spare parts & miscellaneous supplies	73 817 389	64 623 106
Goods in transit - L/C's for goods purchase	10 501 414	53 848 770
	1 452 156 458	1 054 873 180

18 Trade and other receivables (Net)

	30/6/2019	31/12/2018
	L.E	L.E.
Trade receivables	261 857 074	192 528 938
Less: Impairment in trade receivables	(8 216 675)	(7 418 568)
	253 640 399	185 110 370
Notes receivables	2 507 323	491 879
Suppliers – advance payments	43 114 177	31 605 971
Prepaid expenses	28 630 346	18 463 044
Export subsidy	75 512 114	58 551 018
Tax authority	38 296 995	53 550 066
Customs authority	50 413 312	52 115 219
Deposits with others	14 098 963	12 845 252
*Letter of credit (cash cover)	5 791 554	6 718 523
Letter of guarantee	25 398	98 162
PPE creditors	13 295 974	13 250 000
Supplier discount		45 540 063
Due Interest payable	28 638	-
Other debit balances	12 569 953	9 952 544
	537 925 146	488 292 053
Less: Impairment in other debit balances	(4 424 553)	(4 106 710)
	533 500 593	484 185 343

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

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

	30/06/2019	31/12/2018
	L.E	L.E.
Time deposits *	2 417 248	2 557 528
Banks – current accounts	59 728 960	23 136 645
Cash in hand	2 616 937	1 933 456
Cash in transit	63 455 368	2 775 986
	128 218 513	30 403 615
Credit banks / Bank over draft	(24 370 783)	(15 571 312)
Cash and cash equivalents in the statement of cash flows	103 847 730	14 832 303

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

20 Share capital

	30/06/2019	31/12/2018
	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 as follows:-

Collected from issuance premium of 205 972 632 shares during the year 2010	999 379 210
<u>Less:</u>	
- 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
	330 920 428

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

21 Loans

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

	Current portion	Non –current	Total
	L.E	L.E	L.E
Commercial International Bank (CIB)	105 643 000	330 286 079	435 929 079
Attijariwafa Bank	7 142 858	10 461 090	17 603 948
National Bank of Kuwait – Egypt	25 000 000	68 750 000	93 750 000
European Bank for Reconstruction & Development	59 000 000	36 772 728	95 772 728
HSBC bank	5 000 000	7 500 000	12 500 000
Qatar National bank (QNB)	12 800 000	6 400 000	19 200 000
Egypt Golf bank (EGBE)	30 000 000	45 000 000	75 000 000
Balance at 30/06/2019	244 585 858	505 169 897	749 755 755
Balance at 31/12/2018	255 531 783	609 854 157	865 385 940

22 Bank Credit facilities

This balance amounted to L.E 1 268 925 910 as at 30/6/2019 (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

Description	Balance at 01/01/2019	Formed	No longer required	Used	Balance at 30/06/2019
	L.E	L.E	L.E	L.E	L.E.
Provision for claims	16 387 784	360 675	(1 380 230)	(3 867 696)	11 500 533

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

24 Creditors and other credit balances

	30/06/2019	31/12/2018
	L.E.	L.E.
Suppliers	452 232 422	343 470 574
Dividends payable	27 987	30 025
Accrued expenses	106 912 295	80 308 516
PPE creditors	3 412 367	1 717 261
Tax authority	29 706 884	28 602 036
Customs authority	70 345	-
Deposits for others	1 230 465	1 123 776
Liabilities result from lease rent – short term (Note No. 29-1)	17 160 000	18 905 275
Sales tax installments on the imported machineries and equipment (Note No. 25)	7 778 112	7 990 574
Due to sodic-current portion	-	1 930 787
Social Insurance Authority	6 650 177	5 096 410
Due to health insurance	17 503 439	15 656 123
Advances from customers	22 609 279	20 218 501
Other credit balances	9 724 144	6 646 777
	675 017 916	531 696 635

25 Other Noncurrent liabilities

	30/06/2019	31/12/2018
	L.E.	L.E.
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 7 778 112 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).	15 151 770	19 415 111
	15 151 770	19 415 111

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 252 221 843 on 30/6/2019 representing net book value of taxable assets and liabilities:

-Deferred Tax (Lease Contracts)

	Balance 30/06/2019	Balance 31/12/2018
	L.E	L.E
Deferred Tax Liability	(14 132 516)	(14 303 574)
Deferred tax Asset - fixed assets	9 269 057	11 292 482
Deferred Liability (Lease contracts)	<u>(4 863 459)</u>	<u>(3 011 092)</u>
Deferred tax liability from fixed assets	(247 358 384)	(241 914 730)
Total Deferred Tax Liability	<u>(252 221 843)</u>	<u>(244 925 822)</u>

	Balance on 1/1/2019	Movement during the period	Balance on 30/6/2019
	L.E	L.E	L.E
Deferred tax liability	<u>244 925 822</u>	<u>7 296 021</u>	<u>252 221 843</u>

27 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 30/06/2019	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
<u>Company under joint control</u>			
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 30 June 2019

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.

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:

	Note	Carrying amount	
		30/6/2019	31/12/2018
		L.E.	L.E.
Trade receivables	(18)	461 756 070	434 116 328
Banks - credit facilities	(22)	1 268 925 910	719 051 689
Total long term loans	(21)	749 755 755	865 385 940

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

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

	Carrying amount L.E.	Contractual cash flows L.E.
Banks - credit facilities	1 268 925 910	1 966 000 000

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 30 June 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	4 556 501	68 864	-
Cash at banks and on hand	4 309 812	120 696	-
Bank credit facility	-	(187 567)	-
Trade and other payables	(10 295 466)	(880 493)	(48 941)
30 June 2019	(1 429 153)	(878 500)	(48 941)
31 December 2018	(1 218 299)	(171 363)	1 024 697

The following significant exchange rates applied during the period:

	Average rate		Closing Rate	
	30/6/2019	31/12/2018	2019	2018
USD	17,24	17,71	16,75	17,95
Euro	19,50	21,83	19,05	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.

	30/6/2019	31/12/2018
	L.E.	L.E.
Total liabilities	3 199 403 780	2 605 164 766
Less: cash at bank and on hand	(128 218 513)	(30 403 615)
Net debt	3 071 185 267	2 574 761 151
Total equity	2 577 895 594	2 637 673 446
Net debt to equity ratio	119.13%	97.61%

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

29 Financial lease contracts**Financial lease contracts (Sale and lease back)****- Tiba**

The Company has entered into financing leases with International Leasing Company (Incolease) in 2015 to sell buildings and land owned by Taiba, with a leasehold of a contractual value of LE 142 604 323 with 84 monthly installments beginning on 31 July 2015 and ending on 30 June 2022. The following is a summary of contracts:

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

Notes to the consolidated financial statements for the financial period ended 30 June 2019

29-1 Loan (arising from lease contract)

	30/6/2019	31/12/2018
	L.E	L.E
Liabilities from lease contract current portion (suppliers and other credit balances) – note no. 24	17 160 000	18 905 275
Long-term liability from lease contract non-current portion	131 515 763	140 810 714
Total	148 675 763	159 715 989

Payment of lease contracts liabilities are as follows:

	Payment of loan principal		Payment of accrued interest	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	L.E	L.E	L.E	L.E
Liabilities during one year	17 160 001	10 965 476	4 818 961	11 750 200
Liabilities between 1-5 years	124 883 118	110 452 711	66 645 313	81 518 358
Liabilities more than 5 years	6 632 645	30 358 003	-	2 805 223

30 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 30/6/2019 amounting to LE 8 555 518 and the covered portion reached to be LE 25 398.

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 9 336 813 on 30/6/2019.

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 year, 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	
		30/6/2019	31/12/2018	30/6/2019	31/12/2018
		L.E.	L.E.	L.E.	L.E.
ArJu	Current account	11 695 928	2 043 611	(12 478 855)	(782 927)
				(12 478 855)	(782 927)

33-2 Board of Director remuneration

The total allowances received by the directors and top management during the period is amounted to LE 9 660 000

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

33 Income tax – current

	Financial period from 1/1/2018 to 30/06/2018 L.E.	Financial period from 1/1/2018 to 30/06/2018 L.E.	Financial period from 1/4/2019 to 30/06/2019 L.E.	Financial period from 1/4/2018 to 30/06/2018 L.E.
Tax differences of previous years	1 333 280	(410 285)	1 333 280	(410 285)
Income taxes	(58 464 650)	(22 669 611)	(28 029 044)	(8 270 540)
Investment tax on dividends	(8 245 495)	(5 996 155)	-	-
	<u>(65 376 865)</u>	<u>(29 076 051)</u>	<u>(26 695 764)</u>	<u>(8 680 825)</u>

34 Goodwill

	30/6/2019 L.E.	31/12/2018 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>

35 Comparative figure

Accounting policies applied in the preparation of the annual financial statements on 30 June 2019. These policies are applied in all periodic financial statements presented in the interim financial statements, taking into account new issuances and amendments to the Egyptian accounting standards by decision of the Minister of Investment and International Cooperation on 18 March 2019 related to lease contracts that were subject to the law of financial leasing No. 95 of 1995 and its amendments, which were settled from the beginning of the comparison period. The comparative figures and the opening balances for the comparative year have been adjusted following the change in the accounting policy for financial leasing contracts (Accounting Policy No. 3-6) to conform to the new version of the Egyptian Accounting Standards in this regard.

Restatements effect on the financial statements are as follows:

Description	31/12/2018 L.E.
Increase in PPE	106 968 754
Decrease in debit balances-long term	7 436 192
Decrease in debit balances-short term	3 198 418

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Notes to the consolidated financial statements for the financial period ended 30 June 2019

Decrease in deferred income	79 868 590
Decrease in deferred capital gain- short term	14 286 733
Increase in Lease Liability	159 715 987
Increase in deferred tax liabilities from lease contract	1 941 182

The restatement effect on the statement of profit or loss are as follows:

Description	Before restatements From 1/4/2018 to 30/6/2018 L.E	Restatements From 1/4/2018 to 30/6/2018 L.E	After restatements From 1/4/2018 to 30/6/2018 L.E
Deferred realized gain	3 571 683	(3 571 683)	-
Finance lease Expense	12 374 986	(12 374 986)	-
Depreciation expense	-	380 130	380 130
Interest and finance expense	-	8 304 535	8 304 535
Deferred tax expense	-	731 111	731 111

Description	Before restatements From 1/1/2018 to 30/6/2018 L.E	Restatements From 1/1/2018 to 30/6/2018 L.E	After restatements From 1/1/2018 to 30/6/2018 L.E
Deferred realized gain	7 143 366	(7 143 366)	-
Finance lease Expense	25 059 730	(25 059 730)	-
Depreciation expense	-	760 261	760 261
Interest and finance expense	-	17 192 465	15 540 775
Deferred tax expense	-	1 400 648	1 400 648

The restatement effect on the statement of cash flow are as follows:

Description	Before restatements From 1/1/2018 to 30/6/2018 L.E	Restatements From 1/1/2018 to 30/6/2018 L.E	After restatements From 1/1/2018 to 30/6/2018 L.E
Finance lease instalments	14 757 964	(14 757 964)	-
Change in debtors and other debit balances	137 359 639	881 901	138 241 540
Change in lease contracts liabilities	-	(6 985 364)	(6 985 364)
Depreciation expense	137 389 559	760 261	138 149 820