

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

**KPMG Hazem Hassan
Public Accountants & Consultancies
B(105) – Avenue (2) –Smart Village
Km 28 Cairo-Alex Desert 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 September 2019

Contents

Page

Review report

Consolidated interim statement of financial position 1

Consolidated interim income statement 2

Consolidated interim statement of comprehensive income 3

Consolidated interim statement of changes in shareholders' equity 4

Consolidated interim statement of cash flows 5

Notes to the consolidated interim financial statements 6-46

KPMG Hazem Hassan
Public Accountants & Consultancies
B(105) – Avenue (2) –Smart Village
Km 28 Cairo-Alex Desert Road
Giza- Cairo – Egypt

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

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 September 2019 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these 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.

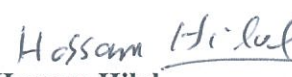
Conclusion

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 September 2019, and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.


Hatem Montasser
KPMG Hazem Hassan
Public Accountants & Consultancies

KPMG Hazem Hassan
Public Accountants and Consultants
(21)

Cairo, Oct. 24, 2019
Sam SR.


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 interim financial position
As of 30 September 2019

Translated from Arabic

	Note No.	30/9/2019 L.E.	31/12/2018 L.E. <u>Restated</u>
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 205 208 937	3 162 908 882
Projects under construction	(13)	136 311 186	192 169 631
Plant wealth	(14-1)	12 616 955	12 752 641
Plant wealth - under preparation	(14-2)	13 049 738	3 391 921
Biological wealth	(15)	187 255 317	143 126 438
Investments under joint control (equity)	(11)	12 254 485	8 574 995
Goodwill	(34)	97 092 890	97 092 890
Other - long term asset		742 486	748 688
Non-current assets		3 664 531 994	3 620 766 086
Current assets			
Biological assets - Feeding Sector		20 580 414	20 616 236
Biological assets - Existing Agriculture		24 498 108	14 606 171
PPE held for sale		13 145 563	17 387 581
Inventories	(17)	1 220 466 466	1 054 873 180
Trade and other receivables	(18)	542 445 213	484 185 401
Cash at banks and on hand	(19)	66 011 395	30 403 615
Current assets		1 887 147 159	1 622 072 184
Total assets		5 551 679 153	5 242 838 270
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		577 785 797	554 014 879
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		838 525 290	810 339 117
Total equity attributable to the shareholders of the parent company		2 688 636 597	2 636 679 506
Non-controlling interest		713 370	993 998
Total equity		2 689 349 967	2 637 673 504
Non-current liabilities			
Long - term loans	(21)	832 065 014	609 854 157
Other non current liabilities	(25)	20 861 144	19 415 111
Lease contract liabilities	(29-1)	120 869 507	140 810 714
Deferred tax liabilities	(26)	262 866 481	244 925 822
Non-current liabilities		1 236 662 146	1 015 005 804
Current liabilities			
Provision for claims	(23)	13 178 290	16 387 784
Banks - over draft		19 318 991	15 571 312
Bank Credit facilities	(22)	519 369 422	719 051 689
Creditors and other credit balances	(24)	675 028 332	531 696 635
Income tax payable	(33)	89 978 914	51 136 832
Due to related parties	(32-1)	3 957 233	782 927
Loans-current portion	(21)	304 835 858	255 531 783
Current liabilities		1 625 667 040	1 590 158 962
Total liabilities		2 862 329 186	2 605 164 766
Total equity and total liabilities		5 551 679 153	5 242 838 270

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, 24 October 2019

"Limited review report "attached".

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim income statement
For the financial period ended 30 September 2019

Translated from Arabic

		Financial period From 1/1/2019 To 30/9/2019 L.E.	Financial period From 1/1/2018 To 30/9/2018 L.E.	Financial period From 1/7/2019 To 30/9/2019 L.E.	Financial period From 1/7/2018 To 30/9/2018 L.E.
Note No.			<u>Restated</u>		<u>Restated</u>
	Net sales	5 791 905 147	5 411 277 388	2 041 094 813	1 929 611 774
	Cost of sales	(4 023 524 407)	(3 820 706 536)	(1 425 555 110)	(1 396 439 072)
	Gross profit	1 768 380 740	1 590 570 852	615 539 703	533 172 702
	Other operating income	(5) 57 859 052	67 631 062	24 514 401	15 673 064
	Selling and Marketing expenses	(6) (868 685 291)	(717 303 856)	(295 694 731)	(239 044 243)
	General and administrative expenses	(7) (198 810 136)	(182 992 904)	(81 478 749)	(76 150 422)
	Other expenses	(8) (67 154 522)	(65 954 328)	(25 054 443)	(2 719 901)
	Board of directors remuneration	(32-2) (14 875 000)	(9 745 000)	(5 215 000)	(3 105 000)
	Results from operating activities	676 714 843	682 205 826	232 611 181	227 826 200
	Share in the gain of company under joint control	3 679 490	900 021	714 307	(40 659)
	Cost of the end of service	(10 712 101)	(7 923 505)	(385 549)	(1 868 975)
	Finance income and finance cost	(9) (263 850 408)	(266 838 089)	(79 421 439)	(90 111 583)
	Net profit before income tax	405 831 824	408 344 253	153 518 500	135 804 983
	Income tax - current	(33) (96 891 128)	(42 355 452)	(31 514 264)	(13 279 401)
	Deferred tax	(26) (17 940 659)	(8 453 902)	(10 644 638)	(2 999 326)
	Net profit for the period	291 000 037	357 534 899	111 359 598	119 526 256
	Distributed as follows				
	Parent Company's share in profit	290 905 796	357 254 443	111 335 125	119 443 027
	Non-controlling interest	94 241	280 456	24 473	83 229
		291 000 037	357 534 899	111 359 598	119 526 256

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 interim Statement of comprehensive income
For the financial period ended 30 September 2019

Translated from Arabic

	Financial period From 1/1/2019 To 30/9/2019 L.E.	Financial period From 1/1/2018 To 30/9/2018 L.E. <u>Restated</u>	Financial period From 1/7/2019 To 30/9/2019 L.E.	Financial period From 1/7/2018 To 30/9/2018 L.E. <u>Restated</u>
Net profit for the period	291 000 037	357 534 899	111 359 598	119 526 256
Total other comprehensive income	<u>291 000 037</u>	<u>357 534 899</u>	<u>111 359 598</u>	<u>119 526 256</u>
Distributed as follows				
Parent Company's share in profit	290 905 796	357 254 443	111 335 125	119 443 027
Non-controlling interest	94 241	280 456	24 473	83 229
	<u>291 000 037</u>	<u>357 534 899</u>	<u>111 359 598</u>	<u>119 526 256</u>

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

Translated from Arabic

Juwayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of changes in equity
For the financial period ended 30 September 2019

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Non-controlling interest L.E.	Total L.E.
Balance as at 1 January 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	2 345 995 566
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	-	-	-	167 373	(247 333)	(79 960)
Holding Company's share in reserves & retained earnings of subsidiaries	-	14 341 585	-	(14 347 382)	5 797	-
Total other comprehensive income for the period ended 30 September 2018	-	-	-	238 221 572	160 144	238 381 716
Balance as at 30 September 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	-	1 495 717	-	26 251 173	15 997	27 762 887
Balance as at 1 January 2019 after adjustment	941 405 082	554 014 879	330 920 428	810 339 117	993 998	2 637 673 504
Dividends to shareholders	-	-	-	(188 281 016)	-	(188 281 016)
Dividends to employees and board of directors	-	-	-	(50 927 508)	-	(50 927 508)
Dividends from subsidiaries to non controlling interest	-	-	-	259 817	(374 869)	(115 052)
Holding company share from reserve and retained earning of subsidiaries	-	23 770 918	-	(23 770 918)	-	-
Total other comprehensive income for the period ended 30 September 2019	-	-	-	290 905 786	94 241	291 000 037
Balance as at 30 September 2019	941 405 082	577 785 797	330 920 428	838 525 290	713 370	2 689 349 967

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

		Financial period From 1/1/2019 To 30/9/2019	Financial period From 1/1/2018 To 30/9/2018 Restated
	Note No.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		405,831,824	408 344 253
Adjustments for:			
PPE depreciation	(12)	201,637,802	207 474 918
Capital gains		(8,922,363)	(16 554 199)
Amortization of right to -use land		6,203	6 203
Amortization of animal wealth	(15)	14,081,211	10 550 498
Amortization of plant wealth (productive)		301,117	299 531
Impairment of trade and other receivables -reverse		(1,380,230)	-
Impairment of trade and other receivables		3,683,796	1 620 766
Amortization of biological assets		-	289 588
Plant wealth (non productive)		-	(1 230 618)
Fixed assets impairment		-	13 459 207
Change in Investments under joint control		(3,679,490)	(900 021)
Impairment in inventories		1,831,725	13 664 366
Provision for claims formed		4,375,675	8 700 000
Herd births		(11,342,000)	(10 112 000)
Losses from selling cows		6,996,033	724 151
Losses from calves death		3,196,364	1 184 574
Foreign exchange gain	(9)	5,666,470	4 017 248
Credit interests	(9)	(10,996,617)	(12 090 828)
Finance interests & expenses	(9)	269,180,555	274 911 669
		<u>880,468,075</u>	<u>904 359 306</u>
Collected credit interests		10,996,617	12 090 828
Finance interest & expenses paid		(269,180,555)	(274 911 669)
Changes in:			
Inventories	(17)	(158,728,399)	(191 505 488)
Biological assets- Feeding Sector		-	(15 138 558)
Biological assets- Exiting Agriculture		(9,891,937)	(209 914)
Herd capitalized expenses		(68,658,715)	(36 754 496)
Trade and other receivable	(18)	(59,375,604)	(150 983 641)
Due from related parties		-	(18 552 511)
Creditors & other credit balances	(24)	139,479,502	133 979 755
Due to related parties		3,174,306	(2 826 538)
Dividends to employees		(50,927,506)	(21 021 220)
Income tax paid		(58,049,047)	(11 877 024)
Provision for claims used		(7,585,168)	(185 691)
Impairment of trade and other receivables - used		(1,187,615)	-
Impairment in inventories - used		(8,696,612)	-
sales tax on capital goods -paid		1,446,033	-
Net cash flows result from operating activities		<u>343,283,375</u>	<u>326 463 139</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(213,718,164)	(172 980 568)
Proceeds from sale of PPE		38,803,062	51 922 217
Compensation of calves death		3,176,100	1 991 675
Acquisition of plant and animal wealth	(14,15)	(27,759,914)	(1 181 030)
Proceeds from the sale of plant and animal wealth	(14,15)	26,394,619	10 297 801
Net cash flows (used in) investing activities		<u>(173,104,297)</u>	<u>(109 949 905)</u>
Cash flows from financing activities			
(Payments)/collection proceeds from overdraft & credit facility	(22,21)	(195,934,588)	35 413 290
Payment of financial lease contract liabilities	(29-1)	(16,089,105)	(11 210 751)
Collection /(Payments) proceeds from Bank loans and overdraft		271,514,932	(152 183 591)
Dividends to shareholders		(188,281,016)	(94 140 508)
Decrease in non-controlling interest		(115,051)	40 184
Net cash flows (used in) financing activities		<u>(128,904,828)</u>	<u>(222 081 376)</u>
Change in cash & cash equivalents during the period		<u>41,274,250</u>	<u>(5 568 142)</u>
The effect of foreign exchange difference		<u>(5,666,470)</u>	<u>(711 943)</u>
Cash & cash equivalents at 1 January		<u>30,403,615</u>	<u>65 072 656</u>
Cash & cash equivalents at 30 September	(19)	<u>66,011,395</u>	<u>58 792 571</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 interim financial statements
For the financial period ended 30 September 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 50 years starting from the date of registration in the commercial registry. The address of the Company's registered office is building no.2 Polygon Sodic West, Sheikh Zayed Giza.

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

Mr. Safwan Thabet is the Chairman of the Board of Directors.

The Company is considered a holding Company.

The Company's purpose

The Company primarily is involved in producing, manufacturing, packaging and packing of all types of dairy products and all its derivatives, all types of cheese, fruit juices, drinks and frozen material, preparing, manufacturing, packaging and packing all types of food materials and in general manufacturing of agriculture products.

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on 24 October 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 interim financial statements for the financial period ended 30 September 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 (26) : deferred tax.
- Note (4-2) : biological assets

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3-1 Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

3-2 Foreign currency

Foreign currency transactions

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

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

3-3 Investment under joint control

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

3-4 Financial instruments**Non-derivative financial assets**

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

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

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

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

Debtors

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

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

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

Cash and cash equivalents

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

Non-derivative financial liabilities

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

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

The Company classifies non – derivative financial liabilities into the other financial liabilities' category. Such financial liabilities are recognised initially at the fair value plus any directly attributable 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 interim financial statements for the financial period ended 30 September 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 usual life

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

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

3-7 Projects under construction

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

3-8 Government grants

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

3-9 Plant wealth

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

3-10 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 Transactions with related parties:

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

3-13 Impairment**Non –derivative financial assets**

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

Non-financial assets

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

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

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

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

3-14 Defined contribution plans

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

3-15 Provisions

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

3-16 Revenue**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.

3-17 Rental income

Rental income from other assets is recognized in other income.

3-18 Finance income and finance costs

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

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

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

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

3-19 Current tax

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

Deferred tax

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

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

3-20 Assets held for sale

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

3-21 Legal reserve

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

3-22 End of service benefits

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work voluntary 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.

3-23 Segmentation report

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

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

the operation of each sector is reported below

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

3-24 The new and adjusted accounting standard

- 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:

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)	1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26),	The Management is currently assessing the potential impact of implementing the	This standard applies to financial periods beginning on or

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
"Financial Instruments"	<p>"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" 	amendment of the standard on the financial statements.	<p>after January1st, 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 ammendments are effective as of the date of implementing Standard No. (47)</p>
The new Egyptian Accounting Standard No. (48) "Revenue from -	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.	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,

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Contracts with Customers	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		2020, and the early adoption is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts	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 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 contracts as income either based on the straight-line method or based on any other regular basis.	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 lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
			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 cancelled and Law No. (176) of 2018 was issued.
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	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	The Management is currently assessing the potential impact of implementing the amendment of the	This standard applies to financial periods beginning on or after January 1st, 2020, and

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Financial Statements"	Investment Entities. The standards that were amended are as follows: <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. 	standard on the financial statements.	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 after January 1st, 2019.
Egyptian Accounting Standard No. (4) as amended " Statemnet 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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

4-1 Non-derivative financial liabilities

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

4-2 Biological assets

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

If the fair value cannot be measured 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 interim financial statements for the financial period ended 30 September 2019

5 Other operating income

	Financial period ended from 1/1/2019 to 30/9/2019	Financial period ended from 1/1/2018 to 30/9/2018	Financial period ended from 1/7/2019 to 30/9/2019	Financial period ended from 1/7/2018 to 30/9/2018
	L.E	L.E	L.E	L.E
Export subsidy revenue	21 010 364	22 487 518	3 964 582	6 412 701
Capital gain/(loss)	8 922 363	16 554 199	11 372 267	(166 077)
Increase in biological wealth due to newborn	11 342 000	10 112 000	4 052 900	5 037 000
Reverse of Impairment of trade and other receivables	1 380 230	-	-	-
Leasing assets (under joint control)	3 015 973	4 263 063	2 274 156	1 629 872
Other revenues	12 188 122	14 214 282	2 850 496	2 759 568
	<u>57 859 052</u>	<u>67 631 062</u>	<u>24 514 401</u>	<u>15 673 064</u>

6 Selling and marketing expenses

	Financial period ended from 1/1/2019 to 30/9/2019	Financial period ended from 1/1/2018 to 30/9/2018	Financial period ended from 1/7/2019 to 30/9/2019	Financial period ended from 1/7/2018 to 30/9/2018
	L.E	L.E	L.E	L.E
Advertising expenses	383 949 853	323 810 158	137 987 794	114 365 450
Salaries and wages	194 754 106	159 508 827	56 852 982	42 399 097
Depreciation	37 708 171	41 008 966	10 729 863	12 023 366
Cars expenses	65 917 622	49 489 372	18 991 688	16 726 212
Replacement of goods	51 349 543	34 754 482	17 534 822	9 764 907
Freight and transportation expenses	49 038 582	34 997 829	20 551 210	17 536 307
Rent	12 919 017	11 112 595	4 536 364	3 661 277
Temporary labor contractors	16 981 453	13 104 622	7 039 756	5 220 387
Others	56 066 944	49 517 005	21 470 252	17 347 240
	<u>868 685 291</u>	<u>717 303 856</u>	<u>295 694 731</u>	<u>239 044 243</u>

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

7 General and administrative expenses

	Financial period ended from 1/1/2019 to 30/9/2019	Financial period ended from 1/1/2018 to 30/9/2018	Financial period ended from 1/7/2019 to 30/9/2019	Financial period ended from 1/7/2018 to 30/9/2018
	L.E	L.E	L.E	L.E
Salaries and wages	103 601 367	93 749 123	45 361 683	41 376 265
Depreciation expense	15 531 663	17 398 926	6 282 945	7 110 992
Rent expense	9 603 797	6 300 157	3 202 944	1 970 074
Computer software subscription	23 258 102	23 011 421	7 309 106	6 198 852
Other administrative expenses	46 815 207	42 533 277	19 322 071	19 494 239
	<u>198 810 136</u>	<u>182 992 904</u>	<u>81 478 749</u>	<u>76 150 422</u>

8 Other expenses

	Financial period ended from 1/1/2019 to 30/9/2019	Financial period ended from 1/1/2018 to 30/9/2018	Financial period ended from 1/7/2019 to 30/9/2019	Financial period ended from 1/7/2018 to 30/9/2018
	L.E	L.E	L.E	L.E
Donations	6 527 944	18 810 000	3 733 586	609 844
Impairment of trade and other receivables	3 683 796	1 620 766	-	-
Inventory write down	1 831 725	13 664 366	1 831 725	-
Impairment of fixed asset	-	13 459 207	-	-
Property tax	5 330 659	3 735 961	20 974	448 674
Provision for claims	4 375 675	8 700 000	4 015 000	-
Health insurance	29 439 685	-	9 775 550	-
Loss from selling and death of animal wealth	10 192 397	1 909 325	1 073 132	369 155
Others	5 772 641	4 054 703	4 604 476	1 292 228
	<u>67 154 522</u>	<u>65 954 328</u>	<u>25 054 443</u>	<u>2 719 901</u>

9 Finance income and finance costs

	Financial period ended from 1/1/2019 to 30/9/2019	Financial period ended from 1/1/2018 to 30/9/2018	Financial period ended from 1/7/2019 to 30/9/2019	Financial period ended from 1/7/2018 to 30/9/2018
	L.E	L.E	L.E	L.E
Interest expense	(269 180 555)	(274 911 669)	(85 532 789)	(92 384 017)
Interest income	10 996 617	12 090 828	4 779 542	2 561 001
(Loss) / gain from foreign currency exchange	(5 666 470)	(4 017 248)	1 331 808	(288 567)
	<u>(263 850 408)</u>	<u>(266 838 089)</u>	<u>(79 421 439)</u>	<u>(90 111 583)</u>

10 Segmentation reports

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

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiary. 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	Total L.E
	Dairy sector L.E	chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	Undistributed items L.E		
Net Sales	2 769 075 090	1 409 544 060	1 171 488 967	234 008 791	23 961 729	183 826 510	30/9/2019	5 791 905 147
Sales between segments	2 318 248 305	1 098 492 774	1 010 498 897	124 924 051	-	-	(4 552 164 027)	-
Other operating Income	11 668 019	5 848 829	5 760 867	13 663 236	14 250 810	6 667 291		57 859 052
Expenses	(492 529 106)	(529 420 805)	(295 845 538)	(38 790 162)	(47 846 774)	(19 655 082)		(1 424 087 457)
<u>Other Information</u>								
Depreciation	58 897 024	61 852 734	46 687 063	13 862 541	20 338 440	-		201 637 802
Assets	1 523 601 951	1 442 318 384	971 448 028	534 580 106	893 809 692	185 920 982		5 551 679 153
Liabilities	1 080 026 665	809 870 823	473 074 379	286 570 521	208 829 555	3 957 233		2 862 329 186

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

10 Segmentation reports

10-2 Segmentation reports for the financial period ended 30 September 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 subsidiary. 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	Total L.E
	Dairy sector L.E	chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	Undistributed Items L.E	
30/9/2018		30/9/2018	30/9/2018	30/9/2018	30/9/2018	30/9/2018	30/9/2018
Net Sales	2 581 885 784	1 225 172 672	1 095 022 705	298 376 431	31 798 463	179 021 333	5 411 277 388
Sales between segments	2 174 287 528	977 700 557	888 898 167	66 717 589	163 782 781	-	-
Other operating income	11 036 684	9 210 218	18 216 342	20 167 456	3 406 330	5 594 032	67 631 062
Expenses	(463 361 137)	(401 018 582)	(274 185 008)	(48 038 478)	(31 236 420)	(32 918 057)	(1 250 757 682)
Other Information							
Depreciation	62 552 840	59 586 494	50 526 335	15 255 518	19 553 731	-	207 474 918
Assets	1 334 404 181	1 373 842 232	1 107 329 307	475 153 681	853 406 737	186 968 638	5 331 104 776
Liabilities	990 230 793	742 740 987	581 673 246	219 260 139	207 907 764	-	2 741 812 929

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

11 Investment under joint control (equity)

Name of the investee company	Share percentage %	Current assets L.E.	Non current assets L.E.	Total assets L.E.	Current liabilities L.E.	Total liabilities L.E.	Revenues L.E.	Expenses L.E.	Net profit L.E.	Cost of investment L.E.
September 30, 2019										
Arju Company For food Industrial	50.75	34 532 977	250 300	34 783 277	10 921 115	10 921 115	57 472 139	(50 221 912)	7 250 227	12 254 485
Balance as of 30 September 2019		34 532 977	250 300	34 783 277	10 921 115	10 921 115	57 472 139	(50 221 912)	7 250 227	12 254 485
December 31, 2018										
Arju 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

Juhayna Food Industries
Notes to the consolidated interim financial statements for the financial period ended 30 September 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 & Palettes L.E.	Display relig.'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	75 025 576	-	-	-	-	-	-	-	-	119 423 397
Cost as of 1/1/2018 after reclassification	215 506 997	1 608 454 609	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	18 150 552	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)	-	(25 455 665)	-	-	-	-	-	-	-	(31 964 103)
Cost as of 31/12/2018	214 436 240	1 607 824 983	2 225 669 495	285 676 062	111 442 778	63 927 406	96 235 776	44 137 411	32 136 483	107 511 305	4 789 197 919
Additions during the period	14 646 091	17 705 499	187 164 830	28 569 777	17 940 138	6 210 875	-	330 278	363 005	4 818 533	277 770 026
Disposals during the period	-	(230 543)	(65 655 069)	(15 821 045)	(3 651 659)	(3 862 342)	(595 213)	-	(99 440)	(82 143)	(90 197 453)
Cost as of 30/9/2019	229 082 331	1 625 300 939	2 347 378 256	298 444 794	125 531 258	66 275 939	95 640 563	44 467 689	32 400 028	112 247 695	4 976 770 492
Accumulated depreciation as at 1/1/2018	-	130 312 230	864 124 600	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	864 124 600	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)	(24 439 459)	(1 907 622)	(387 717)	(11 538 228)	(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	-	25 347 355	118 816 487	21 895 937	10 037 411	7 101 781	8 371 990	1 396 869	1 959 663	6 710 309	201 637 802
Accumulated depreciation of disposals of the period	-	(19 212)	(43 009 725)	(13 350 020)	(3 609 684)	(3 862 342)	(564 831)	-	(85 623)	(57 335)	(64 558 772)
Accumulated depreciation as at 30/9/2019	-	200 344 345	1 061 076 101	156 878 220	70 827 662	39 379 430	86 960 118	11 276 137	18 782 619	104 994 601	1 750 519 233
fixed assets impairment**	10 492 090	585 033	8 723 466	-	-	-	-	1 241 733	-	-	21 042 322
Net book value as of 30/9/2019	218 590 241	1 424 371 561	1 277 579 689	141 566 574	54 703 596	26 896 509	8 680 445	31 949 819	13 617 409	7 253 094	3 205 208 937
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 LE 268 067 363 as at 30 September 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 interim financial statements for the financial period ended 30 September 2019

The land item amounted to L.E 218 590 241 on 30/9/2019 includes 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
Plot No. 21 – Crazy Water – Finance lease	11 680 388	Preliminary contract

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

Description	Amount L.E	
New Manshiyya land – Alexandria	26 046 309	Preliminary contract
Demyat land	10 942 734	Preliminary contract
Obour land – Industrial zone	9 130 135	Preliminary contract
New cairo land pc.60,62 – Industrial zone	9 439 102	Waiver letter
Olaykat Arab land (Qalyubia)	3 513 000	Preliminary contract
Land of Hurghada – Al Hrafayn division - piece No. 6	3 645 054	Preliminary contract
Other	5 787 715	
	68 504 049	

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

	Amount as per Egyptian Co. for Dairy Products L.E.	(Restatement) L.E.	Amount as per Consolidated financial statement L.E.	
The service axis 1,2 – 1 st industrial zone- 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- 3 rd industrial zone - 6 th of October	11 060 593	Specification letter

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

	Amount L.E	Instrument of posses
Pc. 19 A, 19 B in 6 th industrial zone - 6 th of October	2 241 861	Specification letter
Pc. 24 A in 6 th industrial zone - 6 th of October	2 611 004	Specification letter
	4 852 865	

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

12-6 Land of Inmaa for Agriculture Development and 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.

12-7 Land of Inmaa for Livestock

- Acres amounted to L.E 1 089 000 in the virtue of a preliminary contract from Inmaa for Agriculture Development and 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.

12-8 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 and 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.

12-9 Land grants

- The management of the company obtained five plots of land as a grant from the governorates listed below in exchange for establishing projects in the regions and governorates that have those lands, in return for issuing letters of guarantee by the company for the benefit of the contracted governorate with a total value of L.E 750 000 (Assiut Governorate) and in case of non-compliance the company on the conditions of obtaining those lands will be liquefied letters of guarantee to its beneficiaries and those lands exclusively the following- :
 - land plots from No. 637 to No. 650 in Assuit governorate its total area 30 000 m² to establish a project for reserving and 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 thousand 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 10 000 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 5 960 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 interim financial statements for the financial period ended 30 September 2019

12 Projects under constructions

	30/9/2019	31/12/2018
	L.E	L.E.
Buildings and constructions in progress	10 442 613	17 139 450
Machineries under installation	86 124 996	142 394 299
Advance payments for purchase of fixed assets	38 920 199	40 707 127
Wells and water pump	510 348	1 282 717
Computer software	1 474 152	-
Lake	572 530	572 530
	138 044 838	202 096 123
Less:		
Impairment of projects under construction	(1 733 652)	(9 926 492)
Net balance	136 311 186	192 169 631

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

	30/9/2019	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	(301 117)	(399 375)
Accumulated depreciation at the end of the period /year	(1 428 657)	(1 127 540)
Net balance	12 616 955	12 752 641

14-2 Plant wealth – under preparation

	30/9/2019	31/12/2018
	L.E	L.E.
Land reclamation	7 060 260	156 788
Fruit trees	5 368 478	2 984 923
Advances to purchase plant wealth	621 000	-
Protection trees	20 796	271 586
Palm trees	4 412	4 412
	13 074 946	3 417 709
Less: impairment	(25 208)	(25 788)
Net Balance	13 049 738	3 391 921

15 Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock on 1-1-2019	2 870	109 951 852	2 726	61 979 357	5 596	171 931 209
Adjusts:						
Transferred from projects under construction		16 048 664		1 888 005		17 936 669
Transferred from biological wealth (Flock of dairy livestock - unproductive)	865	23 920 048	(865)	(23 920 048)		-
* Births of flock						
Female						
** Capital cost during drying -off			1 026	7 289 000	1 026	7 289 000
	3 735	10 622 621	2 887	42 363 648	6 622	52 986 269
		160 543 185		89 599 962		250 143 147
Biological wealth sales						
Cows	336	13 652 193			336	13 652 193
Pregnant			31	1 470 882	31	1 470 882
Newborn - Female			99	3 678 962	99	3 678 962
The death of live stock losses						
Cows	68	2 849 121			68	2 849 121
Pregnant			18	565 073	18	565 073
Female	404	16 501 314	129	2 434 658	129	2 434 658
			277	8 145 575	681	24 650 889
	3 331	144 041 871	2 610	81 450 387	5 941	225 492 258
Cost of flock of livestock on 30/9/2019						
Accumulated depreciation						
Beginning of the period	-	28 804 771	-	-	-	28 804 771
Depreciation milking cows during the period	-	14 081 211	-	-	-	14 081 211
Accumulated depreciation of disposals of sales case	-	(4 008 440)	-	-	-	(4 008 440)
Accumulated depreciation at 30 September 2019	-	(642 601)	-	-	-	(642 601)
Net amount of flock of livestock on 30/9/2019	3 331	105 804 930	2 610	81 450 387	5 941	187 255 317
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

* Calls 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 livestock because unavailable active market that can relay on in determine fair value

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 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 2017

The Tax Authority is working to request an appointment for tax inspection and is being prepared for tax inspection.

Year 2018

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

Year 2017/2018

The company prepare for tax inspection.

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

dispute is being resolved in the internal committee.

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 interim financial statements for the financial period ended 30 September 2019

16-2 Subsidiaries

First: Corporate tax

The Companies that enjoy the corporate tax exemption

Subsidiaries	Tax exemption ending date
Inmaa for agriculture development & biological wealth.	19/03/2021

The Companies that are not exempted.

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

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004

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 31/12/2009. 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 Livestock

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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

Inmaa for Agriculture Development Co.
and Biological WealthTax inspection was performed from start of
activity till 2010 and differences settled.

Inmaa for livestock

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 are
prepared for inspection and waiting for
inspection**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 has been performed and difference
settled till 31/12/2017.

Modern Concentrates Industrial Company

-Inspection has been performed and difference
settled till 31/12/2017.Inmaa for agricultural development and
biological wealth-Inspection has been performed and difference
settled till 31/12/2017.

Inmaa for livestock

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

Inmaa for agricultural reclamation

- Inspection has been performed and difference
settled till 31/12/2017.**Fourth: Value Adding Tax (Sales)
Subsidiaries****Tax inspection ending date**

Egyptian Company for Dairy Products

- The company products are exempted from
sales tax, entity submitted monthly sales tax
return. inspected and difference settled till
31/12/2015

Al-Marwa for Food Industries

-Inspected and difference settled 31/12/2015

International Company For Modern Food
Industries-The company submitted sales tax return on
monthly basis from starting of activity,
inspected and difference settled. till
31/12/2017

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 31/12/2014 and differences settled, preparing for tax inspection till December 2018.
Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 31/12/2013, preparing for tax inspection till December 2018.
Inmaa for livestock	-The tax inspection performed from 15/3/2012 till 31/8/2016
Inmaa for agricultural reclamation	-Inspected and difference is settled from beginning of activity till August 2016
The Egyptian Company for Food Industries "Egyfood"	-The tax inspection performed till 31/12/2015 and differences settled.

17 Inventories

	30/9/2019	31/12/2018
	L.E	L.E.
Raw materials	555 129 818	492 203 346
Packaging and packing materials	193 025 754	219 406 965
Finished products	394 445 931	224 790 993
Spare parts and miscellaneous supplies	77 834 001	64 623 106
Goods in transit - L/C's for goods purchase	30 962	53 848 770
	<u>1 220 466 466</u>	<u>1 054 873 180</u>

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

18 Trade and other receivables

	30/9/2019	31/12/2018
	L.E	L.E.
Trade receivables	263 974 615	192 528 938
Less: Impairment in trade receivables	(8 534 519)	(7 418 568)
	255 440 096	185 110 370
Notes receivables	3 717 159	491 879
Suppliers – advance payments	44 308 992	31 605 971
Prepaid expenses	21 778 204	18 463 044
Export subsidy	77 582 339	58 551 018
Tax Authority	48 227 146	53 550 066
Customs authority	24 752 545	52 115 219
Deposits with others	14 088 963	12 845 252
*Letter of credit (cash cover)	16 821 981	6 718 523
Debtors- sold assts	13 250 000	13 250 000
Supplier discount	-	45 540 063
Other debit balances	26 584 498	10 050 706
	546 551 923	488 292 111
Less: Impairment in other debit balances	(4 106 710)	(4 106 710)
	542 445 213	484 185 401

*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

	30/9/2019	31/12/2018
	L.E	L.E.
Time deposits *	2 378 387	2 557 528
Banks – current accounts	39 529 776	23 136 645
Cash on hand	4 537 018	1 933 456
Cash in transit	19 566 214	2 775 986
	66 011 395	30 403 615

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

20 Share capital

	30/9/2019	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

Less:

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

330 920 428

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)	161 893 000	575 117 510	737 010 510
Attijariwafa Bank	11 142 857	126 747 504	137 890 361
National Bank of Kuwait – Egypt	25 000 000	62 500 000	87 500 000
European Bank for Reconstruction & Development	59 000 001	29 500 000	88 500 001
HSBC bank	5 000 000	5 000 000	10 000 000
Qatar National bank (QNB)	12 800 000	3 200 000	16 000 000
Egypt Golf bank (EGBE)	30 000 000	30 000 000	60 000 000
Balance at 30/9/2019	304 835 858	832 065 014	1 136 900 872
Balance at 31/12/2018	255 531 783	609 854 157	865 385 940

- These loans are subject to variable interest rates guaranteed by promissory notes

22 Bank Credit facilities

This balance amounted to L.E 519 369 422 as at 30/9/2019 (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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

23 Provision for claims

Description	Balance at 01/01/2019 L.E	Formed L.E	Used L.E	Balance at 30/9/2019 L.E.
Provision for claims	16 387 784	4 375 675	(7 585 169)	13 178 290

24 Creditors and other credit balances

	30/9/2019 L.E.	31/12/2018 L.E.
Suppliers	394 288 328	343 470 574
Notes payable	1 343 395	-
Dividends payable	27 337	30 025
Accrued expenses	115 007 286	80 308 516
PPE creditors	4 976 776	1 717 261
Tax authority	35 132 590	28 602 036
Deposits for others	1 955 187	1 123 776
Liabilities result from lease rent – short term (Note No. 29-1)	22 757 378	18 905 275
Sales tax installments on the imported machineries and equipment (Note No. 25)	7 540 170	7 990 574
Due to sodic-current portion	-	1 930 787
Social Insurance Authority	6 934 712	5 096 410
Due to health insurance	44 318 056	15 656 123
Advances from customers	32 513 909	20 218 501
Other credit balances	8 233 208	6 646 777
	675 028 332	531 696 635

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

25 Other non-current liabilities

	30/9/2019	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 7 540 170 as at 30/9/2019 (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).	13 752 204	19 415 111
Fixed assets purchase premiums	7 108 940	-
	<u>20 861 144</u>	<u>19 415 111</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 262 866 481 on 30/9/2019 representing net book value of taxable assets and liabilities:

-Deferred Tax (Lease Contracts)

	Balance 30/9/2019	Balance 31/12/2018
	L.E	L.E
Deferred tax liability	(15 606 080)	(14 303 574)
Deferred tax asset - fixed assets	9 635 166	11 292 482
Deferred liability (Lease contracts)	<u>(5 970 914)</u>	<u>(3 011 092)</u>
Deferred tax liability from fixed assets	(256 895 567)	(241 914 730)
Total deferred tax liability	<u>(262 866 481)</u>	<u>(244 925 822)</u>

	Balance on 1/1/2019	Movement during the period	Balance on 30/9/2019
	L.E	L.E	L.E
Deferred tax liability	<u>244 925 822</u>	<u>17 940 659</u>	<u>262 866 481</u>

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/09/2019 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution percentage 30/9/2019	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 Livestock	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

28 Financial instruments**Financial risk management****Overview**

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

Credit risk

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

Trade and other receivables

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

Credit risk

Exposure to credit risk

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

	Note	Carrying amount	
		30/9/2019	31/12/2018
		L.E.	L.E.
Trade and other receivables	(18)	476 358 017	434 116 386
Banks - credit facilities	(22)	519 369 422	719 051 689
Total long-term loans	(21)	1 136 900 872	865 385 940

Liquidity risk

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

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

Banks - credit facilities in a principal amount of L.E 519 369 422 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

	Carrying amount	Contractual cash flows
	L.E.	L.E.
Banks - credit facilities	519 369 422	1 966 000 000 .

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

Market risk

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

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

Currency risk

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

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

Foreign currency risk

Exposure to currency risk

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

	USD	Euro	GBP
Trade and other receivables	2 765 316	2 500	-
Cash at banks and on hand	557 568	72 975	-
Banks - credit facilities	(348)	(366)	(48 941)
Creditors and other credit balances	(9 959 537)	(758 477)	-
30 September 2019	(6 637 001)	(683 368)	(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	
	30/9/2019	30/9/2018	2019	2018
USD	16.93	17.83	16.32	17.95
Euro	19.01	21.27	17.76	20.56

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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

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.

	30/9/2019	31/12/2018
	L.E.	L.E.
Total liabilities	2 862 329 186	2 605 164 766
Less: cash at bank and on hand	(66 011 395)	(30 403 615)
Net debt	2 796 317 791	2 574 761 151
Total equity	2 689 349 967	2 637 673 504
Net debt to equity ratio	%103.98	97.61%

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

29 Lease contracts**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 137 593 482 with 84 monthly installments beginning on 31 July 2015 and ending on 30 June 2022. The following is a summary of contracts:

Description	Contract value		Contract period Months	Purchase value at end of contract	Quarterly Installment value
	Contractual value	Accrued interest			
	L.E	L.E		L.E	L.E
Contract from 31/07/2015 to 30/6/2022	137 593 482	76 296 121	84	1	1 672 843

- Juhayna holding

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

Description	Contract value		Contract period Months	Purchase value at end of contract	Quarterly Installment value
	Contractual value	Accrued interest			
	L.E	L.E		L.E	L.E
Contract from 24/3/2016 to 23/3/2026	271 567 140	134 669 241	120	1	6 396 226

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

Description	30/9/2019	31/12/2018
	L.E	L.E
Record of cost of land	43 397 821	43 397 821
Record of cost of building and construction	76 025 576	76 025 576
Record of accumulated depreciation	13 595 034	12 454 643
*Record of loan (liability from lease contract)	143 626 885	159 715 989
Cancel of prepaid expense	9 752 769	10 634 610
Cancel of deferred income	87 011 956	94 155 322
Record of retained earnings	-	26 374 741
Record of deferred tax liabilities	15 606 080	14 303 574
Record of deferred tax assets	9 635 166	11 292 482

29-1 Lease contract liabilities

	30/9/2019	31/12/2018
	L.E	L.E
Liabilities from lease contract current portion (suppliers and other credit balances) – note no. 24	22 757 378	18 905 275
Long-term liability from lease contract non-current portion	120 869 507	140 810 714
Total	143 626 885	159 715 989

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

Payment of lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
	L.E	L.E	L.E	L.E
Liabilities for one year	22 757 378	18 905 275	22 901 643	11 750 200
Liabilities between 1-5 years	114 473 280	110 452 711	48 580 958	81 518 358
Liabilities more than 5 years	6 396 227	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 30/9/2019 amounting to LE 7 774 973 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.E86 928 568 on 30/9/2019.

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	
		30/9/2019	31/12/2018	30/9/2019	31/12/2018
		L.E.	L.E.	L.E.	L.E.
ArJu	Current account	3 174 306	2 043 611	3 957 233	782 927
				3 957 233	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 14 875 000.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

33 Income tax – current

	Financial period from 1/1/2019 to 30/9/2019 L.E.	Financial period from 1/1/2018 to 30/9/2018 L.E.	Financial period from 1/7/2019 to 30/9/2019 L.E.	Financial period from 1/7/2018 to 30/9/2018 L.E.
Tax differences of previous years	1 333 281	(410 285)	-	-
Income taxes	(89 978 914)	(35 949 012)	(31 514 264)	(13 279 401)
Investment tax on dividends	(8 245 495)	(5 996 155)	-	-
	<u>(96 891 128)</u>	<u>(42 355 452)</u>	<u>(31 514 264)</u>	<u>(13 279 401)</u>

34 Goodwill

	30/9/2019 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 September 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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

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
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 1/7/2018 to 30/9/2018 L.E	Restatements From 1/7/2018 to 30/9/2018 L.E	After restatements From 1/7/2018 to 30/9/2018 L.E
Deferred realized gain	3 571 682	(3 571 682)	-
Finance lease expense	12 621 407	(12 621 407)	-
Depreciation expense	-	380 130	380 130
Interest and finance expense	-	8 321 424	8 321 424
Deferred tax expense	-	865 183	865 183

Description	Before restatements From 1/1/2018 to 30/9/2018 L.E	Restatements From 1/1/2018 to 30/9/2018 L.E	After restatements From 1/1/2018 to 30/9/2018 L.E
Deferred realized gain	10 715 049	(10 715 049)	-
Finance lease expense	37 681 137	(37 681 137)	-
Depreciation expense	-	1 140 391	1 140 391
Interest and finance expense	-	25 513 889	25 513 889
Deferred tax expense	-	2 265 831	2 265 831

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2019

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

Description	Before restatements	Restatements	After restatements
	From 1/1/2018 to 30/9/2018	From 1/1/2018 to 30/9/2018	From 1/1/2018 to 30/9/2018
	L.E	L.E	L.E
Finance lease instalments	21 857 719	(21 857 719)	-
Change in Trade and other receivables	(152 306 934)	1 323 293	(150 983 641)
Change in lease contracts liabilities	-	(11 210 751)	(11 210 751)
Depreciation expense	206 334 527	1 140 391	207 474 918