

Translation from Arabic

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

**KPMG Hazem Hassan**  
**Public Accountants & Consultancies**  
**Pyramids Heights Office Park**  
**Km 22 Cairo/Alex Road**  
**Giza- Cairo – Egypt**

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

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

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## **Report on Limited Review of interim Separate 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 separate statement of financial position of Juhayna Food Industries S.A.E, as of 30 June 2019 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the six-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.


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

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Periodic Financial Statements Performed by the Independent Auditor of the Entity. A limited review of interim separate 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 separate financial statements.

### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

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


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

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**Public Accountants**  
**The Egyptian Member Firm of**  
**Grant Thornton International**

**Cairo, July 31, 2019**  
*Samer A. R.*

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim Statement of financial position**  
**As of 30 June 2019**

Translated from Arabic

	Note no.	30/6/2019 L.E.	31/12/2018 L.E. <u>Restated</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	161 237 699	165 334 206
Investment in subsidiaries and under joint control companies	(13-1)· (13-2)	2 253 491 193	2 253 491 193
Paid on account of investment	(13-4)	50 000 000	50 000 000
Projects under construction	(14)	959 969	123 068
<b>Total non-current assets</b>		<b>2 465 688 861</b>	<b>2 468 948 467</b>
<b>Current assets</b>			
Debtors and other debit balances	(17)	7 319 754	8 733 955
Due from related parties	(29-1)	150 994 313	245 411 747
Cash at banks and on hand	(18)	931 475	1 865 349
<b>Total current assets</b>		<b>159 245 542</b>	<b>256 011 051</b>
<b>Total assets</b>		<b>2 624 934 403</b>	<b>2 724 959 518</b>
<b>Equity</b>			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		421 359 603	406 271 820
General reserve - share issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		726 860 843	850 717 791
<b>Total equity</b>		<b>2 420 545 956</b>	<b>2 529 315 121</b>
<b>Non-current liabilities</b>			
Lease contract liabilities	(27-1)	94 549 220	101 587 848
Deferred tax liabilities	(25)	3 352 788	2 620 561
Other liabilities	(24)	102 282	204 565
<b>Total non-current liabilities</b>		<b>98 004 290</b>	<b>104 412 974</b>
<b>Current liabilities</b>			
Provisions	(22)	2 100 354	4 416 147
Credit banks (overdraft)	(18)	3 887 775	53 422
Credit facilities	(21)	68 329 055	63 445 087
Suppliers and other credit balances	(23)	24 920 264	20 312 911
Due to related parties	(29-2)	5 972 307	-
Income tax Liabilities	(15)	1 174 402	3 003 856
<b>Total current liabilities</b>		<b>106 384 157</b>	<b>91 231 423</b>
<b>Total liabilities</b>		<b>204 388 447</b>	<b>195 644 397</b>
<b>Total equity and liabilities</b>		<b>2 624 934 403</b>	<b>2 724 959 518</b>

The pages from no. (6) to no.(32) are an integral part of these separate financial statements and should be read there to.

Financial sector deputy Manager  
Hany Shaker

Chief Financial Officer  
Sameh El-hodaiby

Chairman  
Safwan Thabet

Cairo, 31 July 2019

"Limited Review report attached"

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of profit or loss**  
**For the financial period ended 30 June 2019**

Translated from Arabic

	Note no.	Financial period From 1/1/2019 To 30/6/2019 L.E	Financial period From 1/1/2018 To 31/6/2018 L.E <u>Restated</u>	Financial period From 1/4/2019 To 30/6/2019 L.E	Financial period From 1/4/2018 To 30/6/2018 L.E <u>Restated</u>
Revenue from Investment in subsidiaries	(5)	154 914 900	99 933 100	-	-
Other revenue	(6)	1 456 253	1 483 132	660 000	823 132
General and administrative expenses	(7)	(2 471 307)	(2 344 054)	(1 027 836)	(1 063 023)
Other Operating expenses	(9)	(1 603 634)	-	( 793 726)	-
<b>Gain (loss) from operating activities</b>		<b>152 296 212</b>	<b>99 072 178</b>	<b>( 1 161 562)</b>	<b>( 239 891)</b>
Net finance expenses	(11)	(12 204 481)	(12 361 042)	(5 588 676)	(5 683 204)
<b>Net profit (loss) for the period before income tax</b>		<b>140 091 731</b>	<b>86 711 136</b>	<b>( 6 750 238)</b>	<b>( 5 923 095)</b>
Income tax	(15)	(8 920 147)	(4 996 655)	1 187 488	1 058 412
Deferred tax (expense)	(15)	( 732 227)	( 475 565)	( 429 566)	( 313 598)
<b>Net profit (loss) for the period after tax</b>		<b>130 439 357</b>	<b>81 238 916</b>	<b>( 5 992 316)</b>	<b>( 5 178 281)</b>
<b>Earning per share for the period (L.E /share )</b>	(20)	<b>0.139</b>	<b>0.086</b>	<b>(0.006)</b>	<b>(0.006)</b>

The pages from no. (6) to no.(32) are an integral part of these separate financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of other comprehensive income**  
**For the financial period ended 30 June 2019**

Translated from Arabic

	Financial period	Financial period	Financial period	Financial period
	From 1/1/2019	From 1/1/2018	From 1/4/2019	From 1/4/2018
	To 30/6/2019	To 31/6/2018	To 30/6/2019	To 30/6/2018
	L.E	L.E	L.E	L.E
		<u>Restated</u>		<u>Restated</u>
Net profit (loss) for the period after tax	130 439 357	81 238 916	(5 992 316)	(5 178 281)
Total other comprehensive income for the period	<u>130 439 357</u>	<u>81 238 916</u>	<u>(5 992 316)</u>	<u>(5 178 281)</u>

The pages from no. (6) to no.(32) are an integral part of these separate financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate interim statement of changes in equity**  
**For the financial period ended 30 June 2019**

Translated from Arabic

	Note no.	Issued & paid up capital L.E.	Legal Reserve L.E.	General reserve- insurance premium L.E.	Retained earnings L.E.	Total L.E.
Balance as of 1 January 2018 before adjustments		941 405 082	398 204 287	330 920 428	653 401 492	2 323 931 289
Adjustments for finance lease contracts	(32)	-	940 595	-	17 871 308	18 811 903
Balance as of 1 January 2018 after restatement		941 405 082	399 144 882	330 920 428	671 272 800	2 342 743 192
Legal reserve formed		-	7 126 938	-	(7 126 938)	-
Dividends to shareholders		-	-	-	(94 140 508)	(94 140 508)
Dividends to employees and board of directors		-	-	-	(21 021 220)	(21 021 220)
Total other comprehensive income for the financial period ended 30 June 2018		-	-	-	81 238 916	81 238 916
Balance as of 30 June 2018		941 405 082	406 271 820	330 920 428	630 223 050	2 308 820 380
Balance as of 1 January 2019		941 405 082	406 271 820	330 920 428	850 717 791	2 529 315 121
Legal reserve formed		-	15 087 783	-	(15 087 783)	-
Dividends to shareholders		-	-	-	(188 281 016)	(188 281 016)
Dividends to employees and board of directors		-	-	-	(50 927 506)	(50 927 506)
Total other comprehensive income for the financial period ended 30 June 2019		-	-	-	130 439 357	130 439 357
Balance as of 30 June 2019		941 405 082	421 359 603	330 920 428	726 860 843	2 420 545 956

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**Juhayna Food Industries**

**(An Egyptian Joint Stock Company)**

**Translated from Arabic**

**Separate interim statement of cash flows**

**For the financial period ended 30 June 2019**

		Financial period	Financial period
	Note	From 1/1/2019	From 1/1/2018
	no.	To 30/6/2019	To 30/6/2018
		L.E.	L.E.
			<u>Restated</u>
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax		140 091 731	86 711 136
<b>Adjustments for the period :</b>			
PP&E depreciation	(12)	4 800 059	5 673 202
Capital gain from sale of fixed assets		( 136 253)	-
Impairment of trade receivables		1 187 616	-
Forex gain		781 892	( 740 483)
Credit interests		( 383 058)	( 57 052)
Finance interests and expenses		17 604 182	23 981 954
		<u>163 946 169</u>	<u>115 568 757</u>
<b>Changes in:</b>			
Debtors and other debit balances	(17)	226 585	( 966 337)
Due from related parties	(29-1)	94 417 434	(12 765 624)
Suppliers and other credit balances	(23)	3 264 336	(3 707 270)
Provisions used	(22)	(2 315 793)	( 83 853)
Due to related parties	(29-2)	5 972 307	(34 146 368)
		<u>265 511 038</u>	<u>63 899 305</u>
Collected credit interest		383 058	57 052
Finance interest and expenses paid		(17 604 182)	(23 981 954)
Dividend paid to board of directors and employees		(50 927 506)	(20 988 195)
Tax paid		(10 749 601)	(4 996 655)
<b>Net cash flows result from operating activities</b>		<u>186 612 807</u>	<u>13 989 553</u>
<b>Cash flows from investing activities</b>			
Acquisition of PP&E and projects under construction		(1 540 453)	(1 968 705)
Proceeds from sale of fixed assets		136 253	-
<b>Net cash flows (used in) investing activities</b>		<u>( 1 404 200)</u>	<u>( 1 968 705)</u>
<b>Cash flows from financing activities</b>			
Collected from bank facilities	(21)	4 883 968	84 844 590
Payment of finance lease liability		(5 797 894)	(2 827 513)
Dividends paid to shareholders		(188 281 016)	(94 140 508)
<b>Net cash flows (used in) financing activities</b>		<u>( 189 194 942)</u>	<u>( 12 123 431)</u>
Net change in cash and cash equivalents during the period		(3 986 335)	( 102 583)
Net Change in Foreign Currency		( 781 892)	740 483
Cash at banks and on hand at 1 January		1 811 927	(1 450 983)
<b>Cash at banks and on hand at 30 June</b>	(18)	<u>( 2 956 300)</u>	<u>( 813 083)</u>

The pages from no. (6) to no.(32) are an integral part of these separate financial statements and should be read there to.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the separate interim financial statements**  
**For the financial period ended 30 June 2019**

**1 Reporting the entity**

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

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

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

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 cheeses, 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 list (1).

**2 Basis of preparation**

**2-1 Statement of compliance**

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

The financial statements were authorized for issue by the Board of Directors on 31 July 2019.

**2-2 Basis of measurement**

- The separate financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet.
- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value. The methods used to measure fair values are discussed further in (Note 4).

**2-3 Functional and presentation currency**

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

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**2-4 Use of estimates and judgments**

The preparation of 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 note:

- Accounting policy no (3-6) : lease contract.

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 (17) : impairment of trade and notes receivable.
- Note (22) : provisions
- Note (25) : deferred tax liabilities and assets

**3 Significant accounting policies**

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

**3-1 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.

**3-2 Investment****3-2-1 Investment in subsidiary companies**

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

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, if no impairment loss had been recognized.

**3-2-2 Investment under joint control**

The companies under joint control are companies that practice a joint control on the investee company, the investments under joint control are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 June 2019**

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, if no impairment loss had been recognized.

**3-3 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.

**Cash at banks and on hand**

Cash at banks and on hand 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 at banks and on hand for the purpose of the statement of cash flows.

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**3-4 Property, plant and equipment****Recognition and measurement**

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

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

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

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

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

**Subsequent costs**

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

**Depreciation**

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

The estimated useful lives for the current and comparative periods are as follows:

Description	Estimated useful life
	(Years)
Buildings & Construction	50
Transportation & Transport Vehicles	5
Tools	6-7
Office equipment & Furniture	10
Computers	3

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**3-5 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 14). No depreciation is charged until the project is completed and transferred to fixed asset

**3-6 Lease contracts****Operating lease contracts**

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

**Sale and lease back**

- If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for sales transaction or not.

- **In case of the transfer of asset is not sales transaction:**

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

**3-7 Impairment****Non –derivative financial assets**

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

**Non-financial assets**

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

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

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

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

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**3-8 Advantages of pensions**

The company pays contributions to the General Authority for Social Insurance for the employees of the company, according to the Social Insurance Law No. (79) of 1975. According to this law, the employees and the company paid fixed subscriptions rate from the salary. The company is under no obligation to pay any further obligations other than the value of the previous mentioned subscriptions.

**3-9 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.

**3-10 Revenue****Revenue dividends from subsidiaries**

Revenue dividends from subsidiaries is recognized when the holders of shares have the right to collect dividends and dividend income received from investments is recognized in profit or loss on the date of collection

**Rental income**

Rental income from other assets is recognized in other income.

**3-11 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.

**3-12 Income tax**

Income tax on profit or loss for the period includes both current income tax and deferred tax.

**Current income tax:**

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly on equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, 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.

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**3-13 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), than the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

**3-14 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 policies 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, they is reduced to their present value.

**3-15 New Accounting Standards & Restated**

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) "Financial Instruments"	<p>1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2- Pursuant to the requirements of the Standard, financial assets are classified based on their 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</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards (1), (25), (26) and (40) are simultaneously applied.</p> <p>-These amendments are effective as of the date of implementing Standard No. (47)</p>

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

## Notes to the separate interim financial statements for the financial Period ended 30 June 2019

	<p>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> <p>Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019</p> <p>Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".</p> <p>Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.</p> <p>Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".</p> <p>Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures"</p>		
<p>The new Egyptian Accounting Standard No. (48) "Revenue from- Contracts with Customers"</p>	<p>1- The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall superseded the following standards and accordingly such standards shall be deemed null and void.</p> <p>2- Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</p> <p>Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.</p> <p>For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>3- 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</p> <p>4- the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>5- Expanding presentation and disclosure requirements</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted</p>
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts</p>	<p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall superseded Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>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 one or finance lease contracts .</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>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 receivable with an amount equivalent to the amount of the net investment in the lease contract .</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p> <p>The disclosure no. (32) represent the adjustments of applying the new accounting standard no. (49).</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied.</p>



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	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.		Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20,"Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was cancelled and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "	Anumber 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 implementation thereof is permitted.

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## Notes to the separate interim financial statements for the financial Period ended 30 June 2019

Egyptian Accounting Standard No. (42) as amended "Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> <li>- (EAS 15) Related Party Disclosures</li> <li>- (ESA 17) Consolidated and Separate Financial Statements</li> <li>- (EAS 18) Investments in Associates</li> <li>- (EAS 24) Income Taxes</li> <li>- (EAS 29) Business Combinations</li> <li>- EAS ( 30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early adoption is permitted.</p> <p>-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</p>
Egyptian Accounting Standard No. (22) as amended "Earnings per Share"	The scope of implementaion 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.

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

Notes to the separate interim financial statements for the financial Period ended 30 June 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.

Financial asset values are determined at the current purchase prices of those assets, while the value of financial liabilities is determined at the current rates at which such liabilities can be settled.

In the absence of an active market to determine the fair value of financial instruments, fair value is estimated using the various valuation techniques, taking into consideration recent transaction prices, and guidance on the current fair value of other instruments that are substantially similar - discounted cash flow method or other valuation method Results in reliable values.

When using deductible cash flow method as a revaluation method, the future cash flows are estimated on the base of the best estimates for the management. The used discount rate is determined according to the price at reporting date for the same financial instruments of its nature and activities.

Wherever possible, additional disclosures about the assumptions used in determining fair value are disclosed in the notes to these assets and liabilities.

**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.

**5 Revenue from Investment in subsidiaries**

	Financial period From 1/1/2019 To 30/6/2019 L.E	Financial period From 1/1/2018 To 30/6/2018 L.E	Financial period From 1/4/2019 To 30/6/2019 L.E	Financial period From 1/4/2018 To 30/6/2018 L.E
Egyptian Company for Dairy Products	39 996 000	11 998 800	-	-
Egyptian Company For Food Industries (Egyfood)	31 993 600	20 995 800	-	-
Tiba for Trading and Distribution	-	11 988 000	-	-
Al-Marwa for Food Industries	82 925 300	54 950 500	-	-
	<b>154 914 900</b>	<b>99 933 100</b>	<b>-</b>	<b>-</b>
Less: tax on investment revenue	(7 745 745)	(4 996 655)	-	-
<b>Total</b>	<b>147 169 155</b>	<b>94 936 445</b>	<b>-</b>	<b>-</b>

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**6 Other revenue**

	Financial period from 1/1/2019 to 30/6/2019 L.E	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/4/2019 to 30/6/2019 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E
Income from rental assets to subsidiaries	1 320 000	1 320 000	660 000	660 000
Capital gain	136 253	-	-	-
Refund service fees	-	163 132	-	163 132
	<u>1 456 253</u>	<u>1 483 132</u>	<u>660 000</u>	<u>823 132</u>

**7 General and administrative expenses**

	Financial period from 1/1/2019 to 30/6/2019 L.E	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/4/2019 to 30/6/2019 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E
Personnel expenses	30 889 425	28 140 977	15 563 961	14 201 732
Depreciation expense	4 800 058	5 673 202	2 209 420	2 727 923
Other administrative expense	8 217 879	5 736 163	4 617 641	3 438 706
Expense charged to subsidiaries*	(41 436 055)	(37 206 288)	(21 363 186)	(19 305 338)
	<u>2 471 307</u>	<u>2 344 054</u>	<u>1 027 836</u>	<u>1 063 023</u>

\* The amount L.E 41 436 055 of general and administrative expenses was deducted and charged to subsidiaries (note 31).

**8 Board of Directors remunerations**

	Financial period from 1/1/2019 to 30/6/2019 L.E	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/4/2019 to 30/6/2019 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E
Board of directors remunerations	360 000	225 000	90 000	75 000
Expense charged to subsidiaries*	(360 000)	(225 000)	(90 000)	(75 000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* The amount of board directors remunerations on 30 June 2019 L.E 360 000 (against amount L.E 225 000 as of 30 June 2018) was deducted and distributed to subsidiaries (note 31).

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**9 Other operating expenses**

	Financial period from 1/1/2019 to 30/6/2019 L.E	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/4/2019 to 30/6/2019 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E
Impairment of debit balances	1 187 616	-	1 187 615	-
Property tax	166 564	-	-	-
Health insurance contribution	249 454	-	(393 890)	-
	<u>1 603 634</u>	<u>-</u>	<u>793 726</u>	<u>-</u>

**10 End of Service Cost**

	Financial period from 1/1/2019 to 30/6/2019 L.E	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/4/2019 to 30/6/2019 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E
End of service	1 462 892	128 567	7 000	-
Expense charged to subsidiaries*	(1 462 892)	(128 567)	(7 000)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* The amount LE 1 462 892 of the end of service was deducted and charged to subsidiaries (note 31).

**11 Net finance expenses**

	Financial period from 1/1/2019 to 30/6/2019 L.E	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/4/2019 to 30/6/2019 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E
Interest expense	(17 604 182)	(23 981 984)	(7 893 592)	(14 288 640)
Interest income	383 058	57 052	77 116	41 065
Foreign currency exchange	(781 892)	740 483	(736 346)	709 258
Expenses Charged to subsidiary companies*	5 798 535	10 823 407	2 964 146	7 855 113
	<u>(12 204 481)</u>	<u>(12 361 042)</u>	<u>(5 588 676)</u>	<u>(5 683 204)</u>

\*The amount of L.E 5 798 535 of finance expenses was deducted and charged to subsidiaries (note 31).

**Juhayna Food Industries**

**Notes to the separate interim financial statements for the financial period ended 30 June 2019**

Translated from Arabic

**12-Property, plant, and equipment**

Description	Land*	Buildings & constructions	Building and construction result from lease contract	Machinery & equipments	Transportation & transport vehicles	Tools	Office furniture & equipments	Computers	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as of 1/1/2018	1 557 594	111 973 490	-	1 160 409	5 625 826	4 353 045	3 588 402	61 357 195	189 615 961
Adjustments from lease contract (note 32)	11 680 388	-	44 387 809	-	-	-	-	-	56 068 197
	13 237 982	111 973 490	44 387 809	1 160 409	5 625 826	4 353 045	3 588 402	61 357 195	245 684 158
Additions during the year	-	-	-	-	-	99 600	1 961 645	565 065	2 626 310
Disposals during the year	-	-	-	-	(105 000)	-	-	(53 809)	(158 809)
Cost as of 31/12/2018	13 237 982	111 973 490	44 387 809	1 160 409	5 520 826	4 452 645	5 550 047	61 868 451	248 151 659
Additions during the period	-	49 305	-	-	-	-	15 008	639 239	703 552
Disposals during the period	-	-	-	-	(214 500)	-	-	(9 997)	(224 497)
Cost as of 30/6/2019	13 237 982	112 022 795	44 387 809	1 160 409	5 306 326	4 452 645	5 565 055	62 497 693	248 630 714
Accumulated depreciation as of 1/1/2018 before adjustments	-	418 332	-	1 160 409	4 853 152	4 342 250	2 561 577	49 573 277	62 908 997
Adjustments from lease contract	-	-	8 877 562	-	-	-	-	-	8 877 562
Accumulated depreciation as of 1/1/2018	-	418 332	8 877 562	1 160 409	4 853 152	4 342 250	2 561 577	49 573 277	71 786 559
Depreciation for the year	-	2 239 470	887 756	-	478 545	8 228	229 601	7 338 322	11 181 922
Depreciation of disposals	-	-	-	-	(105 000)	-	-	(46 028)	(151 028)
Accumulated depreciation as of 31/12/2018	-	2 657 802	9 765 318	1 160 409	5 226 697	4 350 478	2 791 178	56 865 571	82 817 453
Depreciation of the period	-	1 563 860	-	-	160 136	8 712	160 652	2 906 699	4 800 059
Depreciation of disposals	-	-	-	-	(214 500)	-	-	(9 997)	(224 497)
Accumulated depreciation as of 30/6/2019	-	4 221 662	9 765 318	1 160 409	5 172 333	4 359 190	2 951 830	59 762 273	87 393 015
Net book value as of 30/6/2019	13 237 982	107 801 133	34 622 491	-	133 993	93 455	2 613 225	2 735 420	161 237 699
Net book value as of 31/12/2018	13 237 982	109 315 688	34 622 491	-	294 129	102 167	2 758 869	5 002 880	165 334 206

- The cost of fully depreciated assets and still in use amounted to L.E.58 259 257 as of 30 June 2019.

\* The land item amounted to L.E 1 557 594 on 30/6/2019 include amount of L.E 1 367 244 representing the not registered land in Marsa Allam thus procedures of registering the land are in progress.

# Juhayna Food Industries

Notes to the separate interim financial statements for the financial period ended 30 June 2019

Translated from Arabic

## 13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Total investment cost	Impairment in the value of investment as at	Net Investment	Net Investment
					L.E.	%	L.E.	L.E.	L.E.	L.E.
<b>(13-1) Investment in subsidiary companies</b>										
Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	359 911 533
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	499 950 000
The Egyptian Company For Food Industries "Egyfood"	SAE	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	386 893 852
Tiba for Trading and Distributing	SAE	1 998 000	99.9	100	199 800 000	100	199 800 000	-	199 800 000	199 800 000
Al-Marwa for Food industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	196 815 808
Enmaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	599 970 000
<b>(13-2) Investment in subsidiary and under joint control companies</b>										
Aju For Food Industries	SAE	1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	10 150 000
Balance as at 30 June 2019					2 209 658 000		2 253 491 193	-	2 253 491 193	2 253 491 193
<b>(13-3) Investments available for sale</b>										
Egyptian for Trading and Marketing	SAE	1 000	0.34	100	100 000	100	100 000	(100 000)	-	-
Balance as at 30 June 2019					100 000		100 000	(100 000)	-	-
<b>(13-4) Down payment for investment</b>										
Tiba for Trading and Distributing	SAE	1 000 000	99.9	100	100 000 000	50	99 900 000	-	50 000 000	50 000 000
Balance as at 30 June 2019					100 000 000		99 900 000	-	50 000 000	50 000 000

- Juhayna Food Industries is committed to retain at least 75.1 % of the Egyptian Company for Food Industries (Egyfood) capital, according to the terms of the loan agreement between CIB and the Egyptian Company for Food Industries (Egyfood).

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**14 Projects under constructions**

	30/6/2019	31/12/2018
	L.E.	L.E.
Advance payments for purchase of fixed Assets	294 626	123 068
Software programs	665 343	-
	<u>959 969</u>	<u>123 068</u>

**15 Income tax expenses**

	Financial period from 1/1/2019 to 30/6/2019	Financial period from 1/1/2018 to 30/6/2018	Financial period from 1/4/2019 to 30/6/2019	Financial period from 1/4/2018 to 30/6/2018
	L.E	L.E	L.E	L.E
Tax on Dividends	(7 745 745)	(4 996 655)	-	-
Income tax	(1 174 402)	-	1 187 488	1 058 412
Deferred tax (expense) from lease contract	(744 029)	(536 318)	(390 326)	(283 951)
Deferred tax income (expense)	11 802	60 753	(39 240)	(29 647)
	<u>(9 652 374)</u>	<u>(5 472 220)</u>	<u>757 922</u>	<u>744 814</u>

**Reconciliation of effective tax rate**

	30/6/2019	30/6/2018
	L.E.	L.E.
Profit for the period before income tax	140 091 731	86 711 136
Dividends tax	(7 745 745)	(4 996 655)
Deferred tax from lease contract	(744 029)	(536 318)
Deferred tax income	11 802	60 753
<b>Total tax expense based on statement of profit or loss</b>	<b>(8 477 972)</b>	<b>(5 472 220)</b>
<b>Profit before tax</b>	<b>140 091 731</b>	<b>86 711 136</b>
Income tax using the Company's domestic tax rate (22.5%)	31 520 639	19 510 006
Provisions formed	267 213	-
Tax on revenue exempted by law	(34 855 853)	(22 484 948)
Other adjustments	4 242 403	2 856 354
<b>Income Tax</b>	<b>1 174 402</b>	<b>-</b>
<b>Effective tax rate</b>	<b>0.84%</b>	<b>0%</b>



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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**16 Tax status****16-1 Corporation tax**

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

**The period from the beginning of operation till year 2009**

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

**Years from 2010 till 2013**

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

**Years from 2014 till 2015**

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

**Years 2016/ 2017**

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

**16-2 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 differences settled.

**Year 2017/2018**

The tax inspection not yet performed

**16-3 Stamp tax****The period from the beginning of operation till 2010**

The tax inspection performed and differences settled.

**The period from 2011 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 not yet performed

**16-4 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.

**The period from 2016 till 2017**

The company submits monthly sales tax declarations and the company remitted the sales tax for this period.

**16-5 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 separate interim financial statements for the financial Period ended 30 June 2019

**17 Debtors and Other debit balances**

	30/06/2019	31/12/2018
	L.E.	L.E.
Suppliers – advance payments	917 881	601 962
Accrued interest	28 638	-
Prepaid expenses	5 828 941	7 774 411
Letter of guarantee margin	25 398	25 398
Deposits with others	305 908	295 908
Other debit balances	312 988	136 276
	<b>7 419 754</b>	<b>8 833 955</b>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<b>7 319 754</b>	<b>8 733 955</b>

**18 Cash at banks and on hand**

	30/6/2019	31/12/2018
	L.E.	L.E.
Banks – current accounts	722 478	1 605 836
Time deposits*	120 750	111 500
Cash on hand	88 247	148 013
	<b>931 475</b>	<b>1 865 349</b>
Banks credit balance	(3 887 775)	(53 422)
<b>Cash at banks and on hand in the statement of cash flows</b>	<b>(2 956 300)</b>	<b>1 811 927</b>

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

**19 Capital****Authorized capital**

The Company's authorized capital amounts to L.E 5 Billion.

**Issued and paid up capital**

The Company's issued and fully paid up capital was amounted to L.E 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) divided into 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) shares at par value L.E 1 each.

**Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

	30/6/2019	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

**19-1 General reserve - issuance premium**

The balance of general reserve – issuance premium as follows:-

Collected from issuance premium of 205 972 632 shares during the year 2010	999 379 210
<u>Less:</u>	
i. Nominal value of issued shares with a premium	205 972 632
ii. Issuance fees	38 507 164
ii. Legal reserve formed to reach 50 % of paid up capital	350 398 732
iv. Difference between the nominal value and the cost of own shares cancelled on 5/2/2012.	73 580 254
<b>General reserve balance</b>	<b>330 920 428</b>

**20 Earnings per share**

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

	Financial period from 1/1/2019 to 30/6/2019 L.E	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/4/2019 to 30/6/2019 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E
Net profit (loss) of the Period	130 439 357	81 238 916	(5 992 316)	(5 178 281)
Net profit (loss) accrued to share holders	130 439 357	81 238 916	(5 992 316)	(5 178 281)
Weighted average number of ordinary shares	941 405 082	941 405 082	941 405 082	941 405 082
<b>EPS (L.E/EPS)</b>	<b>0.139</b>	<b>0.086</b>	<b>(0.006)</b>	<b>(0.006)</b>

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**21 Credit facilities**

	30/6/2019 L.E	31/12/2018 L.E
The value of this credit facility is L.E 50 million borrowed from QNB with a monthly variable interest with a guarantee of a promissory note amounted to L.E 50 million	48 333 511	43 307 498
The value of credit facilities is L.E 51 million borrowed from HSBC with a monthly variable interest with a guarantee of a promissory note amounted to L.E 51 million	19 995 544	20 137 589
	<u>68 329 055</u>	<u>63 445 087</u>

**22 Provision**

Description	Balance on 1/1/2019 L.E	Provision formed L.E	Provision used L.E	Balance on 30/6/2019 L.E
Provision for claims	<u>4 416 147</u>	<u>-</u>	<u>(2 315 793)</u>	<u>2 100 354</u>

**23 Suppliers and other credit balances**

	30/6/2019 L.E.	31/12/2018 L.E.
Suppliers	10 867 942	5 697 185
Accrued expenses	1 776 333	703 561
Taxes	2 204 877	1 604 174
Deposits from others	15 151	10 993
Sales tax installments on the imported machineries and equipment-short term	102 282	102 282
Due to Sodic - current portion	-	3 230 787
Lease liability –short term	9 180 533	7 939 797
Dividends payable	27 987	30 025
Accrued health insurance	2 644	414 513
Social Insurance Authority	266 559	195 750
Other credit balances	475 956	383 844
	<u>24 920 264</u>	<u>20 312 911</u>

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**24 Other liabilities**

	Short-term L.E	Long-term L.E.	Total L.E.
The value of sales tax installments on the imported machineries and equipment due from September 2017 till January 2021 as agreed with the Sales Tax Authority.	102 282	102 282	204 564
Net liability value as of 30/6/2019	<u>102 282</u>	<u>102 282</u>	<u>204 564</u>
Net liability value as of 31/12/2018	<u>102 283</u>	<u>204 565</u>	<u>3 537 635</u>

**25 Deferred tax liabilities**

Deferred tax asset and liabilities arising from lease contract

	30/06/2019	31/12/2018
	L.E	L.E
Deferred tax liabilities	(7 690 190)	(7 790 062)
Deferred tax assets	<u>5 757 853</u>	<u>6 601 754</u>
Deferred tax	<u>(1 932 337)</u>	<u>(1 188 308)</u>

**Deferred tax liabilities**

Fixed assets (liabilities)	<u>(1 420 451)</u>	<u>(1 432 253)</u>
Deferred tax liabilities	<u>(3 352 788)</u>	<u>(2 620 561)</u>

**Deferred tax movement**

	1/1/2019	Deferred tax expense during the period ended 30 June 2019	30/6/2019
	L.E	L.E	L.E
Total Deferred tax liability	<u>2 620 561</u>	<u>732 227</u>	<u>3 352 788</u>

**26 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.

**Juhayna Food Industries Company (S.A.E.)****Notes to the separate interim financial statements for the financial Period ended 30 June 2019****Risk management framework**

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

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

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

**Credit risk**

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

**Credit risk****Exposure to credit risk**

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

	Carrying amount	
	30/06/2019	31/12/2018
	L.E	L.E
Debtors and other debit balances	572 932	357 583
Due from related parties	150 994 313	245 411 747

**Liquidity risk**

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

The company is keeping the following credit process:

Credit facilities totalling L.E 68 329 055. The interest is paid for the facilities in Egyptian pound and US dollar with a variable interest rate

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

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

	Carrying amount L.E.	Contractual cash flows L.E.
Credit facilities	68 329 055	101 000 000
Credit bank balances	3 887 775	3 887 775
Suppliers and other credit balances	15 739 732	13 534 855
Credit facilities related to lease contracts	103 729 753	103 729 753

**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 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 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
Debtors and receivable balances	19 762	-
Cash at bank and on hand	13 070	1 695
Creditors & other credit balances	(382 970)	(949)
<b>30 June 2019</b>	<b>(350 138)</b>	<b>746</b>
<b>31 December 2018</b>	<b>(56 472)</b>	<b>1 848</b>

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	2019	2018	30/6/2019	31/12/2018
USD	17.24	17.71	16.75	17.95
Euro	19.50	21.83	19.05	20.84

**Interest rate risk**

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

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

Notes to the separate interim financial statements for the financial Period ended 30 June 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. Total equity consists of paid up capital and retained earnings and reserves. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

	30/06/2019	31/12/2018
	L.E.	L.E.
Total liabilities	204 388 447	195 644 397
Less: cash at banks and on hand	(931 475)	(1 865 349)
<b>Net debt</b>	<b>203 456 972</b>	<b>193 779 048</b>
Total equity	2 420 545 956	2 529 315 121
<b>Net debt to equity ratio</b>	<b>8.41 %</b>	<b>7.66 %</b>

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

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

On 23/3/2016 the Company signed a contract with regard to a sale & lease back for a land (including the building built thereon), for land located on plot no. 21 of the Crazy Water's Corridor in Zayed City with a total area of 15 374.47 m<sup>2</sup>. The contract terms became effective starting 24/3/2016. The following is a summary of the above mentioned contract:

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

- In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 for leasing contracts, the initial application date for this standard is the beginning of the annual report period in which the financial leasing law No. 95 of 1995 and its amendments has been canceled and the law regulating financial leasing 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 Egyptian accounting standard no. (20) (Standards for Financial Leasing Transactions) which resulted in the following:



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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

	30/6/2019	31/12/2018
	L.E	L.E
Record of cost of land	11 680 388	11 680 388
Record of cost of building and construction	44 387 809	44 387 809
Record of accumulated depreciation	10 209 196	9 765 318
Record of loan (liability from lease contract)	103 729 753	109 527 647
Cancel of prepaid expense	8 031 087	8 625 981
Cancel of deferred income	79 473 163	85 360 064
Restatement effect on legal reserve	(323 445)	940 595
Restatement effect on retained earnings	-	11 380 413
Record of deferred tax liabilities	7 690 190	7 790 062
Record of deferred tax assets	5 757 853	6 601 754

- i. The Company leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.
- ii. The financial expenses for the lease contract during the financial period ended 30/6/2019 amounted to L.E 9 683 807.

**27-1 Loan (arising from lease contract)**

	30/6/2019	31/12/2018
	L.E	L.E
Liabilities from lease contract current portion (suppliers and other credit balances) – note no. 23	9 180 533	7 939 797
Long-term liability from lease contract non-current portion	94 549 220	101 587 848
<b>Total</b>	<b>103 729 753</b>	<b>109 527 645</b>

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

	Payment of loan principal		Payment of accrued interest	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	L.E	L.E	L.E	L.E
Liabilities during one year	9 180 533	7 939 797	17 350 048	18 759 973
Liabilities between 1-5 years	87 916 575	71 229 845	51 368 974	61 423 058
Liabilities more than 5 years	6 632 645	30 358 003	-	2 805 223

**28 Capital commitment**

The capital commitments amounted to L.E 50 000 000 on 30/06/2019 is the unpaid portion of the capital increase of Tiba company for distribution.

**29 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.

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

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**29-1 Due from related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/06/2019	31/12/2018	30/06/2019	31/12/2018
		L.E.	L.E.	L.E.	L.E.
	Collection / Current	-	(96 440 486)		
Tiba for trading and distribution	Dividends	-	93 906 000	-	2 390 050
	Leases	-	2 640 000		
International Company for Modern Food Industries	Current	2 877 610	761 136	4 475 595	1 597 985
El Marwa For Food Industries	Collection / Current	(61 918 412)	(55 835 594)	21 227 172	220 284
	Dividends	82 925 300	54 950 500		
EGY food	Collection / Current	(141 964 574)	(49 860 786)	2 578 009	112 548 984
	Dividends	31 993 600	160 967 800		
Modern Concentrates Industrial Company	Current	2 005 244	(373 041)	2 303 001	297 757
Enmaa for Agriculture Development and Biological Wealth	Current	989 577	9 016 683	107 713 871	106 724 294
Egyptian for Dairy products	Collection / Current	(51 758 665)	(27 277 417)	955 918	12 718 583
	Dividends	39 996 000	39 996 000		
Enmaa for Reclamation and Agriculture	Current	741 045	1 043 379	1 825 351	1 084 306
Enmaa for Livestock	Current	2 078 330	4 026 246	9 896 138	7 817 808
Argo for food industries	Current	7 562	11 792	19 258	11 696
				<b>150 994 313</b>	<b>245 411 747</b>

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

**29-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/06/2019	31/12/2018	30/06/2019	31/12/2018
		L.E.	L.E.	L.E.	L.E.
Tiba for trading and distribution	Current	(1 652 307)	-		
	Lease	1 320 000	-	5 972 307	-
				<u>5 972 307</u>	<u>-</u>

The company has an agreement with Tiba for Trading and Distribution company—a subsidiary - 99.9% for the rental of company's administrative building with a value of L.E 1 320 000 during the period ended 30 June 2019 (the amount of L.E 1 320 000 through in June 2019).

**30 Non-cash transactions in cash flow**

The exclusion of the amount of L.E 102 283 of change in suppliers and other credit balances against the exclusion of the same amount of change in long-term liability as this is a non-cash transaction.

**31 Distribution some of the holding companies expenses**

According to the BOD decision on 19/10/2016, certain expenses of the company are allocated to the subsidiaries based on percentage of consolidated revenues.

**32 Comparative figure**

The accounting policies applied in the preparation of financial statements on 30 June 2019 are the same accounting policies applied in the preparation of the annual financial statements on 31 December 2018. 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 been restated 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 lease contracts (Accounting Policy No. 3-6) to conform to the new version of the Egyptian Accounting Standards in this regards.

**The restatements effect on the financial statements are as follows:**

Description	31/12/2018 L.E
Increase in PPE	46 302 879
Decrease in debit balances-long term	7 436 192
Decrease in debit balances-short term	1 189 789
Decrease in deferred income	73 586 263
Decrease in deferred capital gain- short term	11 773 802
Increase in deferred tax liabilities from lease contract	1 188 398
Increase in legal reserve	940 595

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

Notes to the separate interim financial statements for the financial Period ended 30 June 2019

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

Description	Before restatement From 1/4/2018 to 30/6/2018 L.E	Restatement From 1/4/2018 to 30/6/2018 L.E	After restatement From 1/4/2018 to 30/6/2018 L.E
Deferred realized gain	2 943 450	(2 943 450)	-
Finance lease expense	7 283 741	(7 283 741)	-
Depreciation expense	-	221 939	221 939
Interest and finance expense	-	5 502 544	5 502 544
Deferred tax expense	-	283 951	283 951

Description	Before restatement From 1/1/2018 to 30/6/2018 L.E	Restatement From 1/1/2018 to 30/6/2018 L.E	After restatement From 1/1/2018 to 30/6/2018 L.E
Deferred realized gain	5 886 901	(5 886 901)	-
Finance lease expense	14 757 964	(14 757 964)	-
Depreciation expense	-	443 878	443 878
Interest and finance expense	-	11 335 497	11 335 497
Deferred tax expense	-	536 318	536 318

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

Description	Before restatement From 1/1/2018 to 30/6/2018 L.E	Restatement From 1/1/2018 to 30/6/2018 L.E	After restatement From 1/1/2018 to 30/6/2018 L.E
Finance lease instalments	14 757 964	(14 757 964)	-
Change in debtors and other debit balances	(14 590 826)	7 399 499	(7 191 327)
Change in lease contracts liabilities	-	(2 827 513)	(2 827 513)