

Translation from Arabic

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
For the financial period ended
30 September 2022
And Review report

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

For the financial period ended 30 September 2022

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Hazem Hassan

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Report on Review of Consolidated Interim Financial Statements To the Board of Directors of Juhayna Food Industries S.A.E

Introduction

We have performed a limited review for the accompanying consolidated Interim statement of financial position of Juhayna Food Industries “An Egyptian Joint Stock Company”, as at 30 September 2022 and the related interim 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 consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly in all material respects, the consolidated financial position of the company as at 30 September 2022 and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.


Emphasis of a matter

We draw attention to Note [30] to the consolidated financial statements, which describes that a subsidiary of the group is the plaintiff in a lawsuit regarding tax exemption for the years 2009 to 2018 which was revoked by the tax department. The group has made an assessment, following legal advice, that it is more likely than not that it will be successful in defending the lawsuit brought against it. Therefore, it has concluded that it does not have a present obligation and has not Recognized



Hazem Hassan

a provision in the consolidated financial statements. Instead, the group has concluded that a contingent liability exists on the basis that the claim is indicative of a possible obligation, and this is disclosed in the consolidated financial statements. Our conclusion is not modified in respect of this matter.


KPMG Hazem Hassan
Samy Abdelhafez Ahmed Ibrahim
Public Accountants and Consultants
Financial Regulatory Authority
Register No. (377)
KPMG Hazem Hassan

Cairo, 16 November 2022

Jahayne Food Industries
(An Egyptian Joint Stock Company)
Consolidated Interim statement of financial position
As of 30 September 2022

Translated from Arabic

	Note No.	30/09/2022 L.E	31/12/2021 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 003 306 963	3 164 789 327
Projects under construction	(13)	118 686 348	73 964 179
Plant wealth - productive	(14-1)	25 687 468	26 073 857
Plant wealth - not productive	(14-2)	33 998 054	23 679 027
Biological wealth	(15)	194 663 418	196 194 420
Investments under joint control (equity)	(11)	15 772 923	15 116 843
Right to use assets	(29-2)	50 627 759	61 583 843
Goodwill	(34)	97 092 890	97 092 890
Other - long term asset		717 668	723 872
Non-current assets		3 546 553 491	3 659 218 258
Current assets			
Biological assets - Existing Agriculture		33 258 032	10 571 729
Biological assets - Feeding Sector		62 323	46 173
PPE held for sale		1 102 363	1 607 427
Inventories	(17)	1 776 979 536	879 266 088
Trade and other receivables	(18)	664 895 242	456 020 949
Due from related party	(32-1)	392 889	2 966
Cash at banks and on hand	(19)	584 272 607	453 015 330
Current assets		3 050 962 992	1 800 530 662
Total assets		6 601 516 483	5 459 748 920
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		707 460 007	688 579 026
General reserve - insurance premium	(20-1)	330 920 428	330 930 428
Retained earnings		1 266 194 247	1 206 343 929
Total equity attributable to the shareholders of the parent company		3 245 979 764	3 167 853 465
Non-controlling interest		987 805	762 819
Total equity		3 246 967 569	3 168 616 284
Non-current liabilities			
Long - term loans	(21)	104 190 215	262 359 916
Lease contract liabilities - non current portion	(29)	89 773 821	109 065 326
Deferred tax liabilities	(26)	298 054 165	299 908 161
Other non current liabilities	(25)	409 447	482 730
Non-current liabilities		492 427 648	671 817 133
Current liabilities			
Provisions	(23)	83 520 951	70 078 923
Bank credit facilities	(22)	864 531 241	273 230 763
Creditors and other credit balances	(24)	1 625 276 598	928 212 428
Income tax payable	(33)	136 425 889	180 249 503
Lease contract liabilities- current portion	(29)	28 919 328	28 324 136
Loans-current portion	(21)	123 447 259	139 519 750
Current liabilities		2 862 121 266	1 619 615 503
Total liabilities		3 354 548 914	2 291 432 636
Total equity and total liabilities		6 601 516 483	5 459 748 920

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Associate Chief Financial Officer
Mohamed Elbady

Mohamed Elbady

Chairman
Ahmed Elshorbagy

Ahmed Elshorbagy

Cairo, 16 November 2022

Limited review report "attached"

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of profit or loss
For the financial period ended 30 September 2022

Translated from Arabic

	Note No.	Financial period From 1/1/2022 To 30/9/2022 L.E.	Financial period From 1/1/2021 To 30/9/2021 L.E.	Financial period From 1/7/2022 To 30/9/2022 L.E.	Financial period From 1/7/2021 To 30/9/2021 L.E.
Net sales		8 161 065 991	6 523 983 182	2 996 498 775	2 435 430 424
Cost of sales		<u>(6 065 610 065)</u>	<u>(4 601 653 747)</u>	<u>(2 315 499 356)</u>	<u>(1 773 745 272)</u>
Gross profit		2 095 455 926	1 922 329 435	680 999 419	661 685 152
Other operating income	(5)	91 892 069	25 420 437	32 160 831	7 174 347
Selling and Marketing expenses	(6)	(1 181 602 074)	(996 701 724)	(360 056 999)	(339 464 808)
General and administrative expenses	(7)	(220 601 456)	(198 963 582)	(67 310 592)	(65 689 441)
Other expenses	(8)	<u>(118 099 347)</u>	<u>(65 411 735)</u>	<u>(58 124 992)</u>	<u>(21 257 297)</u>
Results from operating activities		667 045 118	686 672 831	227 667 667	242 447 954
Share in profit /Loss of a company under joint control		656 080	458 546	168 157	458 546
Net finance (expense)	(9)	<u>(43 663 076)</u>	<u>(57 856 969)</u>	<u>(19 093 193)</u>	<u>(15 780 366)</u>
Net profit before income tax		624 038 122	629 274 408	208 742 631	227 126 134
Previous years tax differences		7 420 127	-	7 420 127	-
Current income tax	(33)	(149 628 518)	(132 420 344)	(50 896 117)	(46 319 122)
flat tax on investments		(9 596 994)	-	(9 596 994)	-
Deferred tax	(26)	<u>1 853 994</u>	<u>(6 662 396)</u>	<u>(532 307)</u>	<u>(7 277 147)</u>
Net profit for the period after tax		<u>474 086 731</u>	<u>490 191 668</u>	<u>155 137 340</u>	<u>173 529 865</u>
Distributed as follows					
Parent Company's share in profit		473 861 743	490 027 480	155 013 049	173 469 671
Non-controlling interest		<u>224 988</u>	<u>164 188</u>	<u>124 291</u>	<u>60 194</u>
		<u>474 086 731</u>	<u>490 191 668</u>	<u>155 137 340</u>	<u>173 529 865</u>
Earning per share for the period (L.E /share)	(35)	<u>0.50</u>	<u>0.52</u>	<u>0.17</u>	<u>0.18</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim 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 2022

Translated from Arabic

	Financial period From 1/1/2022 To 30/9/2022 L.E.	Financial period From 1/1/2021 To 30/9/2021 L.E.	Financial period From 1/7/2022 To 30/9/2022 L.E.	Financial period From 1/7/2021 To 30/9/2021 L.E.
Net profit for the period after tax	474 086 731	490 191 668	155 137 340	173 529 865
Total other comprehensive income	<u>474 086 731</u>	<u>490 191 668</u>	<u>155 137 340</u>	<u>173 529 865</u>
Distributed as follows				
Parent Company's share in profit	473 861 743	490 027 480	155 013 049	173 469 671
Non-controlling interest	224 988	164 188	124 291	60 194
	<u>474 086 731</u>	<u>490 191 668</u>	<u>155 137 340</u>	<u>173 529 865</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

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Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of changes in equity
For the financial period ended 30 September 2022

	Issued & paid up capital L.E	Legal reserve L.E	General reserve- insurance premium L.E	Retained earnings L.E	Non-controlling interest L.E	Total L.E
Balance as at 1 January 2021	941 405 082	637 021 531	330 920 428	993 211 902	714 909	2 903 273 852
Holding Company's share in reserves & retained earnings of subsidiaries	-	29 676 000	-	(29 676 000)	-	-
Total other comprehensive income for the period ended 30 September 2021	-	-	-	316 108 017	103 508	316 211 525
Balance as at 30 September 2022	941 405 082	666 697 531	330 920 428	1 279 643 919	818 417	3 219 485 377
Balance as at 1 January 2022	941 405 082	688 879 026	330 920 428	1206 348 929	762 819	3 168 316 284
Dividends to shareholders	-	-	-	(329 491 778)	-	(329 491 778)
Dividends to employees and board of directors	-	-	-	(65 943 664)	-	(65 943 664)
Holding Company's share in reserves & retained earnings of subsidiaries	-	18 580 981	-	(18 580 981)	-	-
Total other comprehensive income for the period ended 30 September 2022	-	-	-	474 788 995	224 986	475 013 981
Balance as at 30 September 2022	941 405 082	707 460 007	330 920 428	1 267 121 501	987 805	3 247 894 823

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of cash flows
For the financial period ended 30 September 2022

Translated from Arabic

	Note No.	Financial period From 1/1/2022 To 30/9/2022	Financial period From 1/1/2021 To 30/9/2021
Cash flows from operating activities			
Net profit for the period before income tax and minority interest share in profits		624 038 122	629 274 408
Adjustments for:			
PPE depreciation	(12)	229,901,501.00	218 374 870
Capital loss (gain)	(8)	(25 353 389)	832 241
Amortization of asset right of use (lands)		6 204	6 203
Amortization of animal wealth	(15)	22 918 412	22 247 034
Amortization of plant wealth (productive)	(14-1)	386 389	386 387
Amortization of plant wealth (non productive)	(8)	13 936 151	
Changes in investments under joint control (equity)	(11)	(656 080)	(458 546)
Impairment of Fixed assets & projects under construction		(3 045 095)	(237 301)
Impairment of accounts receivable		(1 570 000)	3 520 215
Amortization of right of use asset	(29)	10 475 315	11 277 113
Right of use asset interest	(29)	4 427 108	3 285 406
Impairment of inventory no longer required		1 711 559	942 945
Provision for claims formed	(23)	45 404 239	6 884 505
Herd birth		(12 303 300)	(11 260 800)
Herd capitalization	(15)	(40 573 406)	(41 315 583)
Loss from selling and death of animal wealth	(8)	2 093 428	8 102 304
Foreign currencies exchange differences	(9)	(3 592 501)	(1 452 752)
Credit interests	(9)	(23 422 419)	(10 927 194)
Finance interests & expenses	(9)	66 250 886	66 951 509
		<u>911 033 124</u>	<u>906 432 964</u>
credit interest collection		23 422 419	10 927 194
Finance interests & expenses paid		(66 250 886)	(66 951 509)
Changes in:			
Inventories	(17)	(899 425 007)	73 640 040
Biological assets- Exiting Agriculture		(22 686 303)	(3 506 813)
change of fixed assets for sale		505 064	
Trade and other receivables	(18)	(196 610 935)	(129 450 437)
Creditors & other credit balances	(24)	517 127 471	97 199 234
Due from related parties	(32-1)	(389 923)	(2 722)
Changes in held for sale			
Dividends paid to employeee		(37 911 087)	(34 852 760)
Income tax paid		(195 628 998)	(191 271 328)
Sales tax on capital goods -paid		(73 283)	(17 015 747)
Provisions claims used		(31 962 210)	(10 816 988)
Net cash flows from operating activities		<u>1 149 446</u>	<u>634 331 128</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12-13)	(130 528 177)	(176 725 491)
Proceeds from sale of PPE		45 785 356	5 509 075
Proceeds from plant wealth unproductive	(14-15)	(10 319 027)	(7 571 714)
Payments to invest in vital assets			(7 335 000)
Proceeds from the sale of plant and animal wealth		12 116 848	27 018 549
Proceeds from the compensation of calves death		3 326 714	5 251 072
Net cash flows (used in) investing activities		<u>(79 618 286)</u>	<u>(153 853 509)</u>
Cash flows from financing activities			
Proceeds from/ (payments for) overdraft & credit facility	(22)	591 300 478	(22 106 226)
(Payments for) financial lease contract liabilities	(29)	(22 643 653)	(21 507 166)
(Payments for) Bank loans	(21)	(174 242 193)	(147 053 637)
Dividends paid to shareholders		(188 281 016)	
Net cash flows (used in) financing activities		<u>206 133 616</u>	<u>(190 667 029)</u>
Change in cash & cash equivalents during the period		<u>127 664 776</u>	<u>289 810 590</u>
The effect of foreign exchange difference	(9)	3 592 501	1 452 752
Cash & cash equivalents at 1 January		<u>453 015 330</u>	<u>182 542 538</u>
Cash & cash equivalents at 30 September	(19)	<u>584 272 607</u>	<u>473 805 880</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim 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 Sep 2022

1 Reporting the entity

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

The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 50 years starting from the date of registration in the commercial registry.

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

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

Mr. Ahmed Elwakil is the Chairman of the Board of Directors.

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance with laws and regulation

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

The financial statements were authorized for issue by the Board of Directors on 16 November 2022.

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following significant items in the balance sheet.

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (Note 4-1).
- Biological assets and Agricultural crops are measured at fair value less cost to sell unless the fair value cannot be reliably measured (Note 4-2).
- The methods used to measure fair values are discussed further in note (4).

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Accounting policy no (3-10): lease classification.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the future financial statements are included in the following notes:

- Note (18): impairment of trade and notes receivable.
- Note (23): provisions & contingent liabilities
- Note (26): deferred tax.
- Note (4-2): biological assets

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except as mentioned in note (3-24) .

3-1 Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

3-2 Foreign currency

Foreign currency transactions

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

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

3-3 Investment under joint control

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

3-4 Financial instruments

3-4-1 Financial assets

Starting from January 1, 2020, the Group has early adopted the Egyptian Accounting Standard no. 47 (for more details, please refer to note no. 3-17).

A. Classification:

Starting from January 1, 2020, the Group classified its financial assets into the following measurement categories:

- financial assets at fair value through profit or loss or through other comprehensive income, and
- financial assets measured at amortized cost.

The classification depends on the Company's business model for managing those financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded either in the statement of profit or loss or in other comprehensive income. For investments in equity instruments that are not held for sale, this will depend on whether the Group has made an irrevocable election at the initial recognition of accounting for these investments to be at fair value thorough other comprehensive income.

The Group reclassifies its investments when and only when its business model for managing those assets changes.

B. Recognition and derecognition:

The normal way of buying and selling financial assets, on the trade date, which is the date on which the Group has a commitment to buy or sell the financial asset. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred.

C. Measurement:

On initial recognition, the Group measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the statement of profit or loss.

Embedded financial assets are considered entirely embedded derivatives when determining whether their cash flows are solely payments of principal and interest.

Debt instruments:

The measurement of debt instruments depends on the company's business for managing the asset and characteristics of cash flow of the asset, there are three measurement categories by which the Group classifies debt instruments:

- **Amortized cost:** Assets held to maturity date to collect contractual cash flows, where those cash flows represent only payment of original amount and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate item in the statement of profit or loss.

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

• **Fair value through other comprehensive income:** Assets held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where the cash flows of assets represent only payment of original amount and interest, are measured at fair value through other comprehensive income. Changes in carrying amount are taken into other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When the financial asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income from equity is reclassified to profit or loss and recognized in other income/(expenses). Interest income from these financial assets is included in financing income using the interest rate method, and impairment expense is presented as a separate item in the statement of profit or loss.

• **Fair value through profit or loss:** Assets that do not meet the criteria for depreciated cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented under other income / (expenses) in the period in which they arise. Impairment expenses as a separate item in the statement of profit or losses.

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. When the company's management chooses to present the fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposal of the investment. Dividends from these investments continue to be recognized in the statement of profit or loss as other income when the company's right to receive dividends is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income/(expenses) in the statement of profit or loss. Impairment losses (and reversals of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

d- Impairment:

The Group assesses the expected credit losses associated with the investment in debt instruments, which are carried at amortized cost and fair value through other comprehensive income. Where the applied impairment methodology depends on whether there is a significant deterioration in the credit risk of customers, the Group applies the simplified approach allowed by Egyptian Accounting Standard no. 47, which requires recognizing expected losses over the life of the initial recognition of customers.

Financial derivatives

When needed, the Group companies enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Derivatives are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the coverage relationship type and the nature of hedged item.

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

3-4-2 Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Financial instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement at the date of issuance of these instruments.

Equity instruments

Equity instruments represent any contract that gives the Group the right to the net assets of an entity after deducting all of its obligations.

Equity instruments issued by the Group are recorded at the value of the proceeds received or the net value of the assets transferred, deduct the costs of issuance directly attributable to the transaction.

Financial liabilities

Financial liabilities are classified as either financial liabilities (at fair value through profit or loss) or other financial liabilities.

Other financial liabilities

The Group has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3-4-3 De-recognition of financial instruments from books

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

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 and cash equivalents

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

Non-derivative financial liabilities

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

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

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

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

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

3-5 Intangible assets and goodwill**Recognition & Measurement****Goodwill**

Goodwill arises from acquisition of subsidiaries. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed. Goodwill is not amortized.

3-6 Property, plant and equipment**Recognition and measurement**

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

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

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

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

Subsequent costs

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

Depreciation

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

The estimated useful lives are as follows:

Description	Estimated useful life (Years)
Buildings & Constructions	13.3- 50
Machinery & Equipment	More than -13
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	More than -10
Empty plastic containers & pallets	5
Computers	3.33-5
Wells	25 or Wells use full life

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

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

3-7 Projects under construction

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

3-8 Government grants

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

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Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

3-9 Plant wealth

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

3-10 Lease Contracts

Operating lease contracts

The group assess whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the group has the right to direct the use of the asset.

The group recognize right of use (ROU) asset and a lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement in a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the group uses an incremental borrowing rate specific to the country, term, and currency of the contract. Lease payments can include fixed payments; variable payment that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises, the initial lease liability, initial direct costs, and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator for impairment, as for owned assets.

- Finance leases contracts (sale and lease back):

If an entity (the lessee) transfers an asset to another entity (the lessor) and re-leases the asset, the entity must determine whether the asset is being accounted for as a sale transaction on that asset or not.

- In case the transfer of the asset is not a sale transaction

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

3-11 Inventories

Inventories of raw materials, supplies, packing materials and spare parts are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

The inventory of work in process is measured at the lower of cost, which is determined based on the cost of last process reached, or net realizable value.

Finished production is measured at the lower of manufacturing cost or net realizable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

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Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

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.

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

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

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

3-14 Defined contribution plans

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

3-15 Provisions

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

3-16 Revenue

Sales of goods

Revenue for sale of goods is recognized based on the transaction price of the received or receivable payment. The transaction price is determined considering returns, trade discounts and volume rebates. Revenue is recognized in the income statement when pervasive evidence exists of the settlement of contractual performance obligation by transfer of goods to the customer. Pervasive evidence usually exists in the form of an executed sales agreement. Settlement of the performance obligation has

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

pervasively occurred when control over the goods has been transferred to the customer, associated costs and possible return of goods can then be estimated reliably and there is no continuing control or involvement with the goods.

Discounts are recognized as a reduction of revenues when they will probably be granted, and the discounts amount can be measured reliably. When discounts granted over past performance obligations, a provision is recognized in the balance sheet. In case a discount will be granted over future performance obligations, a contract liability will be recognized.

Export subsidy revenue

The company recognizes export subsidy according to its quota in the export sales invoices claimed and accepted by the relevant authority.

3-17 Rental income

Rental income from other assets is recognized in other income.

3-18 Finance income and finance costs

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

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

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

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

3-19 Income tax**Current tax**

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

Deferred tax

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

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

3-20 Assets held for sale

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3-21 Legal reserve

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

3-22 End of service benefits

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work voluntarily according to law (12) of 2003 and related Egyptian Laws and the policy approved and declared by the company.

If the benefit is payable for a period of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

3-23 Segmentation reporting

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

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

Segmentation reports

Dairy sector

Cooling sector

Juice sector

Concentrate sector

Agriculture sector

Operations

Manufacture and sell dairy products & its derivatives

Manufacture cooled dairy products

Manufacture and sell various products of juice

Manufacture and sell fruit concentrates

Produce agriculture crops in- addition to livestock farm that produce dairy product and sell to dairy sector

4 Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4-1 Non-derivative financial liabilities

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

4-2 Biological assets

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

If the fair value cannot be measured reliable, the biological assets acquired during the Financial Year are presented according to their cost at the date of acquisition Also biological assets which are internally grown are presented at cost of breeding or growth until commercial production (called the increase in the value of the biological assets), less accumulated depreciation and accumulated impairment loss, If any. The cost of small bio-assets is determined by the cost of breeding or growth according to the age group. These young ones are also not consumed. The biological assets are depreciated on a straight-line basis to their estimated residual values over periods, as summarized below.

Cows	4 years
Orange trees	ears 35

5 Other operating income

	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/1/2021 To 30/09/2021 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E	Financial period From 1/7/2021 To 30/09/2021 L.E
Export subsidy revenue	39 595 846	14 781 801	16 663 888	7 536 416
Capital gain	25 353 390	1 570 282	1 450 539	(228 280)
Increase in biological wealth due to newborn	12 303 300	1 581 689	6 609 035	502 879
Impairment of the value of plant wealth	-	-	-	(300 000)
Inventory write-down (Reverse)	541 730	-	541 730	-
Gains from assets held for sale	-	-	-	-
Impairment of trade and other receivables (Reverse)	1 570 000	-	(37 431)	(2 745 181)
Impairment of Vital assets (Reverse)	-	237 300	-	-
Fixed Assets write-down (Reverse)	3 045 095	-	2 927 314	-
Income from leasing assets) under the company's control)	21 867	231 870	(128 133)	75 000
Other income	9 460 841	7 017 495	4 133 889	2 333 513
	91 892 069	25 420 437	32 160 831	7 174 347

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

6 Selling and marketing expenses

	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/1/2021 To 30/09/2021 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E	Financial period From 1/7/2021 To 30/09/2021 L.E
Advertising expenses	536 215 456	434 910 060	139 891 841	139 879 446
Salaries and wages	269 421 556	231 049 466	88 925 420	79 277 922
Depreciation	37 072 296	46 670 565	5 571 303	17 006 954
Vehicles expenses	80 925 679	63 437 908	30 655 395	13 878 555
Shipping & export expenses	69 387 041	67 673 899	19 475 431	35 925 168
exchange goods expenses	83 061 837	-	83 061 837	-
Rent	18 375 928	9 416 510	12 773 005	4 197 951
Temporary labor contractors	30 762 029	25 112 114	11 909 155	8 523 044
Others	56 380 252	118 431 202	(32 206 388)	40 775 768
	1 181 602 074	996 701 724	360 056 999	339 464 808

7 General and administrative expenses

	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/1/2021 To 30/09/2021 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E	Financial period From 1/7/2021 To 30/09/2021 L.E
Salaries and wages	49 805 668	86 830 048	(12 556 269)	29 683 674
Depreciation expense	9 827 682	13 309 640	(3 982 308)	4 674 834
Rent expense	10 642 821	9 955 245	4 534 825	3 369 275
End of service expenses	15 513 233	16 129 481	399 085	891 762
BOD bonus (32-2)	1 775 000	1 875 000	870 000	1 875 000
Computer subscription fees	30 072 463	28 288 918	8 885 886	8 522 003
Other administrative expenses	86 945 441	42 575 250	69 159 373	16 672 893
	220 601 456	198 963 582	67 310 592	65 689 441

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Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

8 Other expenses

	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/1/2021 To 30/09/2021 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E	Financial period From 1/7/2021 To 30/09/2021 L.E
Donations	6 532 549	8 273 038	2 249 784	2 163 235
Expected credit losses	-	3 520 215	-	3 520 215
Impairment in trade and other receivables	-	-	-	-
Real estate tax	402 851	795 053	(428 831)	489 119
Inventory write-down (Reverse)	-	942 945	-	(609 173)
Provision Claims	45 404 239	6 884 505	26 940 491	213 968
Health insurance	38 617 036	30 438 115	14 076 673	11 751 598
Loss from selling and death of animal wealth	2 093 428	8 102 304	1 591 373	1 390 997
capital losses	-	832 241	-	832 241
Costs of non-productive cows (dry stage)	13 936 151	-	6 957 637	-
Costs of cows sold not capitalized	-	-	-	-
Other	11 113 093	5 623 319	6 737 895	1 535 097
	<u>118 099 347</u>	<u>65 411 735</u>	<u>58 124 992</u>	<u>21 257 297</u>

9 Net finance (expense)

	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/1/2021 To 30/09/2021 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E	Financial period From 1/7/2021 To 30/09/2021 L.E
Interest expense	(70 677 995)	(70 236 915)	(26 148 897)	(23 782 895)
Interest income	23 422 419	10 927 194	10 551 326	5 428 989
Gain from foreign currency exchange	3 592 500	1 452 752	(3 495 621)	2 573 540
	<u>(43 663 076)</u>	<u>(57 856 969)</u>	<u>(19 093 192)</u>	<u>(15 780 366)</u>

10 Segmentation reports

10-1 Segmentation reports for the financial period ended 30 September 2022

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries. Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentat 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	
	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022
Net Sales	4 175 354 511	2 126 514 659	1 418 863 270	243 772 441	17 332 280	179 228 830	8 161 065 991
Sales between segments	3 731 602 295	1 580 871 773	1 219 837 783	264 774 430	355 508 214	-	-
Other operating income	24 805 736	20 585 698	10 860 582	35 885 063	126 072	284 998	92 548 149
Expenses	(548 543 680)	(722 458 700)	(254 137 887)	(25 823 334)	1 619 101	(14 621 453)	(1 563 965 953)
<u>Other Information</u>							
Depreciation	87 923 235	67 397 408	45 662 776	19 686 085	8 134 256	1 097 741	229 901 501
Assets	2 521 286 520	1 718 187 698	1 240 493 501	705 521 674	269 201 634	146 825 456	6 601 516 483
Liabilities	1 534 745 502	833 134 123	587 067 310	360 054 453	18 060 036	21 487 490	3 354 548 914

* 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

10-1 Segmentation reports for the financial period ended 30 September 2022

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.

Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentat as follows:

	Activity Segments						Elimination of consolidated transactions L.E 30/09/2021	Total L.E 30/09/2021
	Dairy sector L.E 30/09/2021	chilled sector L.E 30/09/2021	Juices sector L.E 30/09/2021	Concentrates sector L.E 30/09/2021	Agriculture sector L.E 30/09/2021	Undistributed items L.E 30/09/2021		
Net Sales	3 117 562 431	1 840 933 309	1 211 675 721	144 952 348	27 076 086	181 763 287		6 523 983 182
Sales between segments	2 986 495 138	1 359 328 641	1 076 332 920	228 850 370	1 654 454		(5 652 661 543)	-
Other operating income	3 857 651	3 433 390	5 268 042	12 371 887		948 013		25 878 983
Expenses	(422 147 162)	(630 957 290)	(230 978 006)	(15 464 741)	(549 370)	(18 837 441)		(1318 934 010)
Other Information								
Depreciation	104 353 011	61 621 547	40 557 972	4 851 936	906 308	6 084 096	-	218 374 870
Assets	1 529 215 169	1 582 911 643	973 939 247	466 183 633	805 656 829	112 025 866	-	5 469 932 387
Liabilities	914 615 885	548 547 522	308 075 568	247 971 060	57 256 832	-	-	2 076 466 867

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 year ended 30 September 2022

11 Investment under joint control (equity)

Name of the investee company	Share percentage %	Current assets		Non current assets		Total assets		Current liabilities		Total liabilities		Cost of investment	
		L.E		L.E		L.E		L.E		L.E		L.E	
Arju Company For food Industrial*	50.75%	17 050 558		-		17 050 558		1 277 635		1 277 635		15 772 923	
Balance as of 30 September 2022		17 050 558		-		17 050 558		1 277 635		1 277 635		15 772 923	
Arju Company For food Industrial	50.75%	16 383 950		-		16 383 950		1 267 107		1 267 107		15 116 843	
Balance as at 31 December 2021		16 383 950		-		16 383 950		1 267 107		1 267 107		15 116 843	

Juhayna Food Industries
Notes to the consolidated interim financial statements for the financial period ended 30 September 2022

Translation from Arabic

12 Property, plant and equipment

Description	Land	Buildings & Constructions	Machinery & Equipment	Transportation & transport vehicles	Tools	Empty plastic containers & Pallettes	Display refg.'s	Walls	Office furniture & equipment	Computers	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost											
Cost as at 1/1/2021	184 864 276	1 638 268 728	2 528 493 619	325 155 697	147 948 415	69 386 671	81 792 144	39 789 600	34 024 405	133 830 886	5 183 554 441
Additions of the year	3 770	11 088 715	199 689 652	48 212 776	13 479 222	12 554 574	16 772 090	-	1 399 207	17 032 655	320 232 661
Disposals of the year	(1 367 244)	-	(17 611 453)	(1 750 080)	-	(9 841 210)	(979 702)	-	(2 562)	(82 607)	(31 634 778)
Transfer of assets held for sale during the year	-	-	4 024 565	-	-	-	-	-	-	-	4 024 565
Cost as of 31/12/2021	183 500 802	1 649 357 443	2 714 596 383	371 618 473	161 427 637	72 100 035	97 584 532	39 789 600	35 421 050	150 780 534	5 476 176 889
Additions during the year	-	1 756 423	46 393 363	5 319 439	10 701 293	15 540 486	-	-	1 030 027	5 064 978	85 806 009
Disposals during the year	-	(3 842 360)	(8 727 069)	(16 664 483)	(322 801)	(4 328 448)	(288 419)	-	(45 816)	(61 541)	(34 280 937)
Transfer of assets held for sale during the year	-	-	-	-	-	-	-	-	-	-	-
Cost as of 30/9/2022	183 500 802	1 647 271 506	2 752 262 677	360 273 429	171 806 129	83 312 073	97 296 113	39 789 600	36 405 261	155 784 371	5 527 701 961
Accumulated depreciation as at 1/1/2021	-	242 620 936	1 241 438 996	170 853 829	86 642 602	43 410 611	76 437 972	11 277 651	21 348 413	115 749 982	2 009 800 942
Depreciation of the year	-	34 909 764	185 684 110	30 660 580	13 475 251	13 667 144	4 534 777	1 489 983	2 629 560	11 502 366	298 553 535
Accumulated depreciation of disposals of the year	-	-	(10 442 022)	(425 628)	-	(9 841 210)	(979 702)	-	-	(62 358)	(21 750 920)
Accumulated depreciation as of 31/12/2021	-	277 530 700	1 416 681 084	201 088 781	100 117 853	47 236 545	79 992 997	12 767 634	23 997 973	127 189 990	2 286 603 557
Depreciation of the year	-	26 330 788	1 40 902 571	23 425 873	10 386 641	10 451 064	3 152 282	1 184 310	2 836 530	11 231 442	229 901 501
Accumulated depreciation of disposals of the year	-	(584 433)	(7 007 143)	(15 249 561)	(229 897)	(4 328 448)	(288 419)	-	(42 344)	(61 316)	(27 791 561)
Accumulated depreciation as of 30/9/2022	-	303 277 055	1 550 576 512	209 265 093	110 274 597	53 359 161	82 856 860	13 951 944	26 792 159	138 360 116	2 488 713 497
Fixed assets impairment as of 30/9/2022	(10 354 590)	-	(24 964 793)	-	-	-	-	(229 929)	-	-	(35 681 501)
Net book value as of 30/9/2022	173 146 212	1 343 862 262	1 176 721 372	151 008 336	61 531 532	29 952 912	14 439 253	25 607 727	9 613 102	17 424 255	3 003 306 963
Impairment of fixed assets 31/12/2021	(10 354 591)	-	(14 067 286)	-	-	-	-	(229 929)	-	-	(24 784 085)
Net book value as of 31/12/2021	173 146 211	1 371 694 554	1 283 848 003	170 529 692	61 309 784	24 863 490	17 591 535	26 792 037	11 421 077	23 590 944	3 164 789 327

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

13 Projects under constructions

	30/9/2022	31/12/2021
	L.E	L.E
Buildings and constructions in progress	9 100 816	6 657 139
Machineries under installation	75 762 309	24 998 166
Advance payments for purchase of fixed assets	25 591 882	41 818 946
Computer software	408 808	489 928
the lake	7 822 533	-
	118 686 348	73 964 179

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

	30/9/2022	31/12/2021
	L.E	L.E
Cost at the beginning of the period/year	28 614 075	18 487 577
Additions during the period/year	-	10 126 498
Cost at end of the period/year	28 614 075	28 614 075
Less:		
Accumulated depreciation at beginning of the period/year	(2 540 218)	(2 000 754)
Depreciation during the period/year	(386 388)	(539 464)
Accumulated depreciation at end of the year	(2 926 606)	(2 540 218)
Net	25 687 468	26 073 857

14-2 Plant wealth – unproductive

	Fruits Tree	330 projects	Project 190	Total
Balance at 01 January 2022	3 521 586	11 727 190	8 430 251	23 679 027
Additions	1 219 977	2 936 772	6 162 278	10 319 027
Converter of productive plant wealth	-	-	-	-
classification	(3 431 274)	303 753	3 127 521	-
Balance at end of the period	1 310 289	14 967 715	17 720 050	33 998 054

Juhayna Food Industries

Notes to the consolidated interim financial statements for the financial year ended 30 September 2022

Translated from Arabic

15- Biological wealth

	biological wealth (Flock of dairy livestock - productive) L.E	biological wealth (Flock of dairy livestock - unproductive) L.E	Total
	30/09/2022	31/12/2021	
Amount of flock of livestock at the beginning of the year	182 862 778	245 014 973	
Adding:			
Addition during the year	-	7 335 000	
Transferred from biological wealth (Flock of dairy livestock - unproductive)	44 354 699	-	
* Births of flock	-		
Female	-		
Capital cost during drying -off	227 217 477		
	31 184 590	7 531 800	10 076 111
Biological wealth sales	3 820 886	40 453 820	58 172 901
The death of live stock losses	35 005 476	300 415 288	320 598 985
Cost of flock of livestock as of the end of the period	192 212 001		
Accumulated depreciation	56 235 247	37 301 200	59 158 202
	22 918 411	5 132 301	9 011 116
Beginning of the year	(14 178 365)	42 433 501	68 169 318
Depreciation of the year	(1 656 924)	257 981 787	252 429 667
Accumulated depreciation of disposals of sales case	63 318 369		
Accumulated depreciation of disposals of death case	128 893 632		
Accumulated depreciation as of end year		63 318 369	56 235 247
Net amount of flock of livestock as of end period		194 663 418	196 194 420

* Calves of flocks are measured at fair value deducted by sale cost. Any increase or decrease in fair value under book value is recognized at financial statement date in income statement.

** The company management measure the cost of flocks of dairy livestock because active market to relay on to determine the fair value is unavailable.

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

16 Tax status

16-1 Holding Company

Corporate tax

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

The period from the beginning of operation till year 2009

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

Years from 2010 till 2013

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

Years from 2014 till 2018

The company received tax Forms (19) based on estimate tax inspection from the tax authority and the company was objected in due time.

Year 2019 - 2021

The Company submitted the annual tax return in the due date and was not requested for inspection.

Payroll tax

The period from the beginning of operation till year 2019

The tax inspection performed, and differences settled.

Year 2020 - 2021

Not asked for tax inspection

Stamp tax

The period from the beginning of operation till 2018

The tax inspection performed, and differences settled.

Year 2019/2021

Not asked for tax inspection

Sales tax/ Value added tax

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

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

Years 2016 till 2018

The tax inspection is performed and and differences settled .

Years 2019/2021

Not asked for tax inspection

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 Sep 2022

Subsidiaries

First: Corporate tax

The Company that benefits form the corporate tax exemption

	Tax exemption ending date
Inmaa for agriculture development & biological wealth.	19/03/2021
Inmaa for Livestock.	02/11/2029

The Companies that are not exempted.

Egyptian Companies for Food Industries: -

Inspected from Beginning of its activity to 2012. 2013-2021 in processing.to inspection.

Modern Company for Concentrates: -

Inspected from Beginning of its activity to 2009 the objection was made in legal date to Council of State . Years 2010-2012 the objection was made in legal date. Years 2013–2015 not requested for inspection. Years 2016 – 2021 not requested for inspection and the Company submitted the annual tax return in the due date

International Company for Food industries: -

The tax departments inspected one of the subsidiary books of accounts for the year 2009 to 2014 in accordance with the reinspection memo dated 20/11/2019. The tax department revoked the tax exemption certificate issued by the General Authority for Investment (GAFI) to this subsidiary.

The tax department notified the subsidiary by the tax base (Form 19) for the tax years 2009 to 2014.

The group challenged the tax assessment before the tax department higher appeal committee in its dispute No. 850 /2022. The committee decided on the appeal on 30/8/2022 to revoke the aforementioned exemption and to claim corporate tax from the subsidiary for the tax years 2009 up to 2014 for an amount of L.E 61.5 million and additional tax of L.E 4.2 million. These amounts of taxes are due for payment to the tax Authority after the decision of the appeal committee.

The management has made an assessment, following legal and tax advice, that it is more likely than not that it will be successful in defending the lawsuit it brought against the tax department based on GAFI tax exemption certificate dated 23/12/2008 and 10/11/2009, in-addition to the certificate issued on 25/3/2021. The management challenges the tax department decision which disagree with article No 64 of the Investment law No. 8 for the year 1997, the tax instructions by the tax department No 27 for the year 2007 and No 21 for the year 2015. These instructions stipulate the tax department commitment to the exemption decisions issued by GAFI as these exemptions are irrevocable with no requirement of further approvals. The company submitted its appeal to the primary court as of 3/11/2022. Therefore, it has concluded that it does not have a present obligation and has not recognized a provision in the financial statements.

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004, years from 2005-2008 was not requested for inspection. Years from 2009-2012 was inspected and settled. 2013-2017 form 19 has been notified and the objection was made in legal date. Years 2018-2021 not requested for inspection and the Company submitted the annual tax return in the due date.

Tiba for Trading and Distribution

The company was not requested for inspection from beginning of its activity until 2008.

Year 2009-2012 was inspected and settled. Years 2013-2018 the estimated inspection of the period and the objection was made, and a decision was issued to re-examine the actual and ongoing inspection. Years 2019-2021 the declarations were submitted on the legal date and not requested for inspection and the Company submitted the annual tax return in the due date.

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

Al Marwa for Food Industries

The company was inspected from the beginning of its operations and settled till 2005. Years 2006-2009 the objection for model 19 then years 2010-2013 the inspection inspected and settled. Years 2014-2018 form 19 has been received the objection on the legal date and years 2019-2021 in processing to inspection.

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Livestock

The company not inspected yet.

Second: Salaries tax

Subsidiaries

Tax inspection ending date

Egyptian Company for Dairy Products

- Inspection was performed from starting of activity till 2014 and tax settled.
Year 2015/2016 Inspection was performed, and tax settled
Years 2017/2019 Inspection was performed, and tax settled
years 2020/2021 the Company submitted the quarter tax return in the due date.

Al-Marwa for Food industries

- Inspection was performed from starting activity till 2019 years 2020/2021 not inspected yet.

Tiba for Trading and Distributing

- Inspection was performed from starting of activity till 2015 and differences settled.
Year 2016/2019 performed, and tax settled.
Years 2020/2021 the Company submitted the quarter tax return in the due date.

International Company for Modern Food Industries

- Tax inspection was performed from start of activity till 2016 and tax settled
Year 2017-2019 preparing for inspection.
Years 2020/2021 the Company submitted the quarter tax return in the due date.

The Egyptian Company for Food Industries "Egyfood"

- Tax inspection was performed till 2018 and tax differences settled.
Year 2019 not inspected yet
Years 2020/2021 the Company submitted the quarter tax return in the due date

Modern Concentrates Industrial Company

- Tax inspection was performed from start of activity till 2018 and tax settled
Year 2019 not inspected yet.
Years 2020/2021 the Company submitted the quarter tax return in the due date

Inmaa for Agriculture Development Co. and Biological Wealth

- Tax inspection was performed and settled till 2010. Years 2011 – 2015 was inspected and settled.
Years 2016/2019 waiting for inspection.
Years 2020/2021 the Company submitted the quarter tax return in the due date

Inmaa for livestock

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

	From the beginning of activity till 2016 was inspected and settled. Years 2017/2019 waiting for inspection. Years 2020/2021 the Company submitted the quarter tax return in the due date
Inmaa for agriculture	-From the beginning of activity till 2019 was inspected and settled Years 2020/2021 the Company submitted the quarter tax return in the due date
Third: Stamp tax	
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 2018. Years 2020/2021 preparing for inspection
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected the objection was made in legal date. Years 2020/2021 the Company submitted the quarter tax return in the due date
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected and waiting the documents. Years 2020/2021 the Company submitted the quarter tax return in the due date
International Company for Modern Food Industries	-Inspection has been performed and difference settled till 2018. Year 2019/2021 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	- From the beginning of activity till 2017 was inspected and settled - Years 2018 – 2021 not inspected yet .
Modern Concentrates Industrial Company	-Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.
Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2017. Years 2018/2021 was inspected the objection was made in legal date.
Inmaa for agriculture	Years till 2019 was inspected and settled. Years 2020/2021 not inspected yet.
Inmaa for livestock	- Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

Fourth: Value added tax (Sales tax)

	- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015
Egyptian Company for Dairy Products	Years 2016/2019 inspected and settled. Years 2020/2021 not inspected yet.
Al-Marwa for Food Industries	- Inspected and difference settled 2015 Years 2016/2019 inspected and settled. Years 2020/2021 not inspected yet.
International Company for Modern Food Industries	-The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 2017 Years 2018/2021 not inspected yet.
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 2015. Years 2016/2019 inspected and settled. Years 2020/2021 not inspected yet.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 2014 and differences settled. Years 2015/2019 preparing for inspection. Years 2020/2021 not inspected yet.
Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 2013, preparing for tax inspection till 2021.
Inmaa for livestock	-The tax inspection performed from 15/3/2012 till 31/8/2016 Years 1/09/2016 till /2021 not inspected yet.
Inmaa for agricultural reclamation	-Inspected and difference is settled from beginning of activity till August 2016 Years 1/09/2016 till /2021 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	-The tax inspection performed till 2019 Years 2020/2021 not inspected yet.

17 Inventories

	30/9/2022	31/12/2021
	L.E	L.E
Raw materials	524 428 503	159 043 597
Packaging and packing materials	539 212 823	165 116 180
Finished goods	606 898 921	410 768 122
Spare parts and miscellaneous supplies	85 213 523	82 524 155
Goods in transit - L/C's for goods purchase	21 225 766	61 814 034
	1 776 979 536	879 266 088

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

18 Trade and other receivables

	30/9/2022	31/12/2021
	L.E	L.E
Trade receivables	347 014 239	261 483 258
Less: Expected credit losses	(37 806 305)	(16 111 442)
	309 207 934	245 371 816
Note receivables	–	6 437 500
Suppliers – advance payments	102 461 359	44 990 987
Prepaid expenses	23 223 699	10 794 098
Export subsidy*	55 314 365	32 402 723
Tax Authority	95 399 937	80 672 197
Customs Authority	22 214 618	3 672 003
Deposits with others	14 282 661	10 600 734
Debtors- sales of PP&E	35 474 181	37 010 000
Other debit balances	15 911 138	12 001 848
	673 489 892	483 953 906
Less: Impairment in other debit balances	(8 594 650)	(27 932 957)
	664 895 242	456 020 949

* The collection occurred during the year ended 30 Sep 2022 is EGP 12 916 080 after deducting bank commissions and governmental fees and EGP 24 883 529 during 2021. The company continues to collect the outstanding balance with the Export Development Fund.

19 Cash at bank and on hand

	30/9/2022	31/12/2021
	L.E	L.E
Time deposits *	–	125 000 000
Banks – current accounts	203 668 534	311 777 184
Banks - treasury bills	341 779 091	–
Cash on hand	4 011 988	2 942 689
Cash in transit	34 812 994	13 295 457
Cash and cash equivalent in cash flow	584 272 607	453 015 330

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

20 Share capital

	30/9/2022	31/12/2021
	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

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

20-1 General reserve

The balance of general reserve is as follows: -

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

i. Nominal value of issued shares with a premium	(205 972 632)
ii. Issuance fees	(38 507 164)
iii. 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 February 2012.	(73 580 254)

General reserve	330 920 428
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21 Loans

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

	Long term loans		Total
	Current portion	Non-current portion	
	L.E	L.E	L.E
Commercial International Bank (CIB)	78 250 000	16 561 103	94 811 103
Attijariwafa Bank	23 197 259	63 754 112	86 951 371
HSBC bank	22 000 000	23 875 000	45 875 000
Balance at 30/6/2022	123 447 259	104 190 215	227 637 474
Balance at 31/12/2021	139 519 750	262 359 916	401 879 666

These loans are subject to variable interest rates and guaranteed by promissory notes and joint grantees.

22 Bank Credit facilities

This balance amounted to L.E 864 531 241 at 30 Sep 2022 (against L.E 273 230 763 as at 31-December 2021), represents the drawn down portion of the L.E 2.166 billion (of the group) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with collators

23 Provision for claims

Description	Balance at 01/01/2022 L.E	Formed during the year L.E	Used during the period L.E	Balance at 30/9/2022 L.E
Provision for claims	70 078 923	45 404 239	(31 962 211)	83 520 951

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

24 Creditors and other credit balances

	30/9/2022	31/12/2021
	L.E	L.E
Suppliers	985 971 416	485 082 949
Notes Payables	950 065	750 000
Dividends payable	382 743 493	227 157 853
Accrued expenses	137 431 558	88 013 429
PPE creditors	2 702 446	13 976 201
Tax authority	23 432 061	30 703 131
Deposits for others	2 803 480	2 216 322
Sales tax installments on the imported machineries and equipment (Note No. 25)	783 534	5 031 770
Social Insurance Authority	6 738 501	5 962 130
Due to health insurance	18 746 021	41 268 151
Advances from customers	23 208 428	13 053 931
Other credit balances	39 765 595	14 996 561
	1 625 276 598	928 212 428

25 Other non-current liabilities

	30/9/2022	31/12/2021
	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 2 027 820 as at 30/6/2022 (L.E 5 031 770 as at 31/12/2021) are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	409 447	482 730
PPE purchase premiums	-	-
	409 447	482 730

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 298 054 165 at 30/9/2022 representing net book value of taxable assets and liabilities, with LE 299 908 161 at 31/12/2021

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

Deferred Tax (Lease Contracts)

	Balance	Balance
	30/9/2022	31/12/2021
	L.E	L.E
Deferred tax liability	(3 395 667)	(4 144 711)
Deferred tax asset	(3 961 320)	(1 463 103)
Deferred asset/ liability (Lease contracts)	(7 356 987)	(5 607 814)
Deferred tax liability from fixed assets	(290 697 178)	(294 300 347)
Total deferred tax liability	(298 054 165)	(299 908 161)

	Balance on	Movement during	Balance on
	1/1/2022	the period	30/9/2022
	L.E	L.E	L.E
Deferred tax liability	299 908 161	(1 853 996)	298 054 165

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2022 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution %	Contribution %	Country
	30/9/2022	31/12/2021	
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

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

28 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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

Credit risk

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

Trade and other receivables

The Company distributes the credit risk on 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	
		30/9/2022	31/12/2021
		L.E	L.E
Trade and other receivables	(18)	664 895 242	328 479 929

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

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 864 531 241 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	(22)	864 531 241	591 300 478
Total loans	(21)	227 637 474	(174 242 193)
Operating lease – liabilities	(29)	118 693 149	(22 643 653)

Market risk

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

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

Currency risk

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

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

Foreign currency risk

Exposure to currency risk

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

	USD	Euro
Trade and other receivables	5 599 537	5 118
Cash at banks and on hand	3 674 363	109 436
Creditors and other credit balances	(28 977 328)	(3 227 329)
30 Sep 2022	(19 703 427)	(3 112 775)
31 December 2021	(3 473 602)	(869 664)

The following significant exchange rates applied during the period/ year:

	Average rate		Closing Rate	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
USD	19.58	15,75	18.18	15,75
Euro	19.01	18,54	19.13	17,84

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, considering assets with exposure to changes in interest rates.

Capital management

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

	30/9/2022	31/12/2021
	L.E	L.E
Total liabilities	3 354 548 914	2 291 432 636
Less: cash at bank and on hand	(584 272 607)	(453 015 330)
Net debt	2 770 276 307	1 838 417 306
Total equity	3 246 967 569	3 168 316 284
Net debt to equity ratio	85%	58%

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

29 Lease contracts**29-1 Liabilities arising from lease contracts****- Lease contracts (Sale and lease back)**

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

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Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

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	125 000 000	109 716 514	120	1	5 568 994

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

Lease contract liabilities

	30/9/2022	31/12/2021
	L.E	L.E
Liabilities from lease contract current portion	16 235 155	15 587 214
Long-term liability from lease contract non-current portion	44 551 552	56 302 682
	<u>60 786 707</u>	<u>71 889 896</u>

Lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	L.E	L.E	L.E	L.E
Liabilities for one year	16 235 155	15 587 214	6 037 220	5 628 812
Liabilities between 1-5 years	44 551 552	56 302 682	5 561 293	7 345 398

29-2 Operating Lease contract liabilities

The group is renting buildings and stores and this rent is performed individually and each contract has it's special terms, the contract period ranges from 1.5 to 10 years and some of these contracts has a term for extending the lease which provide more flexibility for the group

	30/9/2022	31/12/2021
	L.E	L.E
Buildings, Warehouses, and stores	85 118 957	85 039 122
Accumulated amortization during the ended period	(34 491 198)	(23 455 279)
Net book value	<u>50 627 759</u>	<u>61 583 843</u>

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During the year ended 30 Sep 2022 the group has been charged by 3 655 274 L.E as an interest resulted from the renting contracts.

Operation lease contract liability

	30/9/2022	31/12/2021
	L.E	L.E
Liabilities from lease contract-current portion	12 684 173	12 736 922
Long-term liability from lease contract non-current portion	45 222 269	52 763 644
Total	57 906 442	65 500 569

Payment of lease contracts liabilities are as follows:

	Liabilities in present value		Accrued interest	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	L.E	L.E	L.E	L.E
Liabilities for one year	12 684 173	12 736 922	4 848 950	5 810 498
Liabilities between 1-5 years	38 495 376	45 013 899	8 610 348	12 189 581
Liabilities more than 5 years	6 726 893	7 749 745	606 325	636 570

30 Contingent Liabilities

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 30/9/2022 amounting to LE 42 753 583 and the covered portion reached to be LE. The contingent liabilities related to group subsidiaries are disclosed in Note (16).

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 93 628 164 on 30/9/2022.

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Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

32 Related party transactions

The related parties are represented in the Company's shareholders and companies in which they own directly or indirectly shares giving them significant influence or control over these companies.

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

32 -1 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2022	31/12/2021	30/9/2022	31/12/2021
		L.E	L.E	L.E	L.E
Arju Company for Food Industries	Current account	389 923	2 966	392 889	2 966
				392 889	2 966

32-2 Board of Director's remuneration

The total allowances received by the board of directors during the period amounted to LE 1 775 000 against L.E 1 875 000 during the period ended 30 Sep 2021.

33 Income tax – current

	Financial Year 30/9/2022 L.E	Financial Year 31/12/2021 L.E
Income tax at the beginning of the year	180 249 503	192 929 560
Income tax expense	149 628 518	178 627 302
Investment tax on dividends	9 596 994	48 335 543
Taxes paid during the year	(195 628 999)	(239 642 902)
Accrued interest income on the tax advances	(7 420 127)	-
	136 425 889	180 249 503

34 Goodwill

	30/9/2022 L.E	31/12/2021 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
	97 092 890	97 092 890

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Notes to the consolidated interim financial statements for the financial period ended 30 Sep 2022

35 Earnings per share

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

	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/1/2021 To 30/09/2021 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E	Financial period From 1/7/2021 To 30/09/2021 L.E
Parent Company's share in profit	473 861 743	490 027 480	155 013 049	173 469 671
Weighted average number of shares	941 405 082	941 405 082	941 405 082	941 405 082
EPS (L.E/Share)	<u>0,50</u>	<u>0,52</u>	<u>0,16</u>	<u>0,18</u>

36 Subsequent events after the financial period:

- The Central Bank of Egypt decided in the meeting held on October 27, 2022, to announce the implementation of the flexible exchange rate system for pricing foreign exchange, provided that the prices of selling and buying currencies are determined in the Egyptian pound based on the conditions of supply and demand, and accordingly the exchange rate of the US dollar took an increase against the pound. Which is increase from 19.69 Egyptian pounds to about 23 Egyptian pounds at the end of October 27, 2022, and the rise in the exchange rate of the US dollar against the Egyptian pound will lead to an increase / decrease in the amount of Profit/loss of differences in translation of balances in foreign currencies during the nine-month period ending on September 30, 2022, from about 3,592,500 EGP to about 52,570,794 EGP.