Annual Report

2018 EMBARKING ON A NEW ERA

2018: THE CUSP OF TRANSFORMATION

2018 was a landmark year for Juhayna, one that saw the company develop calculated strategies that will guide it through an era of upcoming transformation and growth.

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Juhayna at a Glance

Pushing its 37th year as a dairy and juice powerhouse, Juhayna sits on one of the richest histories of successes as a market leader and household name in Egypt. Today, the brand boasts an impressive portfolio of locally cherished products and a track record that continues to fuel its consumers' loyalties and interest. A pioneer in the field, Juhayna upholds the highest operational standards available, regularly expands on its already-vast array of products and services, and lives up to the expectations of its consumers, putting them at the heart and center of its present and future operations.

1983 Date of Establishment

65K Points of Sale

1000+ Vehicles

4 Manufacturing Facilities

200+ SKUs

28 Distribution Centers

Tons/Year
600K
Work Production Volume

NATURAL GROWTH

JUHAYNA

> A pioneer in the field, Juhayna upholds the highest operational standards available and regularly expands on its already-vast array of products and services.

4000+
Employees

6000+
Livestock: 6,000+ European Hostein Heifers

6 MN
Packs/Day

EGP/MN
7,122
17.4% increase in revenue

Message From Our Chairman

As we prepare for a complete overhaul of the Juhayna brand in the year to come, we are keenly appreciative of the foundations we have laid throughout the years.

Dear shareholders,

Another year has passed, one that brought Juhayna strong results that complemented our ever-expanding growth story. 2018 was another year of continued success for Juhyana; not only did we preserve our leading position in the food and beverages market in an exceptionally challenging environment marked by inflation and decreased consumer purchasing power, but we pushed sales and revenue forward. Our strategies helped us further solidify our presence in the market, while strategic thinking resulted in innovative products, operational efficiencies, and, ultimately, a new chapter of success poised for 2019.

We ended the year having successfully protected our top and bottom lines, with consolidated revenues gaining 17% to EGP 7.122 billion from 2017's EGP 6.065 billion. The year saw a host of changes that helped us preserve not only our margins but also our market shares, at the forefront of which was our continued efforts to minimize CAPEX and streamline costs without compromising operational efficiency.

As we prepare for a complete overhaul of the Juhayna brand in the year to come, we are keenly appreciative of the foundations we have laid throughout the years. Our priorities are clear; with the Egyptian market finding its feet again through ongoing economic reforms, we look forward to numerous market opportunities that will allow us to produce even more innovative products, increase our brand value, and maximize shareholder returns. By always looking ahead, we have continuously succeeded in gaining unique insight, and we look forward to many more years to come as Egypt's most valuable household name.

Safwan Thabet
Chairman

Message From Our CEO

> As we look ahead to the exciting new developments that are taking place at Juhayna, we are careful not to lose sight of where it all began with our community.

Dear shareholders,

It is with a tremendous amount of pride and appreciation that I present to you our annual report for 2018. After more than three decades of operation, I believe that Juhayna stands today as one of Egypt's most prominent and well-established homegrown brands built on a tradition of quality, innovation and most of all, the trust of millions of loyal consumers.

As market leaders in dairy, yoghurt, juice and concentrates with more than 200 SKUs currently on the market, we have always believed that you can never stop innovating and achieving bigger and better things, which is why today we find ourselves at an exciting new tipping point that will pave the way for a new era of growth and productivity.

Several challenging years marked by harsh but necessary economic reforms and rising costs have resulted in inflation and a drastic reduction in consumer purchasing power. The tough climate necessitated strict cost controls, a focus on efficiency, and a temporary pause on CAPEX. Having successfully met these challenges, we are now emerging on more solid ground and ready to turn the page onto something new.

As our financial and operational results for 2018 clearly indicate, we have achieved robust growth in all of our lines of business. We discontinued some of our less successful SKUs and added new products that cover market gaps and serve specific market segments. Going forward we will be focusing on the top 10% of the market with targeted products like our new lactose-free milk that launched in 2018 to address a more health-conscious and self-aware consumer. The new product is also in keeping with our longstanding commitment to the health and wellbeing of our community.

In our juice segment, we revamped the look of the Bekhero juice line with new sizes and packaging. These changes were implemented to increase the brand's popularity among a larger consumer base, reconfigure brand positioning by promoting Bekhero as a healthy alternative for the entire family, particularly younger members, and in turn, expand Juhayna's juice market share.

Our successful partnership with Arla has encouraged Juhayna to plan the expansion of third-party distribution operations. By leveraging the strength of Tiba, our trading arm, we can manage distribution on behalf of other local and multinational food manufacturers. With 28 branches and 1,000 vehicles, we have an excellent market opportunity that will see us better utilize existing assets.

While we continued to be conscious of our CAPEX throughout 2018 by upholding 2017's cost cutting plans and efficiency efforts, I am pleased to report that we never stopped innovating or investing. This year saw us invest in machinery for a new slim pack line for our signature milk products. The new look and feel of our milk packs is part and parcel of a full transformation of our brand, upcoming in the fourth quarter of 2019.

Innovation extends to the way we handle our business operations, and by continuing to embed the Integrated Business Planning approach in our day-to-day functions, we facilitate Juhayna's adaption with economic and market challenges. The approach reinforced our agility, proactivity, connectiveness, and successes, and steadily allowed us to enhance operational sustainability. The additional application of the Kaizen methodology across all Juhayna facilities saw impressive results in 2018. By integrating small changes for better overall performance, our operations increased in productivity while waste production decreased, and the need for sizeable operational investments was eliminated.

In the fourth quarter of 2018, we conducted a company-wide exercise to help us plan and set the tone for the general direction and strategy that we would like to pursue for the coming four to five years. Multiple stakeholders representing various divisions and age groups from within the company were included in an engaging and informative conversation about who we are today and what we want to be in the future.

The new narrative that came out of this exercise will be part of a rollout of exciting new things to come, including a full revamp of our brand. While we are deeply proud of our heritage, the contributions that we have made to our industry, and our brand name and logo, we nonetheless felt that it was time to evolve in a manner that is more reflective of Juhayna's new mindset.

We remain confident that our ongoing efforts to maximize efficiencies across the board, including improved utilization of our manufacturing strength and the streamlining of our operations, will help us maximize sales and achieve the delicate balance between maintaining market share and profitability.

As we look ahead to the exciting new developments that are taking place at Juhayna, we are careful not to lose sight of where it all began with our community, our consumers, and our partners. Giving back to the community is in our DNA, which is why we as a company always strive to Create Shared Value (CSV). From the local farmers that we work with to our efforts to develop the dairy sector and our commitment to the environment, healthcare, and youth & sports, we are continuously working to ensure we remain active and engaged for the good of all our stakeholders. As members of the United Nations Global Compact (UNGC), we also look forward to issuing our first GRI-compliant sustainability report in 2019, which will quantify and outline our progress on all issues related to sustainability and CSV.

In closing, I would like to take the opportunity to thank our esteemed Board of Directors, as well as each and every member of the Juhayna team for their steadfast support and commitment. Thank you for taking this journey with us and we look forward to building on the success that you have helped us to achieve.

SeifElDin Thabet
Deputy Chairman of the Board and CEO

2018 IN REVIEW

Juhayna introduced new, niche products into its growing portfolio in 2018 that will see it capitalize on new, shifting consumer trends.

Management Discussion & Analysis

Juhayna's top line climbed at a steady 17% during the year, with net profit more than doubling to a record high.

Juhayna reaped the rewards from a series of wide-ranging strategic initiatives in 2019. Despite intensifying market competition, continued inflationary pressures, and subdued purchasing power, Juhayna has maintained its leadership of the dairy, juice, and yoghurt markets by optimizing CAPEX and inventory levels while reining in financial and SG&A expenditures. The result is a leaner organization, with an enhanced ability to respond to market signals and drive growth.

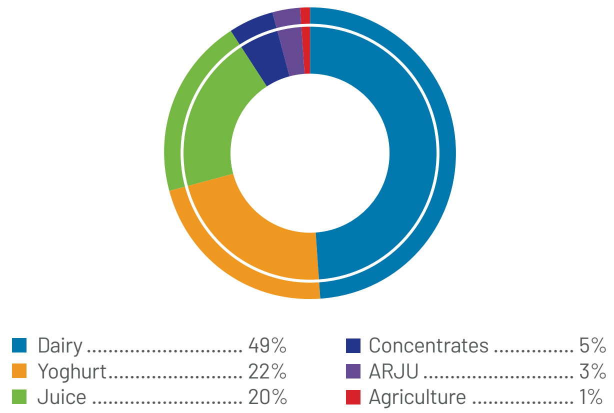
Optimized pricing and growing volumes allowed the company to maintain a rapid rate of top line growth during the year. Revenues climbed 17% y-o-y to reach EGP 7 billion in 2018, which also saw Juhayna mount a successful effort to stimulate demand through comprehensive customer promotion programs. Dairy continues to contribute just under half of Juhayna's top line, at 49% of revenues in 2018, with yoghurt and juice contributing 22% and 20%, respectively. Revenues from the sale of concentrates and Juhayna's joint venture with Arla Foods, ArJu, remain stable as shares of the company's top line, recording 5% and 3%, respectively.

Over previous years, Juhayna has worked to safeguard its profitability by instituting a wide-ranging cost control program. These programs continue to bear fruit. Juhayna's gross profit margin remains stable at a robust 30%. The company continued to draw down its debt levels in 2018 and doubled down on its policy of minimizing inventory days on hand. Capital expenditure was further optimized during the year, while sales, marketing, and administrative expenses were kept under tight control. Juhayna ended 2018 with a net profit of EGP 408 million, a record figure, more than double of the EGP 198 million booked one year previously and boosting the net profit margin from 3% to 6% over the year.

Two years into an extensive program of economic reform, Egypt's economy should begin to see gradual improvement over the coming quarters. As inflation cools and the economy continues to grow, consumers' purchasing power is expected to recover during the period. Management has formulated a clear strategy for capturing the upside of this expected rebound, with a focus on stimulating further top line growth and boosting Juhayna's profitability.

To maintain Juhayna's market leadership and maximize shareholder value, management will continue to press ahead with its program of cost optimization in 2019, while working to replace low-speed production lines with higher-speed alternatives. Juhayna's leanness and ever improving ability to respond to market signals and stimulate demand leave it well-positioned to make the best of its competitive edge and leverage the recovering market to maintain its margins.

Revenue Breakdown by Segment FY2018



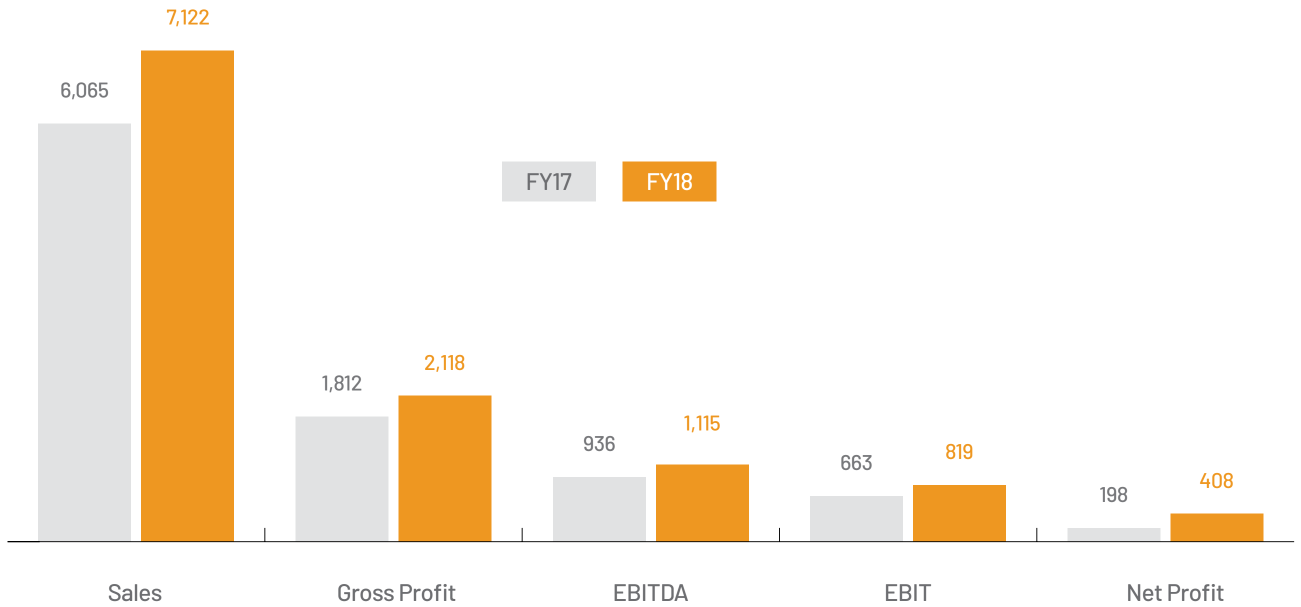
EGP/MN
7,122
in revenue, up 17%

EGP/MN
2,118
in gross profit, up 17%

EGP/MN
408
in net income, up 106%

EGP/MN
819
in EBIT, up 24%

Group Consolidated Performance (EGP MN)



OUR STRATEGY

Juhayna's 2018 strategy focused on streamlining operations, heightened third-party distribution, and product diversification.

Our Strategy

Juhayna reworked its strategy to incorporate a newly founded five-year vision with focus on resourceful use of facilities and materials, more third-party distribution, and insightful product changes. Approaching progress pillars smartly allowed the company to largely retain its leading market share even after having to streamline its SKU portfolio, operational facilities, and workforce. It also assisted in instigating steps that guarantee solid growth over the coming years.

A Two-Pronged Future

Armed with efficiency and innovation as fundamental drivers of its growth, Juhayna initiated change by improving the utilization of its production lines and discontinued products that were no longer meeting its key performance metrics. With the company looking to carefully target the niche consumer base, new SKUs that cater to the specific needs of these groups are being researched and introduced.

TOP-LINE GROWTH

As the food and beverage market continued to recover from the effects of price inflation, Juhayna implemented carefully calculated changes in strategy to keep its topline growth steady and as unaffected by market shifts as possible. 2018 was a good year for the company; a blended price increase was applied across SKUs over different stages (variable by category), which helped sustain 2018 sales and volume growth. Efficient spending on targeted promotional campaigns largely replaced mass advertising, which assisted the company in increasing consumer purchases. With annual increases in effect and 2019 looking solid, Juhayna expects topline revenues to continue growing.

MAINTAINING MARKET LEADERSHIP

As a household name across the nation, Juhayna held ground on market shares throughout the year despite increasing competition and the economic reform's effect on consumer purchasing power. The company continued discarding unsuccessful SKUs while introducing new promising prospects to niche markets, and expects to continue doing so in the coming year. Future plans include more focus on ArJu, as the company looks to further invest in third-party distribution and white cheese production, marking both as revenue leaders going forward.

IMPROVING MARGINS

Operational sustainability largely improved on the back of strategic cuts that remained in effect in 2018, and continued to positively affect margins. By permanently or temporarily shutting down unutilized facilities, steering clear of unprofitable distribution centers and SKUs, rightsizing its workforce, and introducing new products and services, Juhayna managed to further streamline its operations and increase overall efficiency.

Juhayna's lactose-free milk made it to the market in 2018 and was specifically designed for individuals who suffer from lactose intolerance or those seeking dairy alternatives for health reasons. The company's decision to explore this niche segment is part of its strategy to increase focus on segments that recovered quicker following the Egyptian Pound's devaluation and subsequent inflationary pressure, as opposed to solely focusing on higher sales volumes.

To further enhance its use of resources, Juhayna has become extremely conscious of its energy and raw material consumption as a key plank in its operational optimization strategy. It also became mindful of marketing spending, and poured special focus on conducting research to identify promotions that would benefit consumers more, in place of mass advertising campaigns run during heavily-saturated advertising peaks.

The implementation of these gradual changes falls directly in line with Juhayna's adoption of the Kaizen and the Integrated Business Planning (IBP) approaches to ensure sustainable improvements across all manufacturing facilities. Kaizen was used to enact small changes to improve productivity and reduce waste without any major investments, while IBP continues to allow Juhayna to adapt with economic and market challenges, and therefore increases business agility and successes. Through these and many more initiatives, Juhayna aims to sustainably optimize its operations and continue reinforcing its position as a powerhouse across food and beverage segments in the Egyptian market.

MAINTAINING EFFICIENT INVENTORY

New policies and procedures were implemented in 2018 to further assist Juhayna in moderating inventory levels without disrupting operations. Decreasing inventory levels allows the company to have stronger control over costs and facilitates the movement of in-demand goods. Looking ahead, Juhayna will continue moderating its inventory smartly and will further develop its operational procedures accordingly.

MINIMIZING CAPEX

Following the many market challenges of 2017 and after careful analysis of what would work best for Juhayna's operations in 2018, the company decided to continue suspending investment in facilities and maintain CAPEX at its 2017 level, which stood at approximately EGP 200 million. Going forward, however, Juhayna plans to double CAPEX spending in 2019 alone, particularly to renovate and develop its current low-speed production lines.

DEBT REDUCTION

Juhayna continued to maintain debt levels in 2018, especially after employing new strategies to control current levels of account receivable days and extend account payable days. 2019 may witness an elevation in debt levels due to increasing CAPEX investment plans.

LINES OF BUSINESS

More than three decades into its operations and with 200+ SKUs keeping thousands of consumers brand loyal, Juhayna maintains its longstanding leading position despite ever-shifting tides in the Egyptian market over the years. The company approached fluctuations with carefully calculated strategies, continuing to nourish its renowned best-selling products while introducing new varieties that are fostering its growth and boosting its reach among premium consumers.

Dairy

Juhayna continues to lead the market as the finest producer of packaged dairy products in Egypt. The company was able to hold on to its frontrunner status despite having to weather challenges that plagued the food and beverages industry throughout 2018. These challenges, which include an increasing roster of competitors and inflation driving down consumer purchasing power, have necessitated a realignment in strategy for Juhayna. It has since adopted approaches that better utilize the production power of its facilities, maximize sales, and streamline operations. Discontinuing less successful SKUs and adding new products that cover market gaps and service specific target groups have played a key role in maintaining Juhayna's brand positioning in the dairy market.

EGP/MN
3,492
revenues in 2018

Revenue from the segment rose 21% y-o-y to EGP 3,492 million in 2018, with dairy continuing to be the top contributor to Juhayna's top line at 49% of revenue in 2018. The company held ground on market shares in both the plain and flavored milk segments at 60% and 52%, respectively. Dairy production still primarily takes place at the fully-automated El-Masreya factory, located in the Manufacturing and Industrial Hub in Sixth of October city.

Approaching the market with a fresh outlook and a five-year strategy built around innovation and efficiency encouraged Juhayna to start penetrating more niche products in 2018. The company began producing lactose-free milk to meet the needs of health cognizant consumers and fill this unmet demand in the Egyptian dairy market. With the product using the same production lines as traditional dairy, the dual innovation strategy adopted in releasing it boosted Juhayna's brand equity and increased profit margins, all while keeping costs at bay.

Market Overview

Packaged milk consumption is slowly but surely rising in Egypt, with its consumer base reaching 49%. The total size of the market has hit 400,000 tons of packed milk in 2018. The segment is expected to continue expanding, and Juhayna is looking to cover more ground and in turn, encourage consumers of loose milk, currently 51% of the market, to join its packaged milk base by 2019.

Products

- Juhayna Plain Milk Full Fat
- Juhayna Plain Milk Half Cream
- Juhayna Plain Milk Skimmed
- Juhayna Plain Lactose Free
- Juhayna Plain Milk 0% Fat
- Juhayna Mix Flavored Milk
- Juhayna Bekhero Full Fat

Yoghurt

Juhayna takes pride in being a successful yoghurt producer that regularly ventures into the market with new varieties, types, and flavors. The company caters to multiple types of consumer needs and as a result, continues building its legacy as a reliable household name for both regular and drinkable yoghurt products. The segment has expectedly faced repercussions due to market challenges, but recorded commendable successes throughout 2018, within the company itself and as a yoghurt market leader.

Regular and drinkable yoghurt market shares stood at 29% and 60% respectively, paving the way for a 19% increase in revenues in 2018, reaching EGP 1,584 million from EGP 1,335 million in 2017. Yoghurt remains the second biggest contributor to Juhayna's 2018 top line, standing at 22%. Production lines continue to be part of Juhayna's Egyfoods facility operations in Sixth of October city.

Increasing yoghurt selling angles helped Juhayna reach a younger consumer demographic in 2018. By focusing on different uses of yoghurt and magnifying those messages through the correct promotional campaigns, the company was able to attract the desired responses and in turn continue producing its leading SKUs and using them to solidify its market share. The upcoming years are expecting to see improvements and innovations in yoghurt branding and brand equity.

EGP/MN

1,584

revenues in 2018

Market Overview

Yoghurt market size in 2018 stood firmly at 150,000 tons. Steady numbers are a positive reflection of the economic reform that started in 2018, but future strategy promises an increase on the back of a growing yoghurt market that should further brand health benefits, multiple consumption occasions, and culinary uses.

Products

- Juhayna Plain Yoghurt
- Juhayna Light Yoghurt
- Juhayna Flavored Yoghurt Strawberry
- Juhayna Drinking Yoghurt "Zabado" (4 flavors)
- Juhayna Rayeb (3 flavors)

Juice

Juhayna's juice production is an integral part of its message to promote healthier lifestyles within the communities it serves. The company comfortably sits amongst leaders of the juice market and has strategically planned the segment's development to make sure it leads the market with innovative product launches.

Segment revenue reached EGP 1,417 million in 2018, a 15% increase from 2017's EGP 1,236 million, with total market share reaching 23%. Production takes place at the award-winning El-Dawleya factory in Sixth of October City, known for its fully automated warehouse and large storage capacity.

With innovation and efficiency at the core of its 2018 business strategy, Juhayna decided to explore new approaches that would elevate its juice market share. One of many pivotal decisions made to expand reach in 2018 was the revamp of Bekhero juice, which now boasts a new look and an additional one-liter pack. This move aimed to introduce a wider consumer base to Bekhero, solidifying its positioning as a successful, trustworthy brand while simultaneously serving Juhayna's expansion goals.

Many of Juhayna's targeted promotional efforts focused on its juice products to encourage consumers, especially the younger demographic, to explore healthier alternatives to their everyday beverage habits. With a wide array of flavors available among its Pure, Classic, and Bekhero products, the company has shown steady growth among multiple consumer bases and looks forward to increasing reach and variety over the coming years.

EGP/MN
1,417
revenues in 2018

Market Overview

With market size reaching 630,000 tons in 2018 and expected to increase in 2019, more product innovations, expansions, and general mass market development are scheduled to occur over the coming five years.

Products

- Juhayna Juice Drink (13 flavors)
- Juhayna Bekhero Drink (4 flavors)
- Juhayna Pure 100% Juice (10 flavors)

Concentrates

Capitalizing on the vast potential that the segment had shown in 2017 in regional and international capacities, Juhayna's strategy for concentrates in 2018 remained focused on expanding export efforts, alongside maintaining local selling and consumption. Concentrates remain an active contributor to Juhayna's juice segment, local manufacturers, and food producers, alongside expanding to meet international market demands.

Despite a slow-down in cross-country operations due to increasing manufacturing costs and lower intake, exports led concentrates earnings in 2018, with Juhayna's juice segment constituting the majority of local sales. Production remains active at El-Marwa factory in Sixth of October city.

EGP/MN

354

revenues in 2018

Concentrates remain an active contributor to Juhayna's juice segment, local manufacturers, and food producers, alongside expanding to meet international market demands.

Agriculture

Juhayna maintained its agricultural operations in 2018, run by its two subsidiaries, Enmaa for Livestock and Enmaa for Reclamation and Agriculture. Daily production needs were partly covered by Juhayna's farm products, with the company's fully owned dairy farm supplying 10-12% of its daily raw milk needs and produce farming partially fueling its concentrates production.

Agriculture brought in EGP 42 million to Juhayna in 2018, with farm herd size exceeding 6,000 cows.

The company continues to enroot its "from farm to consumer" approach in its messages and considers its agricultural operations part and parcel of its company-wide strategy to maintain its role as a health advocate and a healthy product producer in the Egyptian market.

EGP/MN
42
revenues in 2018

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ArJu

Juhayna's joint venture with the Denmark-based Arla Foods continues to grow and has opened doors for multiple prospects within the Egyptian cheese market.

2018 saw ArJu notably growing to contribute 3% to Juhayna's topline, with revenue increasing by 41% to reach EGP 233 million.

The venture's success has encouraged Juhayna to plan the expansion of its third-party distribution operations, and further explore white cheese production as a driver for future revenue.

EGP/MN
233
revenues in 2018

Products

- Lurpak
- Puck
- Lady Bird
- Dano
- Castello Cheese

LEADERSHIP

Juhayna is led by some of the most venerated names in the industry who provide sound strategic guidance and set the company's growth trajectory.

Executive Management

Safwan Thabet

Executive Chairman of the Board & CEO

Mr. Thabet has been the Executive Chairman of the Board of Directors since founding the Group in 1983. He has played a central role in developing the Egyptian food sector over more than 36 years through various appointments and positions, including Member of the Board of the Federation of Egyptian Industries (FEI) and Member of the Board of the Chamber of Food Industries.

SeifElDin Thabet

Deputy Chairman of the Board & CEO

Mr. Thabet is currently Chief Executive Officer of Juhayna and has held the positions of Operations Director and Human Resources Director beforehand. He joined the company's Board of Directors in 2006 and became Deputy Chairman of the Board of Directors in 2016. Mr. Thabet began his career at Juhayna in 2004 in managerial positions that include Sales and Marketing Manager, Project Manager, and he was the first Plant Manager for the company's Juice Factory, El Dawleya. Outside Juhayna, he holds the position of Vice President of the Dairy Division at the Chamber of Food Industries. He is also the former Treasurer at the Food Export Council and has previously held positions at the Germany-based Müller Dairy.

Amr El Garhy

General Manager of Tiba for Trade & Distribution

Mr. El Garhy joined Juhayna in 2018 as the General Manager for Tiba for Trade & Distribution Co., the commercial arm for Juhayna Group. Before joining Juhayna, Mr. El Garhy was Sales Director for Mars Egypt, and prior to that held top managerial positions at Juhayna, SC Johnson, and Procter & Gamble in Egypt, Saudi Arabia, and the USA. Mr. El Garhy graduated from The American University in Cairo with a BSc. in Mechanical Engineering and a minor in Business Administration; he is also a member of the American Chamber of Commerce in Egypt.

Sameh El-Hodaiby

Group Chief Financial Officer

Mr. El-Hodaiby took over as Group Chief Financial Officer of Juhayna in 2008, having begun his tenure with the Group in 2006 as Chief Financial Officer of one of its factories. Before joining Juhayna, he held the positions of Accounts Manager at SODIC and Auditor at Grant Thornton in Cairo. He is a member of the Accountants and Auditors Register.

Martin Lomas

Group Factories Director

Mr. Lomas first joined Juhayna in 2015 as Plant Manager for El-Dawleya juice factory and is now Group Factories Director, bringing over 31 years of experience to the position. Before working with Juhayna, Mr. Lomas was Site Manager at the UK-based dairy company First Milk, and prior to this he held top managerial positions at Arla Foods Plc and Coca Cola Enterprises Ltd in the UK. Mr. Lomas graduated from Worsley College with a degree in Mechanical Engineering and is qualified in IOSH Managing Safety, Intermediate HACCP, Leadership Development, and more.

Board of Directors

Safwan Thabet
Executive Chairman of the Board & CEO

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Heba Thabet
Executive Member

Ms. Thabet joined the board of directors as an Executive Member of the Board in February 2006. She is currently the Head of Business Development at Juhayna, responsible for product innovation and development, operational development, and internal communications. Prior to this, Ms. Thabet handled marketing and communication projects for the company and held the title of Associate Director of External Affairs, where she was responsible for the Group's media and public relations activities. Ms. Thabet also held the position of Marketing Manager for the Juice Division and had worked with the Marketing Department's Fresh Produce Division since joining Juhayna in 2001. Outside Juhayna, she is a member of the Business Advisory Board for SIFE Egypt, the International Public Relations Association (IPRA), and the Committee for Social Responsibility at the American Chamber of Commerce in Egypt.

Ahmed El-Abin
Non-Executive Member

Mr. El-Abin has been a Non-Executive Member of Juhayna's Board of Directors since 1985. He is additionally a Member of the Board of Directors of the Scientific Center of Documents and Information at Cairo University, Founder of the Academic Library in Cairo, and Co-Founder of Mars Publishing House in Riyadh, Saudi Arabia. Mr. El-Abin was also responsible for the establishment of the foreign languages book department at Al-Ahram Institute.

Yasser El-Mallawany

Non-Executive Member, Chairman of ArJu

Mr. El-Mallawany has been a Non-Executive Member of the Board since 2000. Outside Juhayna, his past positions include assuming the roles of Chief Executive Officer at EFG Hermes Holding Company SAE and Vice President of the Board of Trustees of the EFG Hermes Foundation. He was also appointed as Chairman of the Board of EFG Hermes Private Equity and Non-Executive Chairman at ACE Insurance Company. Mr. El-Mallawany additionally served as Vice Chairman of the Commercial International Investment Company (CIIC) and spent 16 years at Commercial International Bank (CIB) as General Manager of the Corporate Banking Division. He is a member of the Advisory Council of the Emerging Markets Private Equity Association (EMPEA).

Mohamed Al-Dogheim

Non-Executive Member

Mr. Al-Dogheim has been a Non-Executive Member of the Board since Juhayna's inception in 1983. He is also a member of the Saudi Egyptian Business Council and the Chamber of Commerce of Al-Dawadmi Governate in Saudi Arabia. Mr. Al-Dogheim previously held a variety of positions in Saudi Arabia at the Ministry of Finance in Dammam, the Ministry of Transport, and the Ministry of Islamic Affairs and Endowments in Riyadh. He also served as Financial Controller, Financial Director, and Budget Director at the Ministry of Water and Electricity in Riyadh.

Mariam Thabet

Non-Executive Member

Ms. Thabet has been a Non-Executive Member of the Board since 2010. She currently focuses on strategic planning for the Group, where she works to develop production divisions at Juhayna. She previously held the title of Assistant Procurement Manager within the Group.

Juhayna's Creating Shared Value (CSV) Strategy

Juhayna cemented the creation of shared value within the communities it serves as a core pillar in its sustainability and community development strategies. Its decision to progress from traditional corporate social responsibility (CSR) to the integration of fully rounded socioeconomic improvements in day-to-day operations has considerably maximized the company's returns while allowing it to give back to both its consumers and its people.

Among the company's notable moves to actively tie operational wellbeing to sustainable actions was joining the UNGC in 2017 and aligning core business practices with as many of the Compact's 10 principles and the UN sustainable development goals (SDGs) as possible. In doing so, the company improved its standing as a socially and environmentally conscious player and further aligned its strategies with Egypt's economic, social, and environmental goals.

Juhayna's CSV strategy stands on five core pillars that are continuously evolving to ensure the company is at the forefront of value creation for all stakeholders.

Internal Initiatives

Human Capital

As an avid supporter of gender equality and human rights, Juhayna makes sure all policies, procedures, and initiatives that it implements are primarily instilled to serve the wellbeing and professional development of its employees. It is also committed to its equal-opportunity strategy and pours strong focus on empowering women to achieve undisputed gender equality in the workplace. The company's internal policies are in alignment with the UN's fifth SDG, "achieving gender equality and empowering women", and it remains a firm believer that female empowerment is key to economic progress.

Key Engagements

Towards Gender Diversity

After winning the "Diversity in the Workplace" competition organized by the German Agency for International Cooperation (GIZ), Juhayna signed a two-year protocol with the agency to receive support in fostering a diverse work environment and in turn, empower its male and female coworkers in realizing their career goals. The agency will support Juhayna in affording all employees equal opportunities by providing financial and advisory support.

Employee Health and Safety

Juhayna's people are its greatest asset and guaranteeing their well-being at all times is among the company's primary objectives. It accordingly trains them on health and safety measures periodically, provides them with gear and equipment that ensures their safety on the job, and makes sure that any irregularities are swiftly reported.

Observing Employee Rights

Juhayna nurtures the growth of successful calibers and reinforces the success of its own operations by providing its people with supportive work environments, adequate compensation, social and health insurance, and professional trainings. The company abides by Egyptian legislation labor laws and continuously develops its practices when needed.

External Initiatives

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry

As a leading manufacturer of goods and an ever-growing household name, Juhayna leads the market in all major aspects of industry, including production, processing, and packaging. It embeds products of unmatched quality in markets where it operates, regularly improves its factories and practices, and creates countless direct and indirect job opportunities everywhere it goes. The company's industrial practices align with the UN's eighth and ninth SDGs which promote better jobs for everyone, economic growth, better infrastructures, and further innovation.

Key Engagements

Developing Egypt's Dairy Farms

Juhayna deals with more than 60% of Egypt's dairy farms and makes sure that its supply of raw milk is the healthiest and is of the highest standards available in the market. To widen the pool and encourage small and medium-sized farms in Egypt to expand, the company launched three initiatives in support of future growth and improvement:

- Interest-free loans in the form of livestock, specifically cows, valued at EGP 30 million.
- Advanced cooling systems for cows, valued at EGP 20 million, to increase productivity by at least two liters per animal during summer, resulting in a 10-ton daily supply increase.
- Monthly support visits by Juhayna professionals, during which a variety of technical trainings are provided to all workers and employees to optimize skills and capabilities.

Juhayna's Innovation Center

Research and development (R&D) secures Juhayna's future and keeps it ahead of its competitors in the market. Recognizing new and improved methods of bringing products to consumers is key to the company's coming successes, and so at the heart of R&D lies Juhayna's first world-class, state-of-the-art Innovation Center. First of its kind in the MENA region and with investments exceeding EGP 20 million, the center houses four central labs that support and improve Juhayna's operations. These labs specialize in:

- Product Development
- Packaging Development
- Chemistry and Chemical Compositions
- Microbiology

Facilitating Collection Processes

Juhayna regularly considers new technological solutions and has taken steps in 2018 to innovate in the financial collection cycle. In light of this, the company signed a first-of-its-kind cooperation protocol with the electronic payment service "Fawry" at an investment cost of EGP 15 million. This has resulted in several enhancements including an improved sales record and a decrease in collection cost, more efficient money transfer processes and reduced cash collection and retention risks.

3 GOOD HEALTH AND WELL-BEING

Health and Nutrition

As a longstanding advocate of healthier lifestyles and nutrition, Juhayna continues to launch campaigns and initiatives that raise consumers' awareness about the importance of eating better, drinking better and living better. In 2018, the company further aligned its health awareness initiatives with the UN's third SDG and vowed to continue ensuring that everyone enjoys a healthy lifestyle and well-being no matter their age.

Key Engagements

Sehetak Fel Elba Di

"Sehetak Fel Elba Di" is one of Juhayna's strongest awareness campaigns and a fundamental push behind renewed consumer perception on loose and packaged dairy products. The campaign, known widely by name and logo, encourages consumers to embrace packaged and bottled dairy products as safer alternatives to loose milk, next to generally promoting healthier living. It has driven packaged products consumption to 48% in 2018 from 17% in 2010. The campaign was launched in collaboration with the Ministry of Health in Egypt, the Chamber of Food Industries, the Faculty of Agriculture at Alexandria University, and Tetra Pak.

Supporting Baheya

Raising awareness on important health issues goes beyond informing consumers of correct consumption habits. This is why Juhayna supports a number of other causes, at the center of which right now is breast cancer awareness, prevention and treatment. In relation to this, the company has sponsored Baheya hospital's free-of-charge early detection and treatment services for women and patients since the hospital's inception in 2015. Juhayna considers this project one of its flagship CSV initiatives, pledging at least EGP 30 million in total contribution thus far and further enriching its "Cheering Egyptian Moms" women empowerment platform.

Sports and Youth

To further solidify its alignment with the UN's third SDG, which stipulates "that everyone enjoys a healthy lifestyle and well-being at all ages", Juhayna regularly drives efforts to bolster youth empowerment and support sports-based initiatives.

Key Engagements

20 Years of Sponsoring Al-Ahly

2018 marks Juhayna's 20th anniversary of supporting one of Egypt's largest and strongest sporting clubs, Al-Ahly, by sponsoring its well-celebrated football team. The company believes in the power of sports in shaping healthier future generations and uses its partnership with the club to further promote some of its other initiatives, with the merged efforts boosting impact and creating stronger shared values for everyone. Most recently, in late 2017, it celebrated its 19th anniversary with the club by jointly promoting #JuhaynaSupportsBaheya, a campaign that succeeded in collecting EGP 19 million in donations for the hospital, and funding free treatment for nearly 5,000 women.

ENACTUS

Egypt's future is in the hands of its younger generations. In 2018, Juhayna continued to sponsor ENACTUS, an international non-profit hub for entrepreneurs. Through this, the company reaffirms its avid support of entrepreneurship and its potential by making sure that youth from a variety of academic backgrounds are guaranteed a platform to collaborate with peers and leaders in positively contributing to community development.

Environment

Juhayna believes in its duty to lead by example in adopting the best available operational and environmental sustainability practices that lessen industry's effect on the environment. It continues to implement newer and more advanced changes across its premises and factories to reduce its carbon footprint, and further align all its practices with the UN's seventh SDG, which looks to "ensure sustainable consumption and production patterns" within communities.

Key Engagements

Wastewater Treatment

Treating and reusing wastewater is among the first moves that Juhayna made to comply with local regulations, efficiently manage its water needs and conserve environmental resources. In cooperation with TIA Germany, the company equipped its factories with wastewater treatment facilities worth over EGP 40 million to efficiently convert wastewater to clean water. The facilities' equipment pumps over 1 million liters of clean water per day.

KarmSolar at Al-Enmaa Farm

Juhayna began its gradual migration to solar energy use by collaborating with the Egyptian solar energy startup, KaramSolar, in building a 1 MW solar station to power Al-Enmaa agriculture farm in Al-Wahat-Al-Bahareyah. The station successfully reduces the farm's carbon dioxide emission by about 1.62 tons per year and decreases its diesel dependency by about 600,000 liters per year. It also has significant positive effect on reducing operational costs.

Med Test II Initiative

Juhayna is looking to employ best practices in resource efficiency and integrated environmental management. In 2017, the company joined the Med Test II initiative launched by the United Nations Industrial Development Organization (UNIDO) to increase productivity and profit margin while reducing environmental impact. Participation resulted in impressive changes; Al-Marwa Plant saw noticeable improvements, with water consumption decreasing 52%, and energy baseline utilization seeing a 5% reduction. More opportunities were identified that will further decrease energy and water consumption by another 16% and 2%, respectively. Al-Dawleya plant also benefited greatly from the Med Test II project, where opportunities to optimize water use were identified. Consumption is expected to decrease by 25.3%, thusly eliminating corresponding wastewater. The total anticipated reduction in water consumption is around 92,928 m3/year, which puts Juhayna in direct alignment with the UN's twelfth SDG, "responsible consumption and production".

FINANCIAL STATEMENTS

Report on Consolidated Financial Statements

To: The shareholders of Juhayna Food Industries S.A.E

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

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

Introduction

We have audited consolidated balance sheet of Juhayna Food Industries S.A.E, as of 31 December 2017 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Hatem Montasser
KPMG Hazem Hassan
Public Accountants & Consultancies

Hossam Hilal
Mohamed Hilal – Grant Thornton
Public Accountants & Consultancies

Cairo, 31 January 2018

Consolidated financial position

As of 31 December 2018

	Note no.	31/12/2018 L.E.	31/12/2017 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(12)	3 055 939 627	3 235 369 148
Projects under construction(net)	(13)	192 169 631	94 865 930
Plant wealth(net)	(14-1)	12 752 641	13 152 016
Plant wealth - under preparation	(14-2)	3 391 921	1 915 410
Biological wealth	(15)	143 126 438	107 589 620
Investments under joint control (equity)	(11)	8 574 995	7 194 884
Other - long term assets		748 688	756 960
Other - long term - debit balances	(30)	7 436 192	8 625 978
Goodwill	(35)	97 092 890	97 092 890
Non-current assets		**3 521 233 023**	**3 566 562 836**
Current assets			
Biological assets- feeding sector		20 616 236	7 683 499
Biological assets- Existing Agriculture		14 606 171	8 857 367
PPE held for sale		17 387 581	-
Inventories	(17)	1 054 873 180	832 004 987
Trade and other receivables (net)	(18)	487 383 819	418 404 120
Cash at banks and on hand	(19)	30 403 615	85 736 257
Current assets		**1 625 270 602**	**1 352 686 230**
Total assets		**5 146 503 625**	**4 919 249 066**
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		552 519 162	518 993 941
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		784 087 944	524 903 922
Total equity attributable to the shareholders of the parent company		**2 608 932 616**	**2 316 223 373**
Non-controlling interest		**978 001**	**857 853**
Total equity		**2 609 910 617**	**2 317 081 226**
Non-current liabilities			
long - term loans	(21)	609 854 157	765 385 939
Other non current liabilities	(25)	19 415 111	30 635 840
Deferred revenues	(26)	79 868 590	94 155 323
Deferred tax liabilities	(27)	241 914 730	231 719 785
Non-current liabilities		**951 052 588**	**1 121 896 887**
Current liabilities			
Provision for claims	(23)	16 387 784	8 298 642
Banks - over draft	(19)	15 571 312	20 663 601
Bank credit facilities	(22)	719 051 689	518 651 701
Creditors and other credit balances	(24)	527 078 093	599 791 440
Income tax payable	(34)	51 136 832	14 561 649
Due to related parties	(33-1)	782 927	2 826 538
Loans-current portion	(21)	255 531 783	315 477 382
Current liabilities		**1 585 540 420**	**1 480 270 953**
Total liabilities		**2 536 593 008**	**2 602 167 840**
Total equity and total liabilities		**5 146 503 625**	**4 919 249 066**

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

Finance Director	Chairman
Sameh El-hodaiby	**Safwan Thabet**

Cairo 30/01/2019
*Auditor report "attached".

Financial Statements | Translation from Arabic

Consolidated income statement

For the financial year ended 31 December 2018

	Note no.	The financial year ended 31/12/2018 L.E.	The financial year ended 31/12/2017 L.E.
Net sales		7 122 306 901	6 064 769 076
Cost of sales		(5 003 933 806)	(4 252 374 947)
Gross profit		**2 118 373 095**	**1 812 394 129**
Other operating revenue	(5)	94 704 998	94 297 908
Selling and marketing expenses	(6)	(1 017 328 303)	(966 064 929)
General & administrative expenses	(7)	(245 483 953)	(192 275 410)
Other expenses	(8)	(114 518 833)	(71 196 771)
Board of directors remuneration		(16 765 000)	(14 235 000)
Results from operating activities		**818 982 004**	**662 919 927**
Share in the gain of company under joint control		1 380 111	107 264
Cost of the end of service		(12 389 473)	(38 703 700)
Net finance income and finance (expenses)		(314 361 304)	(372 191 300)
Net profit before income tax	(9)	**493 611 338**	**252 132 191**
Tax difference from previous year		(293 529)	-
Income tax		(51 136 654)	(14 561 471)
Investment tax on dividends		(23 737 890)	(14 792 330)
Deferred tax		(10 194 945)	(25 046 598)
Net profit for the year	(27)	**408 248 320**	**197 731 792**
Distributed as follows			
Parent Company's share in profit		407 877 448	197 481 342
Non-controlling interest		370 872	250 450
		408 248 320	**197 731 792**

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

Consolidated Statement of comprehensive income

For the financial year ended 31 December 2018

	The financial year ended 31/12/2018 L.E.	The financial year ended 31/12/2017 L.E.
Net profit for the year	**408 248 320**	**197 731 792**
Total other comprehensive income	**408 248 320**	**197 731 792**
Distributed as follows		
Parent Company's share in profit	407 877 448	197 481 342
Non-controlling interest	370 872	250 450
	408 248 320	**197 731 792**

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

Consolidated statement of changes in equity

For the financial year ended 31 December 2018

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve-issuance premium L.E.	Retained earnings L.E.	Non-controlling interest L.E.	Total L.E.
Balance as at 1 January 2017	**941 405 082**	**497 245 972**	**330 920 428**	**521 832 541**	**756 990**	**2 292 161 013**
Dividends to shareholders	-		-	(141 210 762)	-	(141 210 762)
Dividends to employees and board of directors	-		-	(31 444 356)	-	(31 444 356)
Holding Company's share in reserves & retained earnings	-	21 747 969	-	(21 747 969)	-	-
Prior year adjustments	-	-	-	(6 874)	(149 587)	(156 461)
Total other comprehensive income for the year ended 31 December 2017	-	-	-	197 481 342	250 450	197 731 792
Balance as at 31 December 2017	**941 405 082**	**518 993 941**	**330 920 428**	**524 903 922**	**857 853**	**2 317 081 226**
Balance as at 1 January 2018	**941 405 082**	**518 993 941**	**330 920 428**	**524 903 922**	**857 853**	**2 317 081 226**
Dividends to shareholders	-	-	-	(94 140 508)	-	(94 140 508)
Dividends to employees and board of directors	-	-	-	(21 021 220)	-	(21 021 220)
Dividends from subsidiaries to non controlling interest	-	-	-	-	(76 900)	(76 900)
Holding company share from reserve and retained earning	-	33 525 221	-	(33 525 221)	5 797	5 797
Prior year adjustments	-	-	-	(6 477)	(179 621)	(186 098)
Total other comprehensive income for the year ended 31 December 2018	-	-	-	407 877 448	370 872	408 248 320
Balance as at 31 December 2018	**941 405 082**	**552 519 162**	**330 920 428**	**784 087 944**	**978 001**	**2 609 910 617**

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

Consolidated statement of cash flows

For the financial year ended 31 December 2018

	Note no.	The Financial year ended 31/12/2018 L.E.	The Financial year ended 31/12/2017 L.E.
Cash flows from operating activities			
Net profit for the year before income tax and minority interest in profits		493 611 338	252 132 191
Adjustments for:			
PPE depreciation	(12)	274 239 124	263 238 569
Capital (gains)		(18 315 168)	(19 299 336)
Amortization of animal wealth	(15)	14 758 719	12 124 914
Amortization of plant wealth		399 375	397 268
Biological assets impairment		289 588	-
Fixed assets impairment		12 849 335	-
Change in Investments under joint control		(1 380 111)	(107 259)
Impairment of trade and other receivables		983 905	2 298 097
Capital gain deffered		(14 286 733)	-
Impairment in inventories		13 374 777	6 123 347
Provision for claims formed	(23)	8 700 000	6 370 283
Financial lease installments		28 978 529	28 745 698
Herd births		(15 104 500)	(13 304 500)
Herd capitalized expenses		(83 529 256)	(36 593 193)
Losses from selling cows		2 683 153	1 223 560
Losses from calves death		1 872 303	2 421 411
Foreign exchange gain		6 846 458	(3 305 305)
Credit interests	(9)	(14 402 870)	(4 742 362)
Finance interests & expenses	(9)	321 917 716	379 711 147
		1 034 485 682	**877 434 530**
Collected ctedit interests		14 402 870	4 810 007
Interest expenses paid		(321 917 716)	(367 968 256)
Changes in:			
Inventories	(17)	(236 242 970)	487 750 873
Biological assets- Exiting agriculture		(6 038 392)	11 725 484
Trade and other receivables	(18)	(68 579 997)	(61 370 610)
Creditors & other credit balances	(24)	(82 432 237)	(86 407 474)
Due to related parties		(2 043 611)	(11 351 903)
Dividends paid to employee and board of director		(21 021 220)	(19 027 042)
Income tax paid		(38 592 890)	-
Provision for claims used		(796 407)	(7 499 649)
Net cash flows from operating activities		**271 223 112**	**828 095 960**
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(257 501 880)	(191 075 853)
Proceeds from sale of PPE		51 964 976	66 362 807
Acquisition of plant and animal wealth	(14,15)	(1 476 511)	(1 342 781)
Proceeds from the sale of plant and animal wealth	(14,15)	30 850 026	6 747 171
Net cash flows used in investing activities		**(176 163 389)**	**(119 308 656)**
Cash flows from financing activities			
Payment for Bank Loans and credit facility	(22,21)	(15 077 393)	(544 826 829)
Payments in lease installments - sales and lease back	(30)	(28 978 529)	(28 745 698)
Dividends paid to shareholder		(94 140 508)	(141 210 762)
Decrease in non-controlling interest		(257 188)	(149 587)
Net cash flows (used in) financing activities		**(138 453 618)**	**(714 932 876)**
Change in cash & cash equivalents during the year		**(43 393 895)**	**(6 145 572)**
The effect of foreign exchange difference		(6 846 458)	(33 341 521)
Cash & cash equivalents at 1 January		65 072 656	104 559 749
Cash & cash equivalents at 31 Dec.	(19)	**14 832 303**	**65 072 656**

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

Notes to the consolidated financial statements

For the financial year ended 31 December 2018

1 Reporting the entity

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

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

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

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

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

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on 30 January 2019

2-2 Basis of measurement

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

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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 of resulting in a material adjustment within the next financial statements are included in the following notes:

- Note (18) : impairment of trade and notes receivable.
- Note (23) : provisions & contingent liabilities
- Note (27) : deferred tax.
- Note (4-2) : biological assets

3 Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

3-2 Foreign currency

Foreign currency transactions

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

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

3-3 Investment under joint control

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

3-4 Financial instruments

Non-derivative financial assets

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

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

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

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

Debtors

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

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

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

Cash and cash equivalents

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

Non-derivative financial liabilities

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

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

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

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

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

3-5 Intangible assets and goodwill

Recognition & Measurement

Goodwill

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

3-6 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

Subsequent costs

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

Depreciation

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

Description	Estimated useful life (Years)
Buildings & Construction	13.3- 50
Machinery & Equipment	1-13
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Computers	3.33-5
Wells	25 or Wells useful life

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

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

3-7 Projects under construction

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

3-8 Government grants

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

3-9 Plant wealth

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

3-10 Leases

Company is the lessee

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

3-11 Inventories

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

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

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

3-12 Impairment

Non –derivative financial assets

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

Non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment 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.

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3-13 Defined contribution plans

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

3-14 Provisions

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

3-15 Revenue

Goods sold

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

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

Export subsidy revenue

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

3-16 Rental income

Rental income from other assets is recognized in other income.

3-17 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

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

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

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

3-18 Income tax

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

3-19 Deferred tax

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

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

3-20 Assets held for sale

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

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

3-21 Legal reserve

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

3-22 End of service benefits

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

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

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3-23 Segmentation report

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

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

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

4-2 Biological assets

Biological assets is measured by fair value less cost to sale unless the fair value cannot be measured reliable.
If the fair value cannot be measured reliable, the biological assets acquired during financial period are presented by cost at the date of acquisition also biological assets which are internally grown 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 education or growth according to the age group. These young ones are also not consumed. The biological assets are depreciated on a straight-line basis to their estimated residual values over periods, as summarized below.

Cows	4 years
Orange tree	35 years

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5 Other operating revenue

	Financial year ended 31/12/2018 L.E	Financial year ended 31/12/2017 L.E
Export subsidy revenue	25 332 713	27 063 392
Deferred capital gains	14 286 733	14 286 733
Capital gain	18 315 168	19 299 336
Increase in biological wealth due to newborn	15 104 500	13 304 500
Compensation for calves death	-	434 524
Revenue from sale of scrap	12 659 909	13 251 691
Leasing assets (under joint control)	6 717 344	3 947 801
Other revenue	2 288 631	2 709 931
	94 704 998	**94 297 908**

6 Sales and distribution expenses

	Financial year ended 31/12/2018 L.E	Financial year ended 31/12/2017 L.E
Advertising expenses	443 423 771	453 831 337
Salaries and Wages	218 250 213	211 241 683
Depreciation	54 506 674	57 678 611
Cars expenses	68 474 433	53 361 759
Replacement of goods	101 000 284	68 116 943
Rent	36 028 486	35 638 371
Temporary labor contractors	16 212 987	13 807 143
Others	79 431 455	72 389 082
	1 017 328 303	**966 064 929**

7 General & administrative expenses

	Financial year ended 31/12/2018 L.E	Financial year ended 31/12/2017 L.E
Salaries and wages	120 329 069	98 318 905
Depreciation expense	21 416 074	17 979 368
Rent expense	8 841 229	10 053 259
Other administrative expense	94 897 581	65 923 878
	245 483 953	**192 275 410**

8 Other expenses

	Financial year ended 31/12/2018 L.E	Financial year ended 31/12/2017 L.E
Lease expenses	28 978 529	28 745 698
Decrease in fixed asset	12 831 205	9 970 410
Damaged inventory	-	4 445 280
Impairment of trade and other receivables	983 905	2 298 097
Donations	21 012 167	6 615 272
Inventory write down	13 374 777	6 123 374
Property tax	3 897 726	718 336
Provision for claims	8 700 000	6 370 283
Health insurance	15 656 123	-
Other	9 084 401	5 910 021
	114 518 833	**71 196 771**

9 Finance income and finance costs

	Financial year ended 31/12/2018 L.E	Financial year ended 31/12/2017 L.E
Interest expense	(321 917 716)	(379 711 147)
Interest income	14 402 870	4 742 362
Foreign exchange Gain/ (loss)	(6 846 458)	3 305 305
Present value adjustments	-	(527 820)
	(314 361 304)	**(372 191 300)**

10 Segmentation 2018

10-1 Segmentation reports for the financial year ended 31 December 2018

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

Activity Segments

	Dairy sector L.E 31/12/2018	Chilled sector L.E 31/12/2018	Juices sector L.E 31/12/2018	Concentrates sector L.E 31/12/2018	Agriculture sector L.E 31/12/2018	distributed items L.E 31/12/2018	Elemenation of cosolidated transactions L.E 31/12/2018	Total L.E 31/12/2018
Sales	3 492 036 400	1 584 837 081	1 416 775 142	353 522 524	42 157 129	232 978 625		7 122 306 901
Sales between segments	2 993 083 628	1 269 986 709	1 148 159 218	98 636 290	214 298 447	-	(5 724 164 292)	
Other operating income	30 630 622	10 499 282	20 259 406	24 915 903	1 426 360	8 353 536		96 085 109
Expenses	(655 486 965)	(560 985 257)	(360 815 938)	(72 350 013)	(33 157 448)	(38 051 245)		(1 720 846 866)
Other Information								
Depreciation	**82 165 966**	**79 055 880**	**66 731 526**	**20 560 800**	**25 724 952**	**-**		**274 239 124**
Assets	**1 394 365 549**	**1 295 629 095**	**983 617 645**	**470 320 422**	**845 662 851**	**156 908 063**		**5146 503 625**
Liabilities	**958 607 942**	**696 453 874**	**453 824 186**	**229 959 165**	**196 964 912**	**782 929**		**2 536 593 008**

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

10-2 Segmentation reports for the financial year ended 31 December 2017

Activity Segments

	Dairy sector L.E 31/12/2017	Chilled sector L.E 31/12/2017	Juices sector L.E 31/12/2017	Concentrates sector L.E 31/12/2017	Agriculture sector L.E 31/12/2017	Undistributed items L.E 31/12/2017	Elemenation of cosolidated transactions L.E 31/12/2017	Total L.E 31/12/2017
Sales	2 890 683 906	1 334 820 362	1 236 311 521	363 106 636	74 990 084	164 856 567		**6 064 769 076**
Sales between segments	2 394 100 752	1 053 757 016	1 015 472 174	179 717 542	189 636 808		(4 832 684 292)	**-**
Other operating income	32 968 753	10 101 886	9 843 109	25 227 099	16 157 061	107 264		**94 405 172**
Expenses	(628 507 393)	(505 009 313)	(422 312 737)	(48 017 352)	(50 820 315)			**(1 654 667 110)**
Other Information								
Depreciation	**76 241 906**	**78 143 611**	**68 020 948**	**16 334 822**	**24 497 282**			**263 238 569**
Assets	**1 127 450 761**	**1 253 104 454**	**1 085 525 576**	**489 532 224**	**802 257 744**	**161 378 307**		**4 919 249 066**
Liabilities	**816 188 935**	**769 915 121**	**549 616 822**	**249 236 187**	**214 839 717**	**2 371 058**		**2 602 167 840**

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

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11 Investment

Name of the investee company	Share percentage %	Current assets L.E.	Non current assets L.E.	Total assets L.E.	Current liabilities L.E.	Non current term liabilities L.E.	Total liabilities L.E.	Revenues L.E.	Expenses L.E.	Net (loss) L.E.	Cost of investment L.E.
December 31, 2018											
Arju Company For food Industrial	50.75	18 954 076	151 387	19 105 463	10 530 468	-	10 530 468	54 063 532	(52 683 421)	1 380 111	8 574 995
Balance as at 31 December 2018		**18 954 076**	**151 387**	**19 105 463**	**10 530 468**	**-**	**10 530 468**	**54 063 532**	**(52 683 421)**	**1 380 111**	**8 574 995**
December 31, 2017											
Arju Company For food Industrial	50.75	25 302 171	370 300	25 672 471	11 495 360	-	11 495 360	21 865 702	(21 654 345)	211 357	7 194 884
Balance as at 31 December 2017		**25 302 171**	**370 300**	**25 672 471**	**11 495 360**	**-**	**11 495 360**	**21 865 702**	**(21 654 345)**	**211 357**	**7 194 884**

12 Fixed assets

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation &transport vehicles L.E.	Tools L.E.	Empty plastic containers & Paletts L.E.	Display refg.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2017	213 682 424	1 279 030 415	2 020 670 845	296 575 057	98 362 346	41 917 429	96 669 401	42 232 790	27 293 542	95 483 905	4 211 918 154
Additions of the year	3 145 404	257 166 367	191 327 841	1 140 060	8 179 500	17 085 384	84 883	2 306 883	2 387 889	10 939 405	493 763 616
Disposals of the year	(44 718 652)	(2 767 749)	(10 653 363)	(27 141 335)	(2 727 034)	(1 348 429)	(214 846)	(402 262)	(325 923)	(53 525)	(90 353 118)
Cost as at 31/12/2017	**172 109 176**	**1 533 429 033**	**2 201 345 323**	**270 573 782**	**103 814 812**	**57 654 384**	**96 539 438**	**44 137 411**	**29 355 508**	**106 369 785**	**4 615 328 652**
Additions of the year	5 437 680	16 399 373	89 691 694	18 150 352	8 027 971	18 356 542	-	-	2 821 009	1 313 557	160 198 178
Disposals of the year	-	(18 028 999)	(39 711 856)	(3 048 072)	(400 005)	(12 083 520)	(303 662)	-	(40 054)	(172 037)	(73 788 205)
Transferred to asset held for sale	(6 508 437)	-	(25 455 666)	-	-	-	-	-	-	-	(31 964 103)
Cost as at 31/12/2018	**171 038 419**	**1 531 799 407**	**2 225 869 495**	**285 676 062**	**111 442 778**	**63 927 406**	**96 235 776**	**44 137 411**	**32 136 463**	**107 511 305**	**4 669 774 522**
Accumulated depreciation											
Accumulated depreciation as at 1/1/2017	-	102 125 175	719 768 425	116 060 915	44 481 730	27 905 306	43 562 248	6 114 194	11 941 049	73 708 328	1145 667 370
Depreciation of the year	-	28 838 387	149 521 299	28 268 457	10 144 837	10 296 748	18 595 272	2 064 183	2 534 734	12 974 652	263 238 569
Accumulated depreciation of disposals of the year	-	(651 332)	(5 165 064)	(21 195 873)	(290 063)	(987 460)	(170 656)	(273 016)	(168 945)	(44 026)	(28 946 435)
Accumulated depreciation as at 31/12/2017	**-**	**130 312 230**	**864 124 660**	**123 133 499**	**54 336 504**	**37 214 594**	**61 986 864**	**7 905 361**	**14 306 838**	**86 638 954**	**1 379 959 504**
Depreciation of the year	-	33 687 342	158 678 808	27 106 426	10 461 148	10 463 625	17 426 995	1 973 907	2 636 903	11 803 970	274 239 124
Accumulated depreciation of disposals of the year	-	(1 438 013)	(24 459 459)	(1 907 622)	(397 717)	(11 538 228)	(260 900)	-	(35 162)	(101 297)	(40 138 398)
Accumulated depreciation for assets held for sale	-	-	(13 074 670)	-	-	-	-	-	-	-	(13 074 670)
Accumulated depreciation as at 31/12/2018	**-**	**162 561 559**	**985 269 339**	**148 332 303**	**64 399 935**	**36 139 991**	**79 152 959**	**9 879 268**	**16 908 579**	**98 341 627**	**1 600 985 560**
fixed assets impairment	**10 492 090**	**440 628**	**1 005 160**	**-**	**-**	**-**	**-**	**911 457**	**-**	**-**	**12 849 335**
Net book value as at 31/12/2018	**160 546 329**	**1 368 797 220**	**1 239 594 996**	**137 343 759**	**47 042 843**	**27 787 415**	**17 082 817**	**33 346 686**	**15 227 884**	**9 169 678**	**3 055 939 627**
Net book value as at 31/12/2017	**172 109 176**	**1 403 116 803**	**1 337 220 663**	**147 440 283**	**49 478 308**	**20 439 790**	**34 552 574**	**36 232 050**	**15 048 670**	**19 730 831**	**3 235 369 148**

*Cost of fully depreciated assets are amounted to L.E 139 411 342 as at 31 December 2018.

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

12-1 Land of Juhayna Food Industries Co.

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

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

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

12-3 Land of Egyptian Co. for Dairy Products

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

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

Description	Amount L.E	
Pc. 112:118 m3 6th of October	11 060 593	Specification letter

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

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

12-6 Land of Modern Concentration Co.

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

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

The Land item includes the follows:

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

12-8 Land of Inmaa For Live Stock

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

12-9 Land of Inmaa for Agriculture Development

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

12-10 Land grants

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

- land plots from No. 637 to No. 650 in Assuit governorate its total area 30 000 m2 to establish a project for reserving & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots numbers (67/68/69/75/76) in Beni suef governorate its total area 10.335 thousands m2 to establish a factory for the production of natural juices , dairy products , white cheese, freezing & cooling vegetables , fruits , meat & fish.
- Land plot in Sohag governorate its total area 10000 m2 to establish a refrigerator for reserving foodstuff
- Land plot in Qena governorate numbers (186/187/188, plus main part of 185) its total area 5960 m2 to establish a factory for reserving , cooling and freezing dairy products , juices and concentrates

13 Projects under constructions

	31/12/2018 L.E.	31/12/2017 L.E.
Buildings and constructions in progress	17 139 450	10 107 037
Machineries under installation	142 394 299	56 285 915
Advance payments for purchase of fixed assets	40 707 127	34 879 362
Wells and water pump	1 282 717	2 060 534
Lake	572 530	-
Furniture under processing	-	1 503 492
	202 096 123	**104 836 340**
Less:		
Impairment of projects under construction	9 926 492	9 970 410
Net balance	**192 169 931**	**94 865 930**

14 Plant wealth

14-1 Plant wealth

	31/12/2018 L.E.	31/12/2017 L.E.
Cost at the beginning of the year	13 880 181	13 800 318
Additions during the year	-	79 863
Cost at end of the year	**13 880 181**	**13 880 181**
Less:		
Accumulated depreciation at beginning of the year	(728 165)	(330 897)
Depreciation during the year	(399 375)	(397 268)
Accumulated depreciation at the end of the year	**(1 127 540)**	**(728 165)**
Net	**12 752 641**	**13 152 016**

- The cost is the value of fruit trees.

14-2 Plant wealth – under construction

	31/12/2018 L.E.	31/12/2017 L.E.
Land reclamation	156 788	141 799
Fruit trees	2 984 923	1 531 424
Protection trees	271 586	237 775
Palm trees	4 412	4 412
	3 417 709	**1 915 410**
Less: **impairment**	(25 788)	-
Net Balance	**3 391 921**	**1 915 410**

15 Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock -unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2018	2 581	84 865 852	1 982	40 598 298	4 563	125 464 150
Adding:						
Additional during year	-	-	400	58 441	400	58 441
Transferred from biological wealth (Flock of dairy live stock - unproductive)	700	26 307 265	(700)	(26 307 265)	-	-
Births of flock						
Female	-	-	1 310	9 336 000	1 310	9 336 000
Capital cost during drying -off	-	13 281 443	-	46 095 372		59 376 815
	3 281	**124 454 560**	**2 992**	**69 780 846**	**6 273**	**194 235 406**
Biological wealth sales						
Cows	354	12 450 315	-	-	354	12 450 315
pregnant			104	3 923 194	104	3 923 194
Newborn - Female			68	2 476 153	68	2 476 153
The death of live stock losses						
Cows	57	2 052 394	-	-	57	2 052 394
pregnant			1	35 707	1	35 707
Female			93	1 366 434	93	1 366 434
	411	**14 502 709**	**266**	**7 801 488**	**677**	**22 304 197**
Cost of flock of livestock at 31/12/2018	**2 870**	**109 951 851**	**2 726**	**61 979 358**	**5 596**	**171 931 209**
Accumulated depreciation						
Depreciation milking cows at 1/1/2018	-	17 874 530	-	-	-	17 874 530
Depreciation milking cows during the period	-	14 758 719	-	-	-	14 758 719
Accumulated depreciation of disposals of sales case	-	(3 292 662)	-	-	-	(3 292 662)
Accumulated depreciation of disposals of death case	-	(535 816)	-	-	-	(535 816)
Accumulated depreciation at 31 December 2018		28 804 771	-	-	-	28 804 771
Net amount of flock of livestock at 31/12/2018	**2 870**	**81 147 080**	**2 726**	**61 979 358**	**5 596**	**143 126 438**
Net amount of flock of livestock at 31/12/2017	**2 581**	**66 991 322**	**1 982**	**40 598 298**	**4 563**	**107 589 620**

* Calfs of flocks are measured at fair value deducted by sale cost . any increase or decrease in fair value about book value is recognized at financial statement date in income statement.
** The company capitalized special cost at drying off period and consume it at rest of useful life of livestock.
*** The company management measure the cost of Flock of dairy live stock because unavailable active market that can relay on in determine fair value.

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 tax authority sent Form (19) with an arbitral assessment and the company appealed in due dates. The tax appeal committee decided a re-inspection on actual basis.

Years from 2014 till 2015
The company received Forms (31 and 32) for inspecting these tax years and the company requested postponing the inspections by Form (26).

Year 2016,2017
The Company submitted the annual tax return for the income tax in the due date.

Salaries tax

The period from the beginning of operation till year 2014
The tax inspection performed and differences settled.

Year 2015/2016
The tax inspection performed and paid

Stamp tax

The period from the beginning of operation till 2014
The tax inspection performed and differences settled.

Year 2015/2016
The tax inspection performed and differences settled\

Year 2017
The tax inspection has not performed yet

Sales tax

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

Value added tax

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

Withholding tax

The company remitted the amount that was deducted to tax authority on due dates.

16-2 Subsidiaries

First: Corporation tax

The Companies that enjoy the corporate tax exemption Subsidiaries	Tax exemption ending date
The Egyptian Company For Food Industries "Egyfood"	31/12/2018
Modern Concentrates Industrial Company	31/12/2018
International Company For Modern Food Industries	31/12/2018
Inmaa for agriculture development & biological wealth.	19/03/2021

The Companies that are not exempted.

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004

Tiba for Trading and Distributing

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

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

Al Marwa for Food Industries

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

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Live Stock

The inspection performed and waiting for tax form.

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Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	• Inspection was performed from starting of activity till 2014 and tax settled.
Al-Marwa for Food industries	• Inspection was performed from starting activity till 2015 and tax settled.
Tiba for Trading and Distributing	• Years from 2006 till 2012 was inspected and difference partially settled in internal committee at L.E 2 million and other matters are pending with the higher appeal committee
International Company For Modern Food Industries	• Tax inspection was performed from start of activity till 2010 and differences settled. The company is preparing for inspection for years 2011 till 2016.
The Egyptian Company For Food Industries "Egyfood"	• Tax inspection was performed till 2012 and tax differences settled. • Tax inspection was performed from 2013 to 2016 and waiting for claims
Modern Concentrates Industrial Company	• Tax Inspection was performed from start of activity till 2015 and differences settled.
Inmaa for Agriculture Development Co. and Biological Wealth	• Tax inspection was performed from start of activity till 2010 and differences settled.
Inmaa for live stock	• From the beginning of activity till 2016 are prepared and waiting for inspection
Inmaa for agriculture	• From the beginning of activity till 2016 and preparing for inspection.

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	• Inspection has been performed and difference settled till 31/12/2015.
Al-Marwa for Food Industries	• Inspection has been performed and difference settled till 31/12/2017.
Tiba for Trading and Distribution	• Inspection has been performed and difference settled till 2015.
International Company For Modern Food Industries	• Inspection has been performed and difference settled till 31/12/2015.
The Egyptian Company for Food Industries "Egyfood"	• Inspection finished from starting activity till 31/12/2015 and difference settled and under tax inspections 2016,2017
Modern Concentrates Industrial Company	• Inspection was performed from start of activity till 31/12/2013 and difference settled. Under inspection for year 2014,2015.
Inmaa for agricultural development and biological wealth	• Tax inspection has not performed till now.
Inmaa for livestock	• Tax inspection performed and waiting for tax claims from beginning of activity till 2017
Inmaa for agricultural reclamation	• Company has not inspected from beginning of activity till now

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Fourth: Sales tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	• The company products are exempted from sales tax, entity submitted monthly sales tax return .inspected and difference settled till 31/12/2015
Al-Marwa for Food Industries	• Inspected and difference settled 31/12/2015
International Company For Modern Food Industries	• The company submited sales tax return on monthly basis from starting of activity, inspected and difference settled. till 31/12/2015
Tiba for Trading and Distribution	• The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
Inmaa for Agriculture Development and biological wealth.	• The tax inspection performed till 2014/12/31 and differences settled, preparing for tax inspection for August 2016
Modern concentrates Industrial Company	• The inspection was performed since beginning of activity till 31/12/2013, preparing fro tax inspection till August 2016
Inmaa for livestock	• The tax inspection performed from 15/3/2018 till 31/8/2016
Inmaa for agricultural reclamation	• Inspected and difference is settled from beginning of activity till august 2016

17 Inventories

	31/12/2018 L.E.	31/12/2017 L.E.
Raw materials	492 203 346	281 932 227
Packaging & packing materials	219 406 965	173 031 626
Finished products	224 790 993	323 028 142
Spare parts & miscellaneous supplies	64 623 106	50 764 359
Goods in transit - L/C's for goods purchase	53 848 770	3 248 633
	1 054 873 180	**832 004 987**

18 Trade and other receivables (Net)

	31/12/2018 L.E.	31/12/2017 L.E.
Trade receivables	192 528 938	185 128 831
Less: Impairment in trade receivables	(7 418 568)	(6 434 663)
	185 110 370	**178 694 168**
Notes receivables	491 879	30 696 548
Suppliers – advance payments	31 605 971	15 530 999
Prepaid expenses	21 661 520	21 398 571
Export subsidy	58 551 018	42 324 733
Accrued revenues	-	2 752 357
Tax authority	53 550 066	36 646 926
Customs authority	52 115 219	11 636 707
Deposits with others	12 845 252	15 407 526
*Letter of credit (cash cover)	6 718 523	58 416 489
Letter of guarantee	98 162	-
PPE creditors	13 250 000	-
Supplier discount	45 540 063	-
Other debit balances	9 952 486	9 138 102
	491 490 529	**422 643 126**
Less: Impairment in other debit balances	(4 106 710)	(4 239 006)
	487 383 819	**418 404 120**

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

19 Cash at Bank and on hand

	31/12/2018 L.E.	31/12/2017 L.E.
Time deposits *	2 557 528	27 068 134
Banks – current accounts	23 136 645	25 035 604
Checks under collection	-	29 836 806
Cash in hand	1 933 456	1 714 540
Cash in transit	2 775 986	2 081 173
	30 403 615	**85 736 257**
Credit banks / Bank over draft	**(15 571 312)**	**(20 663 601)**
Cash and cash equivalents in the statement of cash flows	**14 832 303**	**65 072 656**

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

20 Share capital

	31/12/2018 L.E.	31/12/2017 L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

20-1 General reserve

The balance of general reserve as follows:-

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

21 Loans

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

	Current portion L.E	Non –current L.E	Total L.E
Commercial International Bank (CIB)	109 510 487	379 531 429	489 041 916
National Bank of Kuwait – Egypt	18 750 000	81 250 000	100 000 000
European Bank for Reconstruction & Development	59 000 000	66 272 728	125 272 728
HSBC bank	15 471 296	10 000 000	25 471 296
Qatar National bank (QNB)	22 800 000	12 800 000	35 600 000
Egypt Golf bank (EGBE)	30 000 000	60 000 000	90 000 000
Balance at 31/12/2018	**255 531 783**	**609 854 157**	**865 385 940**
Balance at 31/12/2017	**315 477 382**	**765 385 939**	**1 080 863 321**

22 Short term loans and credit facilities

This balance amounted to L.E 719 051 689 as at 31/12/2018 (against L.E 518 651 701 as at 31/12/2017), represents the drawn down portion of the L.E. 2.166 billion (in aggregate principal) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

23 Provision for claims

Description	Balance at 1/1/2018 L.E	Formed L.E	Used L.E	Balance at 31/12/2018 L.E.
Provision for claims	**8 298 642**	**8 700 000**	**(610 858)**	**16 387 784**

24 Creditors and other credit balances

	31/12/2018 L.E.	31/12/2017 L.E.
Suppliers	343 470 574	416 474 976
Notes payable	-	7 076 953
Accrued expenses	80 308 516	92 106 849
PPE creditors	1 717 261	4 216 378
Tax authority	28 602 036	30 180 570
Deposits from others	1 123 776	3 700 667
Sales tax installments on the imported machineries and equipment	7 990 574	7 990 561
Deferred capital gains	14 286 733	14 286 733
Due to sodic-current portion	1 930 787	6 904 405
Social insurance authority	5 096 410	3 652 206
Due to health insurance	15 656 123	-
Advances from customers	20 218 501	6 133 963
Dividends payable	30 025	1 070
10th of Ramadan city authority- short term	-	1 501 856
Other credit balances	6 646 777	5 564 253
	527 078 093	**599 791 440**

25 Other Non current liabilities

	31/12/2018 L.E.	31/12/2017 L.E.
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 7 990 574 as at 31/12/2018 (L E 7 990 561 as at 31/12/2017) are shown under the caption of creditors and other credit balances in the consolidated balance sheet (Note 24).	19 415 111	27 405 672
The amount due to (Sodic SIAC for Real State and Investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. Total payments amounted to L.E75 078 643 and the rest will be settled over 4 equal last installment on December 2018.	-	3 230 168
	19 415 111	**30 635 840**

26 Deferred revenues

	31/12/2018 L.E.	31/12/2017 L.E.
The balance is represented in the long term deferred capital gain from the sale of a plot of land located in Zayed city No.21 (Crazy Water Corridor) together with the buildings and constructions according to finance lease contract with QNB Al Ahli dated/3/23 2016. The Company had deferred the gain of L.E 117 738 021 as the sale transaction was in the form of a sale and lease back within 10 years starting on March 2016 through to March 2026. The deferred revenue is amortized during the lease period starting from 1/4/2016. The amortization for the year is L.E 8 830 351 and the short-term portion during the year ended 31 December 2018 amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 24).	73 586 263	85 360 065
The balance is represented in the long-term capital gains deferred resulted from the sale of a plot of land owned by Tiba Company and leased back with an amount of L.E 141 721 908 on 84 monthly installments from 31 July 2015 till 30 June 2022, L.E 1 757 339 for each Installment. The amortization during the year ended amounted to L.E 1 697 078 while the short-term portion amounted to L.E 2 512 931 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).	6 282 327	8 795 258
	79 868 590	**94 155 323**

27 Deferred tax liabilities

Deferred tax liability amounted to L.E 241 914 730 on 31/12/2018 representing net book value of taxable assets and liabilities:

	Balance on 1/1/2018 L.E	Deferred tax as at 31 December 2018 L.E	Balance on 31/12/2018 L.E
Deferred tax liability from fixed assets	**231 719 785**	**10 194 945**	**241 914 730**

Recognized deferred tax assets and liabilities

Deferred tax liabilities are:

	Liabilities 31/12/2018 L.E.	31/12/2017 L.E.
Fixed assets	241 914 730	231 719 785
Net tax liabilities	**241 914 730**	**231 719 785**

28 Group companies

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

Subsidiary Name	Contribution percentage 31/12/2018	Contribution percentage 31/12/2017	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries “Egyfood”	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Live Stock	Indirect 99.862 %	Indirect 99.862 %	Egypt
Inmaa for Agriculture and improvement	Indirect 99.964 %	Indirect 99.964 %	Egypt
Company under joint control			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

29 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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

Credit risk

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

Trade and other receivables

The Company is dealing with one main customer (related party), which in turn distributes the credit risk on a number of customers who enjoy strong and stable financial positions. It also deals with its customers through contracts and agreements concluded with them, in addition the Company (related party) 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 31/12/2018	31/12/2017
		L.E.	L.E.
Trade receivables	(18)	185 110 370	178 694 168
Banks credit facilities	(22)	719 051 689	518 651 701
Total long term loans	(21)	865 385 940	1 080 863 321

Liquidity risk

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

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

A short-term loan and bank credit facility in a principal amount of L.E 719 051 689 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

	Carrying amount	Contractual cash flows
	L.E.	L.E.
Bank credit facilities	719 051 689	961 696 497

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

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

Currency risk
The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the L.E. The currencies in which these transactions primarily are denominated are Euro, USD, and Swiss Francs (CHF).
In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

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

	USD	Euro	GBP
Trade and other debit balances	1 342 698	278 757	1 189 091
Cash at banks and on hand	317 249	16 998	77 047
Trade and other payables	(2 878 246)	(467 118)	(241 441)
31 December 2018	**(1 218 299)**	**(171 363)**	**1 024 697**
31 December 2017	**(6 759 420)**	**(696 356)**	**(74 203)**

The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	2018	2017	2018	2017
USD	17 .83	18.06	17.95	17.78
Euro	21.27	20.04	20.84	21.34

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

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

	31/12/2018 L.E.	31/12/2017 L.E.
Total liabilities	2 536 593 008	2 602 167 840
Less: cash and cash equivalents	(30 403 615)	(85 736 257)
Net debt	**2 506 189 393**	**2 516 431 583**
Total equity	2 609 910 617	2 317 081 226
Net debt to equity ratio	**96.02%**	**108.60%**

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

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

Financial lease contracts (Sale and lease back)
On 23/3/2016 the Company signed a contract with regard to a land lease (including the building built there on), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15374.47 m². The contract terms became effective starting 24/3/2016 .The following is a summary of the above mentioned contract:

	Lease value				
Description	Contractual value L.E	Accrued interest L.E	Lease period Months	Purchase value at end of contract L.E	Quarterly lease value L.E
Contract from 24/3/2016 to 23/3/2026	288 169 556	127 651 718	120	1	6 801 835

- Juhayna has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.
- The monthly finance lease's instalments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total instalments of the financial period ended 31/12/2018 amounted to L.E.28 978 529
- The company paid L.E 11 897 900 as a down payment and as at 31 December 2018 amounted L.E 8 625 981 classified under the current portion amounted to L.E 1 189 788 in advance payments (note 18) and the non-current portion amounted to L.E 7 436 192 presented in the other long term debit balances.
- The company has signed financial lease Contracts With International for Financial Lease (Ancolis) dur-

ing 2015 that allow selling the owned Plot of Land of Tiba Company (subsidiary) with leaseback with an amount of L.E 138 587 064 on 84 monthly installment starting from 31 July 2015 till 30 June 2022 for L.E 1 697 077 each Installment

	L.E
Total amount of the contract	121 848 259
Contract adjusted (increase in interest)	20 756 064
Down payment	(4 017 259)
Remaining amount	**138 587 064**
Paid installment	(67 309 830)
Unpaid (42 installment by L.E 1 697 077 monthly)	**71 277 234**

31 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company has given guarantees on 31/12/2018 amounting to LE 12 109 654 and the covered portion reached to be LE 25 398.

32 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 107 720 493 on 31/12/2018.

33 Related party transactions

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

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

33-1 Due from (to) related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
		L.E.	L.E.	L.E.	L.E.
Argu	Current account	2 043 611	(11 351 903)	(782 927)	(2 826 538)
				(782 927)	**(2 826 538)**

33-2 Board of Director remuneration : L.E 16 765 000

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34 Income tax payable

	31/12/2018 L.E.	31/12/2017 L.E.
Balance at 1/1	14 561 649	34 483 198
Tax paid	(14 561 471)	(34 483 198)
Income tax during the period	51 136 654	14 561 649
	51 136 832	**14 561 649**

35 Goodwill

	31/12/2018 L.E.	31/12/2017 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**