

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim financial statements
For the financial period ended
30 September 2018
and review report**

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Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim financial statements
for the period ended 30 September 2018

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Report on Limited Review of interim Separate Financial Statements

To: The members of board of directors of Juhayna Food Industries S.A.E

Introduction

We have performed a limited review for the accompanying separate statement of financial position of Juhayna Food Industries S.A.E, as of 30 September 2018 and the related Separate statements of income, comprehensive income, changes in equity and cash flows for the nine-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 September 2018, and of its financial performance and its cash flows for the nine-months then ended in accordance with Egyptian Accounting Standards.

Hossam Hilal
Hossam Hilal
Mohamed Hilal – Grant Thornton
Public Accountants

Grant Thornton - Mohamed Hilal
Public Accountants
The Egyptian Member Firm of
Grant Thornton International

Hatem Montasser
KPMG Hazem Hassan
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Cairo, 18 October 2018

Sami

Juhayna Food Industries

Translated from Arabic

(An Egyptian Joint Stock Company)

Separate Interim Statement of financial position

As at 30 september 2018

	Note no.	30/9/2018 <u>L.E.</u>	31/12/2017 <u>L.E.</u>
Assets			
Non-current assets			
Property, plant and equipment (net)	(12)	120 990 919	126 706 964
Investment in subsidiaries and under joint control companies	(13-1), (13-2)	2 253 491 193	2 253 491 193
Downpayment for investments	(13-4)	50 000 000	50 000 000
Projects under construction	(14)	368 766	1 681 103
Other non-current debit balances	(28)	7 733 640	8 625 978
Total non-current assets		2 432 584 518	2 440 505 238
Current assets			
Debtors and other debit receivables (net)	(17)	10 350 162	10 146 340
Due from related parties	(31-1)	115 207 671	107 879 631
Cash at banks and on hand	(18)	525 344	441 486
Total current assets		126 083 177	118 467 457
Total assets		2 558 667 695	2 558 972 695
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		405 331 225	398 204 287
General reserve - share issuance premium	(1-19)	330 920 428	330 920 428
Retained earnings		531 112 826	510 862 736
Total comprehensive income for the period/year		79 673 993	142 538 756
Total equity		2 288 443 554	2 323 931 289
Non-current liabilities			
Other long term liabilities	(24)	204 565	3 537 016
Deferred revenues	(25)	76 529 714	85 360 065
Deferred tax liabilities	(26)	1 377 714	1 446 781
Non-current liabilities		78 111 993	90 343 862
Current liabilities			
Provisions	(22)	4 416 147	4 500 000
Banks - overdraft	(18)	2 638 785	1 892 469
Short term loan and credit facilities	(21)	107 980 859	55 404 918
Creditors and other credit balances	(23)	20 924 719	33 400 247
Due to related parties	(31-2)	56 151 638	49 499 910
Current liabilities		192 112 148	144 697 544
Total liabilities		270 224 141	235 041 406
Total equity and liabilities		2 558 667 695	2 558 972 695

The notes from pages (6) to (29) are an integral part of these separate financial statements and should be read there to

Financial Manager

Hany Shaker

Chief Financial Officer

Sameh El-hodaiby

Chairman

Safwan Thabet

Cairo, 18 October 2018

"Review report attached"

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim income statement
For the financial period ended 30 september 2018

Translated from Arabic

		The financial period	The financial period	The financial period	The financial period
		From 1/1/2018	From 1/1/2017	From 1/7/2018	From 1/7/2017
Note no.		To 30/9/2018 <u>L.E.</u>	To 30/9/2017 <u>L.E.</u>	To 30/9/2018 <u>L.E.</u>	To 30/9/2017 <u>L.E.</u>
Revenue from Investment in subsidiaries	(5)	99 933 100	91 947 700	-	-
Other operating revenue	(6)	10 984 577	11 194 223	3 614 544	3 603 451
General & administrative expenses	(7)	(2 301 107)	(2 485 028)	(400 931)	(633 517)
Other Operating expenses	(9)	(22 048 654)	(21 289 101)	(7 290 690)	(7 423 864)
Gain from operating activities		86 567 916	79 367 794	(4 077 077)	(4 453 930)
Finance income / (cost) - net	(11)	(1 966 335)	(3 150 421)	(940 820)	466 468
Net profit (Loss) for the period before income tax		84 601 581	76 217 373	(5 017 897)	(3 987 462)
Tax on dividends from investment in subsidiaries	(5)	(4 996 655)	(4 597 385)	-	-
Income tax	(15,5)	-	-	-	65 989
Deferred tax revenue	(26,15)	69 067	150 751	8 314	59 318
Net profit (Loss) for the period after tax		79 673 993	71 770 739	(5 009 583)	(3 862 155)
Earning/(loss) per share for the period (L.E./share)	(20)	0.085	0.076	(0.005)	(0.004)

The notes from pages (6) to (29) are an integral part of these separate financial statements and should be read there to

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of comprehensive income
For the financial period ended 30 september 2018

	The financial period From 1/1/2018 To 30/9/2018 L.E.	The financial period From 1/1/2017 To 30/9/2017 L.E.	The financial period From 1/7/2018 To 30/9/2018 L.E.	The financial period From 1/7/2017 To 30/9/2017 L.E.
Net profit (loss) for the period	<u>79 673 993</u>	<u>71 770 739</u>	<u>(5 009 583)</u>	<u>(3 862 155)</u>
Total comprehensive income for the period	<u>79 673 993</u>	<u>71 770 739</u>	<u>(5 009 583)</u>	<u>(3 862 155)</u>

The notes from pages (6) to (29) are an integral part of these separate financial statements and should be read there to

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of changes in equity
For the financial period ended 30 september 2018

	Issued & paid up capital	Legal Reserve	General reserve- issuance premium	Retained earnings	(Surplus) total comprehensive income	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Balance as at 1 January 2018	941 405 082	398 204 287	330 920 428	510 862 736	142 538 756	2 323 931 289
Transferred to retained earnings	-	-	-	142 538 756	(142 538 756)	-
Total comprehensive income for the financial period ended 30 September 2018	-	-	-	-	79 673 993	79 673 993
Legal reserve formed	-	7 126 938	-	(7 126 938)	-	-
Dividends to shareholders	-	-	-	(94 140 508)	-	(94 140 508)
Dividends to employees and board of directors	-	-	-	(21 021 220)	-	(21 021 220)
Balance as at 30 september 2018	941 405 082	405 331 225	330 920 428	531 112 826	79 673 993	2 288 443 554
Balance as at 1 January 2017	941 405 082	388 190 055	330 920 428	493 247 432	200 284 654	2 354 047 651
Closing income of 2016 in retained earnings	-	-	-	200 284 654	(200 284 654)	-
Legal reserve formed	-	10 014 232	-	(10 014 232)	-	-
Total comprehensive income for the financial period ended 30 September 2017	-	-	-	-	71 770 739	71 770 739
Dividends to shareholders	-	-	-	(141 210 762)	-	(141 210 762)
Dividends to employees and board of directors	-	-	-	(31 444 356)	-	(31 444 356)
Balance as at 30 september 2017	941 405 082	398 204 287	330 920 428	510 862 736	71 770 739	2 253 163 272

The notes from pages (6) to (29) are an integral part of these separate financial statements and should be read there to

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of cash flows
For the financial period ended 30 september 2018

		The financial period	The financial period
	Note	From 1/1/2018	From 1/1/2017
	no.	To 30/9/2018	To 30/9/2017
		L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax		84 601 581	76 217 373
Adjustments for:			
Fixed assets depreciation	(12)	7 765 830	6 423 497
Capital gain from sale of fixed assets		(11 904)	-
Provision formed		-	103 483
Finance lease installments	(9)	21 879 246	21 016 211
Foreign currency exchange		(738 865)	1 744 383
Credit interests		(87 315)	(1 133 907)
Finance interests & expenses		20 154 005	11 423 119
		133 562 578	115 794 159
Collected credit interest		87 315	1 133 907
Finance expenses paid		(20 154 005)	(11 423 119)
Changes in:			
Debtors and other debt balances		(203 822)	954 218
Due from related parties		(7 328 040)	(64 766 166)
Creditors and other credit balances		(28 742 647)	(26 555 930)
Used from provisions	(22)	(83 853)	(3 433 104)
Dividends paid to employee and board of directors within the period		(21 021 220)	(15 186 589)
Due to related parties		6 651 728	187 428 064
Net cash flows from operating activities		62 768 034	183 945 440
Cash flows from investing activities			
Acquisition of PP&E and projects under construction		(737 448)	(11 943 625)
Proceeds from sale of fixed assets		11 904	-
Proceeds from sale of investment in subsidiaries		-	20 879 385
Net cash flows (used in) result from investing activities		(725 544)	8 935 760
Cash flows from financing activities			
Collected (Paid) loans and facilities		52 575 941	(18 127 786)
(Payments) for lease installments- sale and lease back	(9)	(21 879 246)	(21 016 211)
Dividends paid to shareholders within the period		(94 140 508)	-
Net cash flows (used in) financing activities		(63 443 813)	(39 143 997)
(Decrease)/increase in cash & cash equivalents during the period		(1 401 323)	153 737 203
Change in foreign currency		738 865	(1 580 835)
Cash & cash equivalents at 1 January		(1 450 983)	(2 023 281)
Cash & cash equivalents at 30 September	(18)	(2 113 441)	150 133 087

The notes from pages (6) to (29) are an integral part of these separate financial statements and should be read there to

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the separate interim financial statements
For the financial period ended period 30 September 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.,

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

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in table (1) the Egyptian Stock Exchanges list (1).

2 Basis of preparation

2-1 Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on 18 October 2018.

2-2 Basis of measurement

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

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in (Note 4).

2-3 Functional and presentation currency

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

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

2-4 Use of estimates and judgments

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

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

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

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

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

- Note (17) : impairment of trade and notes receivable.
- Note (22) : provisions
- Note (26) : deferred tax.

3 Significant accounting policies

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

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3-1 Foreign currency

Foreign currency transactions

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

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

3-2 Investment

3-2-1 Investment in subsidiary companies

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

3-2-2 Investment under joint control

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

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

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

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

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

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

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 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.

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

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.

Capital**Authorized capital**

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

Issued and paid up capital

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

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

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

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

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

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

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

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

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

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

Subsequent costs

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

Depreciation

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

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

Description	Estimated useful life (Years)
Buildings & Construction	50
Transportation & Transport Vehicles	5
Tools	6.67
Office equipment & Furniture	10
Computers	3

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

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

3-5 Projects under construction

Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets. Projects under construction are measured at cost less accumulated impairment losses (Note 14). No depreciation is charged until the project is completed and transferred to fixed asset

3-6 Leases**Company is the lessee:**

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

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

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

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

Non-financial assets

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

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

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

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

3-8 Advantages of pensions

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

3-9 Provisions

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

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

Revenue dividends from subsidiaries is recognized when the holders of shares have the right to collect dividends.

Rental income

Rental income from other assets is recognized in other income.

3-11 Finance income and finance costs

Finance income comprises interest income on funds invested (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. Dividend income received from investments is recognized in profit or loss on the date of collection.

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.

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

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

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

3-12 Income tax

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

3-13 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.

3-14 Legal reserve

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

3-15 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, they is reduced to their present value.

4 Determination of fair value

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

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

4-1 Non-derivative financial liabilities

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

5 Revenue from Investment in subsidiaries

	Financial period From 1/1/2018 To 30/9/2018 L.E	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/7/2018 To 30/9/2018 L.E	Financial period From 1/7/2017 To 30/9/2017 L.E
Egyptian Company for Dairy Products	11 998 800	22 997 700	-	-
The Egyptian Company For "Food Industries "Egyfood	20 995 800	19 996 000	-	-
Tiba for Trading and Distribution	11 988 000	18 981 000	-	-
Al-Marwa for Food Industries	54 950 500	29 973 000	-	-
	99 933 100	91 947 700	-	-
Less :				
Tax on Investment Revenue	(4 996 655)	(4 597 385)	-	-
	94 936 445	87 350 315	-	-

6 Other operating revenue

	Financial period From 1/1/2018 To 30/9/2018 L.E	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/7/2018 To 30/9/2018 L.E	Financial period from 1/7/2017 To 30/9/2017 L.E
Deferred capital gains	8 830 351	8 830 352	2 943 450	2 943 451
Revenue from rental assets to subsidiaries	1 980 000	1 980 000	660 000	660 000
Capital gain	11 094	-	11 094	-
Recovery service fees	163 132	383 871	-	-
	10 984 577	11 194 223	3 614 544	3 603 451

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

7 General & administrative expenses

	Financial period From 1/1/2018 To 30/9/2018 L.E	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/7/2018 To 30/9/2018 L.E	Financial period From 1/7/2017 To 30/9/2017 L.E
Personnel expenses	42 507 527	39 087 549	14 366 550	12 602 900
Depreciation expense	7 765 830	6 423 497	2 536 506	2 207 445
Other administrative expense	7 853 898	7 062 071	2 117 735	2 003 488
* Expense charged to subsidiaries	(55 826 148)	(50 088 089)	(18 619 860)	(16 180 316)
	2 301 107	2 485 028	400 931	633 517

* The amount L.E 55 826 148 of general and administrative expenses was deducted and charged to subsidiaries (note 33).

8 Board of Directors remunerations

	Financial period From 1/1/2018 To 30/9/2018 L.E	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/7/2018 To 30/9/2018 L.E	Financial period From 1/7/2017 To 30/9/2017 L.E
Board of directors remunerations	330 000	175 000	105 000	70 000
*Expense charged to subsidiaries	(330 000)	(175 000)	(105 000)	(70 000)
	-	-	-	-

* The amount 330 000 L.E of the board of directors' remunerations was deducted and distributed to subsidiaries (note 33).

9 Other operating expenses

	Financial period From 1/1/2018 To 30/9/2018 L.E	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/7/2018 To 30/9/2018 L.E	Financial period From 1/7/2017 To 30/9/2017 L.E
Financial lease installments	21 879 246	21 016 211	7 121 282	7 320 381
Property tax	169 408	169 407	169 408	-
Provision formed	-	103 483	-	103 483
	22 048 654	21 289 101	7 290 690	7 423 864

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

10 Cost of end of Service

	Financial period From 1/1/2018 To 30/9/2018	Financial period From 1/1/2017 To 30/9/2017	Financial period From 1/7/2018 To 30/9/2018	Financial period From 1/7/2017 To 30/9/2017
	L.E	L.E	L.E	L.E
Cost of end of service	129 767	1 380 059	1 200	-
*Expense charged to subsidiaries	(129 767)	(1 380 059)	(1 200)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* The amount LE 129 767 of the costs of end the service was deducted and charged to subsidiaries (note 33).

11 Finance income and finance costs (net)

	Financial period From 1/1/2018 To 30/9/2018	Financial period From 1/1/2017 To 30/9/2017	Financial period From 1/7/2018 To 30/9/2018	Financial period From 1/7/2017 To 30/9/2017
	L.E	L.E	L.E	L.E
Interest expense	(20 154 005)	(11 423 119)	(7 507 548)	(3 689 146)
Interest income	87 315	1 133 907	30 263	1 088 003
Foreign currency exchange	738 865	(1 744 383)	(1 618)	190 075
*Expenses Charged to subsidiary companies	17 316 490	8 883 174	6 538 083	2 877 536
	<u>(1 966 335)</u>	<u>(3 150 421)</u>	<u>(940 820)</u>	<u>466 468</u>

The amount of L.E 17 316 490 of finance expenses was deducted and charged to subsidiaries (note 33).

Juhayna Food Industries

Notes to the separate interim financial statements for the financial period ended 30 september 2018

Translated from Arabic

12-Property, plant, and equipment (Net)

Description	Land*	Buildings & constructions	Machinery & equipment	Transportation		Office			Total
				&transport vehicles	Tools	& equipment	Computers		
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as at 1/1/2017	4 339 594	1 351 499	1 160 409	5 625 826	4 353 045	2 784 585	55 184 987	74 799 945	
Additions during the year	170 036	110 621 991	-	-	-	803 817	6 172 208	117 768 052	
Disposals of the year	(2 952 036)	-	-	-	-	-	-	(2 952 036)	
Cost as at 31/12/2017	1 557 594	111 973 490	1 160 409	5 625 826	4 353 045	3 588 402	61 357 195	189 615 961	
Additions of the period	-	-	-	-	90 000	1 961 645	5 280	2 056 925	
Disposal of the period	-	-	-	(105 000)	-	-	(39 734)	(144 734)	
Cost as at 30/9/2018	1 557 594	111 973 490	1 160 409	5 520 826	4 443 045	5 550 047	61 322 741	191 528 152	
Accumulated depreciation as at 1/1/2017	-	391 302	1 160 409	4 031 966	4 339 767	2 441 283	41 921 869	54 286 596	
Depreciation for the year	-	27 030	-	821 186	2 483	120 294	7 651 408	8 622 401	
Accumulated depreciation as at 31/12/2017	-	418 332	1 160 409	4 853 152	4 342 250	2 561 577	49 573 277	62 908 997	
Depreciation of the period	-	1 679 602	-	392 876	4 112	149 503	5 539 737	7 765 830	
Depreciation of disposal	-	-	-	(105 000)	-	-	(32 594)	(137 594)	
Accumulated depreciation as at 30/9/2018	-	2 097 934	1 160 409	5 141 028	4 346 362	2 711 080	55 080 420	70 537 233	
Net book value as at 30/9/2018	1 557 594	109 875 556	-	379 798	96 683	2 838 967	6 242 321	120 990 919	
Net book value as at 31/12/2017	1 557 594	111 555 158	-	772 674	10 795	1 026 825	11 783 918	126 706 964	

* Fully depreciated assets and still in use amounted to L.E.50 337 189 as at 30 September 2018 .

* The land item amounted to L.E 1 557 594 at 30/9/2018 includes an amount of L.E 1 367 244 representing the not registered land in Marsa Allam thus procedures of registering the land are in progress.

Notes to the separate interim financial statements for the financial period ended 30 september 2018

13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Total investment cost	Impairment in the value of investment as at	Net Investment	Net Investment
					L.E.	%	L.E.	L.E.	L.E.	L.E.
(13-1) Investment in subsidiary companies										
Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	359 911 533
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	499 950 000
The Egyptian Company For Food Industries "Egyfood"	SAE	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	386 893 852
Tiba for Trading and Distributing	SAE	1 998 000	99.9	100	199 800 000	100	199 800 000	-	199 800 000	199 800 000
Al-Marwa for Food industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	196 815 808
Emnaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	599 970 000
(13-2) Investment in subsidiary and under joint control companies										
Aju For Food Industries	SAE	1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	10 150 000
Balance as at 30 September 2018					2 209 658 000		2 253 491 193	-	2 253 491 193	2 253 491 193
(13-3) Investments available for sale										
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-
Balance as at 30 September 2018					100 000		100 000	(100 000)	-	-
(13-4) Down payment for investment										
Tiba for Trading and Distributing	SAE	1 000 000	99.9	100	100 000 000	50	99 900 000	-	50 000 000	50 000 000
Balance as at 30 September 2018					100 000 000		99 900 000	-	50 000 000	50 000 000
<ul style="list-style-type: none"> Juhayna Food Industries is committed to retain at least 75% of Tiba for Trading and Distributing capital, according to the terms of the loan agreement between Qatar National Bank Al Ahli and Tiba for Trading and Distributing company up to end of the loan term. Juhayna Food Industries is committed to retain at least 75% of the International Company for Modern Food Industries capital, according to the terms of the loan contract signed between HSBC Bank and the International Company for Modern Food Industries until the end of the loan term. Juhayna Food Industries is committed to retain at least 75.1% of the capital of the Egyptian Company for Dairy Products, according to the terms of the loan contract signed between CIB and the Egyptian Company for Dairy Products and until the end of the loan term. Juhayna Food Industries is committed to retain at least 75.1 % of the Egyptian Company for Food Industries (Egyfood) capital, according to the terms of the loan agreement between CIB and the Egyptian Company for Food Industries (Egyfood) until the end of the loan term. 										

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Notes to the separate interim financial statements for the financial period ending 30 September 2018

14 Projects under constructions

	30/9/2018	31/12/2017
	L.E.	L.E.
Advance payments for purchase of PP&E	368 766	177 611
Furniture in progress	-	1 503 492
	368 766	1 681 103

15 Income tax expenses**Period tax expenses**

	Financial period From 1/1/2018 To 30/9/2018 L.E	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/7/2018 To 30/9/2018 L.E	Financial period From 1/7/2017 To 30/9/2017 L.E
Tax on Dividends	(4 996 655)	(4 597 385)	-	-
Income tax	-	-	-	65 989
Deferred tax	69 067	150 751	8 314	59 318
	(4 927 588)	(4 446 634)	8 314	125 307

Reconciliation of effective tax rate

	30/9/2018 L.E.
Profit for the period after tax	79 673 993
Dividends tax	4 996 655
Deferred tax	(69 067)
Total tax expense based on income statement	4 927 588
Profit before tax	84 601 581
Income tax using the Company's domestic tax rate (22.5%)	19 035 356
Provisions used	(83 853)
Tax on revenue exempt by law	(22 484 948)
Other adjustments	3 533 445
	-

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

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

The period from the beginning of operation till year 2009

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

Years from 2010 till 2013

The tax authority sent Form (19) with an arbitral assessment and the company appealed in due dates.

A decision was issued for the re-examination on 31/8/2016. Re-examination is done and waiting for the results.

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

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.

16-2 Salaries tax**The period from the beginning of operation till year 2014**

The tax inspection performed and differences settled.

Year 2015/2016

The tax inspection performed and differences settled.

Year 2017

The tax inspection not yet performed

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

The tax inspection performed and differences settled.

The period from 2011 till 2014

The tax inspection performed and differences settled.

Year 2015/2016

The tax inspection performed and differences settled

Year 2017

The tax inspection not yet performed

16-3 Sales tax

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

The period from January till August 2016

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

16-4 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.

16-5 Withholding tax

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

17 Debtors and Other debit receivables (net)

	30/9/2018	31/12/2017
	L.E.	L.E.
Suppliers – advance payments	515 393	466 929
Prepaid expenses	9 112 918	9 285 845
Letter of guarantee margin	25 398	25 398
Deposits with others	295 908	229 707
Other debit balances	500 545	238 461
	10 450 162	10 246 340
Less: Impairment in other debit balances	(100 000)	(100 000)
	10 350 162	10 146 340

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

18 Cash and cash equivalents

	30/9/2018	31/12/2017
	L.E.	L.E.
Banks – current accounts	290 743	181 522
Time deposits *	111 500	100 000
Cash on hand	123 101	159 964
	525 344	441 486
Banks credit balance	(2 638 785)	(1 892 469)
Cash and cash equivalents in the statement of cash flows	(2 113 441)	(1 450 983)

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

19 Capital

	30/9/2018	31/12/2017
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

19-1 General reserve - issuance premium

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

Collected from issuance premium of 205 972 632 shares during the year 2010	999 379 210
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
General reserve balance	330 920 428

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

20 Earnings per share

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

	Financial period From 1/1/2018 To 30/9/2018	Financial period From 1/1/2017 To 30/9/2017	Financial period from 1/7/2018 To 30/9/2018	Financial period from 1/7/2017 To 30/9/2017
	L.E.	L.E.	L.E.	L.E.
Profit/(loss) of the period	79 673 993	71 770 739	(5 009 583)	(3 862 155)
Net attributable for shareholders share	79 673 993	71 770 739	(5 009 583)	(3 862 155)
Weighted average number of ordinary shares	941 405 082	941 405 082	941 405 082	941 405 082
EPS (L.E/EPS)	<u>0.085</u>	<u>0.076</u>	<u>(0.005)</u>	<u>(0.004)</u>

21 Short term loan and credit facilities

	30/9/2018 L.E	31/12/2017 L.E
- The balance of the QNB loan is L.E 114 227 682 at interest rate of 0.25% per annum above the price of the choridor. The loan is repayable in three quarterly installments of LE 38 075 895 starting on 30/6/2018 .The loan is to be used to finance the dividends of the shareholders and employees of the Company and the members of the Board of Directors, and to guaxranteed by a promissory note in the amount of LE 115 200 000	38 075 895	-
- The value of this credit facility is L.E 50 million borrowed from QNB with a monthly variable interest with a guarantee of a promissory note amounted to L.E 50 million	50 661 034	49 990 904
- The value of credit facilities is L.E 51 million borrowed from HSBC with a monthly variable interest with a guarantee of a promissory note amounted to L.E 51 million	19 243 930	5 414 014
	<u>107 980 859</u>	<u>55 404 918</u>

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

22 Provision

Description	Balance on 1/1/2018 L.E	Provision formed L.E	Provision used L.E	Balance on 30/9/2018 L.E.
Provision for claims	4 500 000	-	(83 853)	4 416 147

23 Creditors and other credit balances

	30/9/2018 L.E.	31/12/2017 L.E.
Suppliers	940 804	3 921 123
Accrued expenses	426 128	2 601 325
Tax authority	2 193 187	7 316 621
Deposits from others	22 039	22 039
Sales tax installments on the imported machineries and equipment-short term*	102 283	102 283
Deferred capital gains Short term (building sales & lease back)	11 773 802	11 773 802
Due to Sodic Company- current portion**	4 899 075	6 904 405
Dividends payable	33 025	1 070
Social Insurance Authority	195 750	282 300
Other credit balances	338 626	475 279
	20 924 719	33 400 247

24 Other long term liabilities – Non current portion

	Short-term L.E	Long-term L.E.	total L.E.
-The value of sales tax installments on the imported machineries and equipment due from September 2017 till January 2021 as agreed with the Sales Tax Authority*.	102 283	204 565	306 848
-The amount due to (Sodic SIAC for Real Estate and Investments Company) from buying an administrative building according to the agreement dated 30/12/2012 amounted to L.E 83 106 655.	8 027 393	-	8 027 393
Total payments amounted to L.E 75 079 262 and the balance will be settled over 4 equal installments starting from December 2018.			
<u>Less:</u>			
SODIC present value adjustment	(3 128 318)		(3 128 318)
Due to SODIC after PV adjustment**	4 899 075	-	4 899 075
Net liability value at 30/9/2018	5 001 358	204 565	5 205 923
Net liability value at 31/12/2017	7 006 688	3 537 016	10 543 704

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

25 Deferred revenues

	30/9/2018 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 23/3/2016. 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 period is L.E 8 830 351 and the short term portion during the period ended amounted to L.E 11 773 802 included in creditors & other credit balances item in the statement of financial position (Note 23).	76 529 714	85 360 065
	<u>76 529 714</u>	<u>85 360 065</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 1 377 714 on 30/9/2018 is representing amounts of net deferred tax assets and tax liabilities.

	1/1/2018 L.E	Deferred tax from 1 st Jan to 30 September 2018 L.E	30/9/2018 L.E
Deferred tax liability (fixed assets)	<u>1 446 781</u>	<u>(69 067)</u>	<u>1 377 714</u>

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	30/9/2018	31/12/2017 L.E.
Fixed assets	1 337 714	1 446 781
Net tax liabilities	<u>1 337 714</u>	<u>1 446 781</u>

27 Financial instruments**Financial risk management****Overview**

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

- Credit risk
- Liquidity risk
- Market risk.

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

Risk management framework

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

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

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

Credit risk

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

Credit risk

Exposure to credit risk

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

	Carrying amount	
	30/9/2018	31/12/2017
	L.E.	L.E.
Debtors and other debit balances	10 350 162	10 146 340
Due from related parties	115 207 671	107 879 631

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

Liquidity risk

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

The company is keeping the following credit process:

Credit facilities totalling L.E 107 980 859. The interest is paid for the facilities in Egyptian pound and US dollar with a variable interest rate

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

	Carrying amount L.E.	Contractual cash flows L.E.
Credit facilities	107 980 859	216 200 000
Credit bank balances	2 638 785	2 638 785
Creditors and other credit balances	20 924 719	20 924 719
Due to related parties	56 151 638	56 151 638

Market risk

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

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

Currency risk

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

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

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

Notes to the separate interim financial statements for the financial period ending 30 September 2018

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
Cash at bank and on hand	2 489	2 583	310
Creditors & other credit balances	(1 376 837)	(949)	-
Credit facilities	(387 657)	-	-
30 September 2018	(1 762 005)	1 634	310
31 December 2017	(314 736)	1 768	4 444

The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	30/9/2018	30/9/2017	2018	2017
USD	17.83	18.06	17.95	17.78
Euro	21.27	20.04	20.84	21.34

Sensitivity analysis

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 30 June 2018 would cause an increase (decrease) in equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2017.

	Profit/Loss	
	30/9/2018	31/12/2017
	L.E.	L.E.
USD	(3 162 800)	(559 600)
Euro	3 405	3 773
GBP	725	10 681
	(3 158 670)	(545 146)

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.

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Notes to the separate interim financial statements for the financial period ending 30 September 2018

	30/9/2018	31/12/2017
	L.E.	L.E.
Total liabilities	270 224 141	235 041 406
Less: cash at banks and on hand	(525 344)	(441 486)
Net debt	269 698 797	234 599 920
Total equity	2 288 443 554	2 323 931 289
Net debt to equity ratio	11.79%	%10.09

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

28 Financial lease contracts

The company signed a contract with QNB Al Ahli for Financial Leasing Company (Segoles Company for Finance Leasing-formerly) lease land and buildings and of system construction and leasing, as follows:

Land lease contracts (Sale and lease back)

On 23/3/2016 the Company signed a contract with regard to a land sale & lease back (including the building built thereon), of land located on plot no. 21 of the Crazy Water's Corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 24/3/2016. The following is a summary of the above mentioned contract:

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

- The Company leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.
- The monthly finance lease's installments 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 installments of the financial period ended 30/9/2018 amounted to L.E. 21 879 246
- The company paid 11 897 900 L.E as a down payment and as at 30 September 2018 amounted 8 923 428 L.E classified the current portion as at 1 189 788 L.E pounds in advance payments to note (17) and the Non-current portion L.E 7 733 640 classified in the other long term debt balances.

29 Contingencies

There are potential liabilities of the company in the form of letters of guarantee or any events arise during the ordinary activity of the company and which do not result in actual commitments.

There are no letters of guarantee issued by banks for the company and for the benefit of others in 30/9/2018 equivalent to the amount of L.E 45 900 was part of which covered L.E 25 398 as of 31 December 2017.

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Notes to the separate interim financial statements for the financial period ending 30 September 2018

30 Capital commitment

The capital commitments amounted to L.E 50 000 000 on 30/9/2018 is the unpaid portion of the capital increase of Tiba company.

31 Related party transactions

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

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

31-1 Due from related parties

		<i>Transactions</i>		<i>Balances</i>	
		30/9/2018	31/12/2017	30/9/2018	31/12/2017
Tiba For Trading & Distribution	Current	-	2 588 584	-	2 284 536
	Lease	-	2 640 000	-	-
International Company for Modern Food Industries	Current	(581 767)	1 994 250	255 082	836 849
El Marwa For Food Industries	Current	-	(1 023 119)	-	1 105 378
EGY food	Current	-	57 937 432	-	1 441 970
Modern Concentrates Industrial Company	Current	-	(1 073 185)	-	670 798
Enmaa for Agriculture Development Co. and Biological Wealth	Current	8 819 852	(99 565 836)	106 527 463	97 707 611
Egyptian for Dairy products	Current	50 304 747	-	804 933	-
Enmaa for Reclamation and Agriculture	Current	897 249	(381 833)	938 176	40 927
Enmaa for Livestock	Current	2 884 366	2 870 396	6 675 927	3 791 562
Argo for food industries	Current	6 168	-	6 090	-
				115 207 671	107 879 631

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31-2 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		30/9/2018 L.E.	31/12/2017 L.E.	30/9/2018 L.E.	31/12/2017 L.E.
Egyptian Company for Dairy Products	Current	-	(38 004 600)	-	49 499 814
International Company For Modern Food Industries	Current	-	1 994 250	-	-
El Marwa For Food Industries	Current	(1 584 758)	-	479 380	-
EGY food	Current	(27 136 441)	-	25 694 471	-
Modern Concentrates Industrial Company	Current	(892 069)	-	221 270	-
Argo Company For Food Industries	Current	-	-	-	96
Tiba for Trade and Distribution	Current	(34 021 052)	-	29 756 517	-
	Assets Lease	1 980 000	-		
				56 151 638	49 499 910

The company has an agreement with Tiba for Trading and Distribution company—a subsidiary - 99.9% for the rental of company's administrative building with a value of L.E 1 980 000 during the period ended 30 September 2018 (the amount of L.E 1 980 000 through in September 2017).

32 Non-cash transactions in cash flow

The exclusion of the amount of L.E 8 830 351 of change in suppliers and other credit balances against the exclusion of the same amount of change in deferred revenue as this is a non-cash transaction

The exclusion of the amount of L.E 3 332 451 of change in suppliers and other credit balances against the exclusion of the same amount of change in long-term liability as this is a non-cash transaction.

The exclusion of the amount of L.E 892 338 of change in debtors and other debit balances against the exclusion of the same amount of change in the long-term other debit balances as this is a non-cash transaction.

33 Distribution some of the holding companies expenses

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