

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate financial statements  
For the year ended  
31 December 2018  
And auditors report**

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Pyramids Heights Office Park  
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Giza- Cairo – Egypt**

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

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate financial statements**  
**for the year ended 31 December 2018**

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***Auditors report***

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

***Introduction***

We audited separate statement of financial position of Juhayna Food Industries S.A.E, as of 31 December 2018 and the related separate 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 separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.


### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juhayna Food Industries Company as of 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

### ***Report on Other Legal and Regulatory Requirements***

The company maintains proper books of account which include all that's is required law & the status of the company & the financial statement are in agreement thereto, the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

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

  
**Hossam Hilal**  
**Mohamed Hilal – Grant Thornton**  
**Public Accountants & Consultants**  
**Grant Thornton - Mohamed Hilal**  
Public Accountants  
The Egyptian Member Firm of  
Grant Thornton International

Cairo, 31 January 2019



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate Statement of financial position**  
**As at 31 December 2018**

Translated from Arabic

	Note no.	31/12/2018 <u>L.E.</u>	31/12/2017 <u>L.E.</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (net)	(12)	119 031 327	126 706 964
Investment in subsidiaries and under joint control companies	(13-1)• (13-2)	2253 491 193	2 253 491 193
Downpayment for investments	(13-4)	50 000 000	50 000 000
Projects under construction	(14)	123 068	1 681 103
Other non-current debit balances	(28)	7 436 192	8 625 978
<b>Total non-current assets</b>		<b>2 430 081 780</b>	<b>2 440 505 238</b>
<b>Current assets</b>			
Debtors and other debit receivables ( net )	(17)	9 923 744	10 146 340
Due from related parties	(31-1)	245 411 747	107 879 631
Cash at banks and on hand	(18)	1 865 349	441 486
<b>Total current assets</b>		<b>257 200 840</b>	<b>118 467 547</b>
<b>Total assets</b>		<b>2 687 282 620</b>	<b>2 558 972 695</b>
<b>Equity</b>			
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		839 337 378	653 401 492
<b>Total equity</b>		<b>2 516 994 113</b>	<b>2 323 931 289</b>
<b>Non-current liabilities</b>			
Other long term liabilities	(24)	204 565	3 537 016
Deferred revenues	(25)	73 586 263	85 360 065
Deferred tax liabilities	(26)	1 432 253	1 446 781
<b>Non-current liabilities</b>		<b>75 223 081</b>	<b>90 343 862</b>
<b>Current liabilities</b>			
Provisions	(22)	4 416 147	4 500 000
Banks - overdraft	(18)	53 422	1 892 469
Credit facilities	(21)	63 445 087	55 404 918
Creditors and other credit balances	(23)	24 146 914	33 400 247
Due to related parties	(31-2)	-	49 499 910
Income tax Liabilities	(15)	3 003 856	-
<b>Current liabilities</b>		<b>95 065 426</b>	<b>144 697 544</b>
<b>Total liabilities</b>		<b>170 288 507</b>	<b>235 041 406</b>
<b>Total equity and liabilities</b>		<b>2 687 282 620</b>	<b>2 558 972 695</b>

The notes from no. (1) to no.(33) are an integral part of these separate financial statements and should be read there to

Financial Manager  
Hany Shaker  
Cairo, 30 January 2019  
"Audit report attached"

Chief Financial Officer  
Sameh El-hodaiby

Chairman  
Safwan Thabet

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate income statement**  
**For the financial year ended 31 December 2018**

	<b>Note no.</b>	<b>2018</b> <b><u>L.E.</u></b>	<b>2017</b> <b><u>L.E.</u></b>
Revenue from Investment in subsidiaries	(5)	349 820 300	176 906 100
Other operating revenue	(6)	14 857 247	14 797 673
General and administrative expenses	(7)	(3 447 043)	(3 304 343)
Other Operating expenses	(9)	(29 562 450)	(33 830 956)
<b>Gain from operating activities</b>		<b>331 668 054</b>	<b>154 568 474</b>
Finance income / (cost) - net	(11)	(2 963 159)	(3 397 199)
<b>Net profit for the year before income tax</b>		<b>328 704 895</b>	<b>151 171 275</b>
Tax on dividends from investment in subsidiaries	(5)	(17 491 015)	(8 845 305)
Income tax	(15)	(3 003 856)	-
Deferred tax revenue	(26,15)	14 528	212 786
<b>Net profit for the year after tax</b>		<b>308 224 552</b>	<b>142 538 756</b>
Earning per share for the year (L.E /share )	(20)	<b>0.273</b>	<b>0.129</b>

The notes from no. (1) to no.(33) are an integral part of these separate financial statements and should be read there to

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate statement of comprehensive income**  
**For the financial year ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>L.E.</b>	<b>L.E.</b>
<b>Net profit (loss) for the year</b>	<u>308 224 552</u>	<u>142 538 756</u>
<b>Total comprehensive income for the year</b>	<u><u>308 224 552</u></u>	<u><u>142 538 756</u></u>

The notes from no. (1) to no.(33) are an integral part of these separate financial statements and should be read ther

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate statement of changes in equity**  
**For the financial year ended 31 December 2018**

	Issued & paid up capital	Legal Reserve	General reserve- issuance premium	Retained earnings	Total
	L.E.	L.E.	L.E.	L.E.	L.E.
<b>Balance as at 1 January 2017</b>	<b>941 405 082</b>	<b>388 190 055</b>	<b>330 920 428</b>	<b>693 532 086</b>	<b>2 354 047 651</b>
Legal reserve formed	-	10 014 232	-	(10 014 232)	-
Total comprehensive income for the financial year ended 31 December 2017	-	-	-	142 538 756	142 538 756
Dividends to shareholders	-	-	-	(141 210 762)	( 141 210 762)
Dividends to employees and board of directors	-	-	-	(31 444 356)	( 31 444 356)
<b>Balance as at 31 December 2017</b>	<b>941 405 082</b>	<b>398 204 287</b>	<b>330 920 428</b>	<b>653 401 492</b>	<b>2 323 931 289</b>
<b>Balance as at 1 January 2018</b>	<b>941 405 082</b>	<b>398 204 287</b>	<b>330 920 428</b>	<b>653 401 492</b>	<b>2 323 931 289</b>
Total comprehensive income for the financial year ended 31 December 2018	-	-	-	308 224 552	308 224 552
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)
<b>Balance as at 31 December 2018</b>	<b>941 405 082</b>	<b>405 331 225</b>	<b>330 920 428</b>	<b>839 337 378</b>	<b>2 516 994 113</b>

The notes from no. (1) to no.(33) are an integral part of these separate financial statements and should be read there to



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate statement of cash flows**  
**For the financial year ended 31 December 2018**

	<b>Note no.</b>	<b>2018 L.E.</b>	<b>2017 L.E.</b>
<b>Cash flows from operating activities</b>			
Net profit for the year before income tax		328 704 895	151 171 275
<b>Adjustments for:</b>			
Fixed assets depreciation	(12)	10 294 166	8 622 401
Capital (gain) loss from sale of fixed assets		( 16 930)	312 367
Provision formed		-	4 603 483
Finance lease installments	(9)	28 978 529	28 745 698
Credit interests		( 101 005)	(1 294 113)
Finance interests and expenses		25 925 355	3 517 999
		<b>393 785 010</b>	<b>195 679 110</b>
Collected credit interest		101 005	1 294 113
Finance expenses paid		(25 925 355)	(3 392 668)
<b>Changes in:</b>			
Debtors and other debt balances	(17)	222 596	5 668 076
Due from related parties	(31-1)	(137 532 116)	(82 295 879)
Creditors and other credit balances	(23)	(40 660 815)	(37 596 797)
Used from provisions	(22)	( 83 853)	(3 433 104)
Dividends paid to employee and board of directors		(21 021 220)	(19 027 042)
Due to related parties	(31-2)	(49 499 910)	(22 592 215)
<b>Net cash flows result from operating activities</b>		<b>119 385 342</b>	<b>34 303 594</b>
<b>Cash flows from investing activities</b>			
Acquisition of PPE and projects under construction		(1 068 276)	(13 227 890)
Proceeds from sale of fixed assets		24 712	-
Proceeds from sale of investment in subsidiaries		-	176 906 100
<b>Net cash flows (used in) result from investing activities</b>		<b>( 1 043 564)</b>	<b>163 678 210</b>
<b>Cash flows from financing activities</b>			
Collected ( Paid ) from bank facilities	(21)	8 040 169	(27 453 046)
(Payments) from lease installments- sale and lease back	(9)	(28 978 529)	(28 745 698)
Dividends paid to shareholders		(94 140 508)	(141 210 762)
<b>Net cash flows (used in) financing activities</b>		<b>( 115 078 868)</b>	<b>( 197 409 506)</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>3 262 910</b>	<b>572 298</b>
<b>Cash and cash equivalents at 1 January</b>		<b>(1 450 983)</b>	<b>(2 023 281)</b>
<b>Cash and cash equivalents at 31 December</b>	(18)	<b>1 811 927</b>	<b>( 1 450 983)</b>

The notes from no. (1) to no.(33) 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 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.,

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 30 January 2019.

**2-2 Basis of measurement**

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

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

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

**2-3 Functional and presentation currency**

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

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

Notes to the separate financial statements for the financial year ended 31 December 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 liabilities

**3 Significant accounting policies**

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

**3-1 Foreign currency****Foreign currency transactions**

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

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

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

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

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

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

Notes to the separate financial statements for the financial year ended 31 December 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.

**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 financial statements for the financial year ended 31 December 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.

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

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

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

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

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

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

**Subsequent costs**

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

**Depreciation**

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

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

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

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

Notes to the separate financial statements for the financial year ended 31 December 2018

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.

**Non-financial assets**

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

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

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

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

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**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**

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.

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.

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

Notes to the separate financial statements for the financial year ended 31 December 2018

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.

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

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

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

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

**4-1 Non-derivative financial liabilities**

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



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

Notes to the separate financial statements for the financial year ended 31 December 2018

**5 Revenue from Investment in subsidiaries**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Egyptian Company for Dairy Products	39 996 000	56 994 300
The Egyptian Company For Food Industries "Egyfood"	160 967 800	30 993 800
Tiba for Trading and Distribution	93 906 000	18 981 000
Al-Marwa for Food Industries	54 950 500	69 937 000
	<b>349 820 300</b>	<b>176 906 100</b>
<b>Less :</b>		
Tax on Investment Revenue	(17 491 015)	(8 845 305)
	<b>332 329 285</b>	<b>168 060 795</b>

**6 Other operating revenue**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Deferred capital gain	11 773 802	11 773 802
Revenue from rental assets to subsidiaries	2 640 000	2 640 000
Capital gain	16 930	-
Recovery services fees	371 515	383 871
Other revenues	55 000	-
	<b>14 857 247</b>	<b>14 797 673</b>

**7 General and administrative expenses**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Personnel expenses	56 599 696	51 042 528
Depreciation expense	10 294 166	8 622 401
Other administrative expense	14 443 747	14 767 860
* Expense charged to subsidiaries	(77 890 566)	(71 128 446)
	<b>3 447 043</b>	<b>3 304 343</b>

\* The amount L.E 77 890 566 of general and administrative expenses was deducted and charged to subsidiaries (note 33).

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**8 Board of Directors remunerations**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Board of directors remunerations	510 000	245 000
*Expense charged to subsidiaries	(510 000)	(245 000)
	<u>-</u>	<u>-</u>

\* The amount 510 000 L.E of the board of directors' remunerations was deducted and distributed to subsidiaries (note 33).

**9 Other operating expenses**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Financial lease installments	28 978 529	28 745 698
Property tax	169 408	169 408
Provision formed	-	4 603 483
Health insurance contribution	414 513	-
Loss on sale of fixed assets	-	312 367
	<u>29 562 450</u>	<u>33 830 956</u>

**10 Cost of end of Service**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Cost of end of service	317 565	1 658 478
*Expense charged to subsidiaries	(317 565)	(1 658 478)
	<u>-</u>	<u>-</u>

\* The amount LE 317 565 of the costs of end the service was deducted and charged to subsidiaries (note 33).

**11 Finance income and finance costs (net)**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Interest expense	(25 925 356)	(15 130 020)
Interest income	101 005	1 294 113
Foreign currency exchange	735 448	(1 298 644)
*Expenses Charged to subsidiary companies	22 125 744	11 737 352
	<u>(2 963 159)</u>	<u>(3 397 199)</u>

\*The amount of L.E 22 125 744 of finance expenses was deducted and charged to subsidiaries (note 33).

**Juhayna Food Industries**

**Notes to the separate financial statements for the financial year ended 31 December 2018**

Translated from Arabic

**12-Property, plant, and equipment (Net)**

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation &transport vehicles L.E.	Tools L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
<b>Cost as at 1/1/2017</b>	<b>4 339 594</b>	<b>1 351 499</b>	<b>1 160 409</b>	<b>5 625 826</b>	<b>4 353 045</b>	<b>2 784 585</b>	<b>55 184 987</b>	<b>74 799 945</b>
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)
<b>Cost as at 31/12/2017</b>	<b>1 557 594</b>	<b>111 973 490</b>	<b>1 160 409</b>	<b>5 625 826</b>	<b>4 353 045</b>	<b>3 588 402</b>	<b>61 357 195</b>	<b>189 615 961</b>
Additions of the year	-	-	-	-	99 600	1 961 645	565 065	2 626 310
Disposal of the year	-	-	-	(105 000)	-	-	(53 809)	(158 809)
<b>Cost as at 31/12/2018</b>	<b>1 557 594</b>	<b>111 973 490</b>	<b>1 160 409</b>	<b>5 520 826</b>	<b>4 452 645</b>	<b>5 550 047</b>	<b>61 868 451</b>	<b>192 083 462</b>
<b>Accumulated depreciation as at 1/1/2017</b>	<b>-</b>	<b>391 302</b>	<b>1 160 409</b>	<b>4 031 966</b>	<b>4 339 767</b>	<b>2 441 283</b>	<b>41 921 869</b>	<b>54 286 596</b>
Depreciation for the year	-	27 030	-	821 186	2 483	120 294	7 651 408	8 622 401
<b>Accumulated depreciation as at 31/12/2017</b>	<b>-</b>	<b>418 332</b>	<b>1 160 409</b>	<b>4 853 152</b>	<b>4 342 250</b>	<b>2 561 577</b>	<b>49 573 277</b>	<b>62 908 997</b>
Depreciation of the year	-	2 239 470	-	478 545	8 228	229 601	7 338 322	10 294 166
Depreciation of disposal	-	-	-	(105 000)	-	-	(46 028)	(151 028)
<b>Accumulated depreciation as at 31/12/2018</b>	<b>-</b>	<b>2 657 802</b>	<b>1 160 409</b>	<b>5 226 697</b>	<b>4 350 478</b>	<b>2 791 178</b>	<b>56 865 571</b>	<b>73 052 135</b>
<b>Net book value as at 31/12/2018</b>	<b>1 557 594</b>	<b>109 315 688</b>	<b>-</b>	<b>294 129</b>	<b>102 167</b>	<b>2 758 869</b>	<b>5 002 880</b>	<b>119 031 327</b>
<b>Net book value as at 31/12/2017</b>	<b>1 557 594</b>	<b>111 555 158</b>	<b>-</b>	<b>772 674</b>	<b>10 795</b>	<b>1 026 825</b>	<b>11 783 918</b>	<b>126 706 964</b>

\* The cost of fully depreciated assets and still in use amounted to L.E.50 433 322 as at 31 December 2018.

\* The land item amounted to L.E 1 557 594 at 31/12/2018 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.

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
								31/12/2018	31/12/2018	31/12/2017
				L.E.	L.E.	%	L.E.	L.E.	L.E.	L.E.
<b>(13-1) Investment in subsidiary companies</b>										
Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	359 911 533
International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	499 950 000
The Egyptian Company For Food Industries "Egyfood"	SAE	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	386 893 852
Tiba for Trading and Distributing	SAE	1 998 000	99.9	100	199 800 000	100	199 800 000	-	199 800 000	199 800 000
Al-Marwa for Food industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	196 815 808
Emma for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	599 970 000
<b>(13-2) Investment in subsidiary and under joint control companies</b>										
Ajju 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 31 December 2018					<u>2 209 658 000</u>		<u>2 253 491 193</u>	<u>-</u>	<u>2 253 491 193</u>	<u>2 253 491 193</u>
<b>(13-3) Investments available for sale</b>										
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-
Balance as at 31 December 2018					<u>100 000</u>		<u>100 000</u>	<u>(100 000)</u>	<u>-</u>	<u>-</u>
<b>(13-4) Down payment for investment</b>										
Tiba for Trading and Distributing	SAE	1 000 000	99.9	100	100 000 000	50	99 900 000	-	50 000 000	50 000 000
Balance as at 31 December 2018					<u>100 000 000</u>		<u>99 900 000</u>	<u>-</u>	<u>50 000 000</u>	<u>50 000 000</u>
<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>										

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**14 Projects under constructions**

	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Advance payments for purchase of PPE	123 068	177 611
Furniture in progress	-	1 503 492
	<b>123 068</b>	<b>1 681 103</b>

**15 Income tax expenses****Year tax expenses**

	<b>2018</b>	<b>2017</b>
	<b>L.E</b>	<b>L.E</b>
Tax on Dividends	(17 491 015)	(8 845 305)
Income tax	(3 003 856)	-
Deferred tax	14 528	212 786
	<b>(20 480 343)</b>	<b>(8 632 519)</b>

**Reconciliation of effective tax rate**

	<b>2018</b>	<b>2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Profit for the year after tax	<b>308 224 552</b>	<b>142 538 756</b>
Dividends tax	17 491 015	8 845 305
Income tax	3 003 856	-
Deferred tax	(14 528)	(212 786)
Total tax expense based on income statement	<b>20 480 343</b>	<b>8 632 519</b>
Profit before tax	<b>328 704 895</b>	<b>151 171 275</b>
Income tax using the Company's domestic tax rate (22.5%)	73 958 601	34 013 537
Provisions used	(83 853)	(3 433 104)
Tax on revenue exempt by law	(78 709 568)	(39 803 873)
Other adjustments	25 329 691	18 068 745
	<b>20 494 871</b>	<b>8 845 305</b>

**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 and the tax authority in process of issuing the tax inspection note and the differences are expected about L.E 3 million.

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

Notes to the separate financial statements for the financial year ended 31 December 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

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

The tax inspection performed and differences settled.

**The period from 2011 till 2014**

The tax inspection performed and differences settled.

**Year 2015/2016**

The tax inspection performed and differences settled

**Year 2017**

The tax inspection not yet performed

**16-4 Sales tax**

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

**The period from 2016 till 2017**

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

**16-5 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.

**16-6 Withholding tax**

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

**17 Debtors and Other debit receivables ( net )**

	31/12/2018	31/12/2017
	L.E.	L.E.
Suppliers – advance payments	601 962	466 929
Prepaid expenses	8 964 200	9 285 845
Letter of guarantee margin	25 398	25 398
Deposits with others	295 908	229 707
Other debit balances	136 276	238 461
	<b>10 023 744</b>	<b>10 246 340</b>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<b>9 923 744</b>	<b>10 146 340</b>

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**18 Cash and cash equivalents**

	31/12/2018	31/12/2017
	L.E.	L.E.
Banks – current accounts	1 605 836	181 522
Time deposits *	111 500	100 000
Cash on hand	148 013	159 964
	<b>1 865 349</b>	<b>441 486</b>
Banks credit balance	(53 422)	(1 892 469)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>1 811 927</b>	<b>(1 450 983)</b>

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

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

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

**Issued and paid up capital**

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

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

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

	31/12/2018	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

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**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
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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**


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**330 920 428**


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**20 Earnings per share**

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

	2018 L.E.	2017 L.E.
Profit of the year	308 224 552	142 538 756
Employee share	29 281 332	13 541 182
Board of Directors remuneration	21 646 174	7 480 038
Net attributable for shareholders share	257 297 046	121 517 536
Weighted average number of ordinary shares	941 405 082	941 405 082
<b>EPS (L.E/EPS)</b>	<b>0,273</b>	<b>0,129</b>

**21 Credit facilities**

	31/12/2018 L.E	31/12/2017 L.E
- The value of this credit facility is L.E 50 million borrowed from QNB with a monthly variable interest with a guarantee of a promissory note amounted to L.E 50 million	43 307 498	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	20 137 589	5 414 014
	<b>63 445 087</b>	<b>55 404 918</b>



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

Notes to the separate financial statements for the financial year ended 31 December 2018

**22 Provision**

Description	Balance on 1/1/2018 L.E	Provision formed L.E	Provision used L.E	Balance on 31/12/2018 L.E.
Provision for claims	<u>4 500 000</u>	<u>-</u>	<u>(83 853)</u>	<u>4 416 147</u>

**23 Creditors and other credit balances**

	31/12/2018 L.E.	31/12/2017 L.E.
Suppliers	5 697 185	3 921 123
Accrued expenses	703 561	2 601 325
Tax authority	1 604 174	7 316 621
Deposits from others	10 993	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**	3 230 787	6 904 405
Dividends payable	30 025	1 070
Accrued health insurance	414 513	-
Social Insurance Authority	195 750	282 300
Other credit balances	383 841	475 279
	<u>24 146 914</u>	<u>33 400 247</u>

**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.	5 361 448	-	5 361 448
Total payments amounted to L.E 77 754 647 and the balance will be settled over 3 equal installments starting from March 2019.			
<u>Less:</u>			
SODIC present value adjustment	(2 130 661)	-	(2 130 661)
Due to SODIC after PV adjustment**	<u>3 230 787</u>	<u>-</u>	<u>3 230 787</u>
Net liability value at 31/12/2018	<u>3 333 070</u>	<u>204 565</u>	<u>3 537 635</u>
Net liability value at 31/12/2017	<u>7 006 688</u>	<u>3 537 016</u>	<u>10 543 704</u>

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**25 Deferred revenues**

	31/12/2018	31/12/2017
	L.E	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 year is L.E 11 773 802 and the short term portion during the year ended amounted to L.E 11 773 802 included in creditors & other credit balances item in the statement of financial position (Note 23).		
	73 586 263	85 360 065
	<u>73 586 263</u>	<u>85 360 065</u>

**26 Deferred tax liabilities**

Deferred tax liability amounted to L.E 1 432 253 on 31/12/2018 is representing amounts of net deferred tax assets and tax liabilities.

	1/1/2018	Deferred tax for the year ended at 31 December 2018	31/12/2018
	L.E	L.E	L.E
Deferred tax liability (fixed assets)	<u>1 446 781</u>	<u>(14 528)</u>	<u>1 432 253</u>

**Recognized deferred tax assets and liabilities**

Deferred tax assets are representing in the following items:

	31/12/2018	31/12/2017
	L.E.	L.E.
Fixed assets	1 432 253	1 446 781
Net tax liabilities	<u>1 432 253</u>	<u>1 446 781</u>

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**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.

**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:

	<b>Carrying amount</b>	
	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Debtors and other debit balances	9 923 744	10 146 340
Due from related parties	245 411 747	107 879 631

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

Notes to the separate financial statements for the financial year ended 31 December 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 63 445 087. 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

	<b>Carrying amount L.E.</b>	<b>Contractual cash flows L.E.</b>
Credit facilities	63 445 087	101 000 000
Credit bank balances	53 422	53 422
Creditors and other credit balances	24 146 912	24 146 912

**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 financial statements for the financial year ended 31 December 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	727	2 797	310
Creditors & other credit balances	(57 199)	(949)	-
<b>31 December 2018</b>	<b>(56 472)</b>	<b>1 848</b>	<b>310</b>
<b>31 December 2017</b>	<b>(314 736)</b>	<b>1 768</b>	<b>4 444</b>

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	31/12/2018	31/12/2017	2018	2017
USD	17,86	18,095	17.95	17.78
Euro	21,07	20,295	20.84	21.34

**Sensitivity analysis**

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 31 December 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.

Value of impact 10%	Profit/Loss	
	31/12/2018	31/12/2017
	L.E.	L.E.
USD	(101 367)	(559 600)
Euro	3 851	3 773
GBP	712	10 681
	<b>(96 804)</b>	<b>(545 146)</b>

**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.

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

Notes to the separate financial statements for the financial year ended 31 December 2018

	31/12/2018	31/12/2017
	L.E.	L.E.
Total liabilities	170 288 507	235 041 406
Less: cash at banks and on hand	(1 865 349)	(441 486)
<b>Net debt</b>	<b>168 423 158</b>	<b>234 599 920</b>
Total equity	2 516 994 113	2 323 931 289
<b>Net debt to equity ratio</b>	<b>6.691 %</b>	<b>10.09 %</b>

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

**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 m<sup>2</sup>. The contract terms became effective starting 24/3/2016. The following is a summary of the above mentioned contract:

Description	Lease value		Lease period Months	Purchase value at end of contract L.E.	Quarterly lease value 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
<ul style="list-style-type: none"> <li>- 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.</li> <li>- 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 year ended 31/12/2018 amounted to L.E. 28 978 529</li> <li>- The company paid 11 897 900 L.E as a down payment and as at 31 December 2018 amounted 8 625 981 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 7 436 192 classified in the other long term debt balances.</li> </ul>					

**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 31/12/2018 equivalent to the amount of L.E 45 900 was part of which covered L.E 25 398 in 31/12/2017.

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**30 Capital commitment**

The capital commitments amounted to L.E 50 000 000 on 31/12/2018 is the unpaid portion of the capital increase of Tiba company for distribution and other capital commitment amounted to L.E 1 800 000.

**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**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Tiba for trading and distribution	Current	(2 534 486)	2 588 584	2 390 050	2 284 536
	Lease	2 640 000	2 640 000	-	-
International Company for Modern Food Industries	Current	761 136	1 994 250	1 597 985	836 849
El Marwa For Food Industries	Current	(885 094)	(1 023 119)	220 284	1 105 378
EGY food	Current	111 107 014	57 937 432	112 548 984	1 441 970
Modern Concentrates Industrial Company	Current	(373 041)	(1 073 185)	297 757	670 798
Enmaa for Agriculture Development Co. and Biological Wealth	Current	9 016 683	(99 565 836)	106 724 294	97 707 611
Egyptian for Dairy products	Current	62 218 397	-	12 718 583	-
Enmaa for Reclamation and Agriculture	Current	1 043 379	(381 833)	1 084 306	40 927
Enmaa for Livestock	Current	4 026 246	2 870 396	7 817 808	3 791 562
Argo for food industries	Current	11 792	-	11 696	-
				<b>245 411 747</b>	<b>107 879 631</b>

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

Notes to the separate financial statements for the financial year ended 31 December 2018

**31-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as of	
		31/12/2018 L.E.	31/12/2017 L.E.	31/12/2018 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	-	-
Argu company for food industries	Current	-	-	-	96
				-	<b>49 499 910</b>

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 2 640 000 during the year ended 31 December 2018 (the amount of L.E 2 640 000 through in December 2017).

**32 Non-cash transactions in cash flow**

The exclusion of the amount of L.E 11 773 802 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 1 189 786 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.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Proposed appropriation statement**  
**For the financial year ended 31 December 2018**

**Appendix (1)**  
**Translation from Arabic**

	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Net profit for the year	308 224 552	142 538 756
Retained earnings	531 112 826	510 862 736
<b>Distributable profits</b>	<b>839 337 378</b>	<b>653 401 492</b>
<b>To be appropriated as follows</b>		
Legal reserve	15 411 228	7 126 938
Employees' profit share	29 281 332	13 541 182
Shareholders' first Dividends	47 070 254	47 070 254
Board remuneration	21 646 174	7 480 038
Shareholders 'second dividends	141 210 762	47 070 254
Retained earnings	584 717 628	531 112 826
	<b>839 337 378</b>	<b>653 401 492</b>