

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate financial statements
For the year ended
31 December 2017
And auditors' report**

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Giza- Cairo – Egypt**

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate financial statements
for the year ended 31 December 2017

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Auditors' report

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

Introduction

We audited separate balance sheet of Juhayna Food Industries S.A.E, as of 31 December 2017 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 2017, 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.


KPMG Hazem Hassan
Public Accountants and Consultants
Hatem Montasser
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Public Accountants & Consultancies

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

Hossam Hilal
Mohamed Hilal – Grant Thornton
Public Accountants & Consultancies

Cairo, 30 January 2018



Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate Statement of financial position
As at 31 December 2017

Translation from Arabic

	Note no.	31/12/2017 L.E.	31/12/2016 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(12)	126 706 964	20 513 349
Investment in subsidiaries and under joint control companies	(13)	2 253 491 193	2 253 491 193
Down payment For investment	(4-13)	50 000 000	50 000 000
Projects under construction	(14)	1 681 103	103 581 596
Other non- current debit balances	(28)	8 625 978	9 815 767
Total non-current assets		2 440 505 238	2 437 401 905
Current assets			
Debtors and other debit receivables (net)	(17)	10 146 340	14 624 627
Due from related parties	(1-31)	107 879 631	202 489 852
Cash and cash equivalents	(18)	441 486	1 962 760
Total current assets		118 467 457	219 077 239
Total assets		2 558 972 695	2 656 479 144
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		398 204 287	388 190 055
General reserve - share issuance premium	(1-19)	330 920 428	330 920 428
Retained earnings		510 862 736	493 247 432
Total comprehensive income for the year		142 538 756	200 284 654
Total equity		2 323 931 289	2 354 047 651
Non-current liabilities			
Other Non- current liabilities	(24)	3 537 016	11 212 454
Deferred revenues	(25)	85 360 065	97 133 867
Deferred tax liabilities (net)	(26)	1 446 781	1 659 567
Non-current liabilities		90 343 862	110 005 888
Current liabilities			
Provisions for claims	(22)	4 500 000	3 329 621
Banks - overdraft	(18)	1 892 469	3 986 041
Banks - credit facilities	(21)	55 404 918	82 857 964
Current Income tax		-	1 961 120
Creditors and other credit balances	(23)	33 400 247	28 198 734
Due to related parties	(2-31)	49 499 910	72 092 125
Current liabilities		144 697 544	192 425 605
Total liabilities		235 041 406	302 431 493
Total equity and total liabilities		2 558 972 695	2 656 479 144

The notes on pages from (7) to (30) are an integral part of these separate financial statements.

Financial Manager

Hany Shaker

Chief Financial Officer

Sameh El-hodaiby

Chairman

Safwan Thabet

*Auditors' report attached .

Juhayna Food Industries
(An Egyptian Joint Stock Company)

Translation from Arabic

separate income statement

For the financial year ended 31 December 2017

	Note no.	The financial year ended 31/12/2017 L.E.	The financial year ended 31/12/2016 L.E.
Investment revenue	(5)	176 906 100	229 927 200
Other income	(6)	14 797 673	15 029 821
General & administrative expenses	(7)	(3 304 343)	(3 206 454)
Other expenses	(9)	(33 830 956)	(24 600 743)
Results from operating activities		154 568 474	217 149 824
Net finance (expenses) / income	(11)	(3 397 199)	(2 064 807)
Net profit year before income tax		151 171 275	215 085 017
Income tax	(15)	—	(2 048 068)
Difference from prior years taxes		—	86 948
Tax on investment revenue	(5)	(8 845 305)	(11 496 360)
Deferred tax	(26)	212 786	(1 342 883)
Net profit/(loss) for the year		142 538 756	200 284 654
Earning per share for the year (L.E /share)	(20)	0.129	0.179

The notes on pages from (7) to (30) are an integral part of these separate financial statements.

Juhayna Food Industries

Translation from Arabic

(An Egyptian Joint Stock Company)

Separate statement of comprehensive income**For the financial year ended 31 December 2017**

	The financial year ended 31/12/2017 L.E.	The financial year ended 31/12/2016 L.E.
Net profit for the year	142 538 756	200 284 654
Other comprehensive income	-	-
Surplus total other comprehensive income for the year	<u>142 538 756</u>	<u>200 284 654</u>

The notes on pages from (7) to (30) are an integral part of these separate financial statements.

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Separate statement of changes in equity

For the financial year ended 31 December 2017

Translation from Arabic

	Note No.	Issued & paid up capital L.E.	General reserve- issuance premium L.E.	Legal reserve L.E.	Retained earnings L.E.	(Surplus) total comprehensive income L.E.	Total L.E.
Balance as at 1 January 2016	(19-1)	941 405 082	330 920 428	374 963 889	426 200 481	264 523 310	2 338 013 190
Dividends for 2015		-	-	13 226 166	67 046 951	(264 523 310)	(184 250 193)
Total comprehensive income for the financial year ended 31 December 2016		-	-	-	-	200 284 654	200 284 654
Balance as at 31 December 2016		941 405 082	330 920 428	388 190 055	493 247 432	200 284 654	2 354 047 651
Balance as at 1 January 2017		941 405 082	330 920 428	388 190 055	493 247 432	200 284 654	2 354 047 651
Closing income of 2016 in retained earnings		-	-	10 014 232	17 615 304	(200 284 654)	(172 655 118)
Total comprehensive income for the financial year ended 31 December 2017		-	-	-	-	142 538 756	142 538 756
Balance as at 31 December 2017		941 405 082	330 920 428	398 204 287	510 862 736	142 538 756	2 323 931 289

The notes on pages from (7) to (30) are an integral part of these separate financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate statement of cash flows
For the financial year ended 31 December 2017

Translation from Arabic

	Note no.	The financial year ended 2017/12/31 L.E	The financial year ended 31/12/2016 L.E
Cash flows from operating activities			
Net profit for the year before income tax		151 171 275	215 085 017
Adjustments for:			
Fixed assets depreciation	(12)	8 622 401	6 364 152
Capital gains		312 367	(82 353)
provision of claim - formed	(22)	4 603 483	2 500 000
Financial lease installments		28 745 698	21 905 151
Foreign exchange currency		1 298 644	(2 669 010)
Credit interests		(1 294 113)	(604 203)
Finance interests & expenses		3 392 668	17 914 654
		<u>196 852 423</u>	<u>260 413 408</u>
Collected credit interest		1 294 113	604 203
Interest finance expenses paid		(3 392 668)	(17 914 654)
Changes in:			
Debtors and other receivables	(17)	5 668 076	(15 997 725)
Due from related parties	(1-31)	(82 295 879)	(187 482 903)
Trade payable & other credit balances	(23)	(37 596 797)	(35 891 680)
Dividends paid to employee within the period		(19 027 042)	(25 067 584)
Provision for claims used	(22)	(3 433 104)	(3 451 129)
Due to related parties	(2-31)	(22 592 215)	20 101 990
Net cash flows generated from(used in) operating activities		<u>35 476 907</u>	<u>(4 686 074)</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction		(13 227 890)	(38 211 332)
Proceeds from the profits of investments		176 906 100	218 430 840
Proceeds from sale of fixed assets		-	91 069
Payment to purchases investment in subsidiaries		-	(150 000 000)
Proceeds from cancelled investment in subsidiaries		-	99 900 000
Net cash flows generated from investing activities		<u>163 678 210</u>	<u>- 130 210 577</u>
Cash flows from financing activities			
(Payment) from facilities	(21)	(27 453 046)	(72 452 530)
Proceeds from sale and lease back	(25)	-	105 964 269
payments for lease installments- sale and lease back	(25)	(28 745 698)	(21 905 151)
Dividends paid to shareholders for the year		(141 210 762)	(141 210 762)
Net cash flows (used in) financing activities		<u>(197 409 506)</u>	<u>(129 604 174)</u>
increase/(Decrease) in cash & cash equivalents during the year		<u>1 745 611</u>	<u>(4 079 671)</u>
Change in foreign currency		<u>(1 173 313)</u>	<u>3 510 592</u>
Cash & cash equivalents at 1 January		<u>(2 023 281)</u>	<u>(1 454 202)</u>
Cash & cash equivalents at 31 December	(18)	<u>(1 450 983)</u>	<u>(2 023 281)</u>

The notes on pages from (7) to (30) are an integral part of these separate financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)

Translation from Arabic

Proposed appropriation statement

For the financial year ending 31 December 2017

	31/12/2017	31/12/2016
	L.E.	L.E.
Net profit for the year	142 538 756	200 284 654
Retained earnings	510 862 736	493 247 432
Distributable profits	653 401 492	693 532 086
To be appropriated as follows		
Legal reserve	7 126 938	10 014 233
Employees' profit share	13 541 182	19 027 042
Shareholders' first Dividends	47 070 254	47 070 254
Board remuneration	7 480 038	12 417 313
Shareholders 'second dividends	47 070 254	94 140 508
Retained earnings	531 112 826	510 872 736
	653 401 492	693 542 086

The notes on pages from (7) to (30) are an integral part of these separate financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the separate financial statements
For the financial year ending 31 December 2017

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 11 Aljihad Street- Lebanon Square- AlMohandessien. The address of the company's factories is 6 of October city- First Industrial Zone- piece no. 39 and 40,

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

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

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 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 financial statements for the financial year ending 31 December 2017

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 notes:

- Note (3-6) : lease classification.

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

- Note (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.

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.

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

Notes to the separate financial statements for the financial year ending 31 December 2017

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 the 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.

Receivables

Receivables 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.

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

Cash and cash equivalents

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

Non-derivative financial liabilities

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

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

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

Notes to the separate financial statements for the financial year ending 31 December 2017

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 capitalised 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 financial statements for the financial year ending 31 December 2017

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 financial statements for the financial year ending 31 December 2017

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 collection 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 recognised 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 financial statements for the financial year ending 31 December 2017

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 financial statements for the financial year ending 31 December 2017

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 Investment revenue

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Egyptian Company for Dairy Products	56 994 300	86 491 350
International Company For Modern Food Industries	–	5 499 450
The Egyptian Company For "Food Industries "Egyfood	30 993 800	92 981 400
Tiba for Trading and Distributing	18 981 000	44 955 000
Al-Marwa for Food industries	69 937 000	–
	176 906 100	229 927 200
Less :		
Tax on investment revenue	(8 845 305)	(11 496 360)
	168 060 795	218 430 840

6 Other operating revenue

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Deferred capital gains	11 773 802	12 307 468
Capital gain	–	82 353
Recovery service fees	383 871	–
Revenue from rental assets to subsidiaries	2 640 000	2 640 000
	14 797 673	15 029 821

7 General & administrative expenses

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Personnel expenses	51 042 528	45 005 609
Depreciation expense	8 622 401	6 364 153
Other administrative expense	14 454 827	15 858 987
Administrative rent	313 033	75 848
*Distributed to subsidiaries companies	(71 128 446)	(64 098 143)
	(3 304 343)	3 206 454

* The amount L.E 71 128 446 of general and administrative expenses was deducted and distributed to subsidiary companies (note 33).

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

Notes to the separate financial statements for the financial year ending 31 December 2017

8 Board of Directors remunerations

	Financial year ended 31/12/2017	Financial year ended 31/12/2016
	L.E	L.E
Board of directors remunerations	245 000	270 000
*Distributed to subsidiary companies	<u>(245 000)</u>	<u>(270 000)</u>
	<u>-</u>	<u>-</u>

* The amount 245 000 L.E of the board of directors' remunerations was deducted and distributed to subsidiary companies (note 33).

9 Other expenses

	Financial year ended 31/12/2017	Financial year ended 31/12/2016
	L.E	L.E
Financial lease installments	28 745 698	21 905 151
Property tax	169 408	-
Provision formed	4 603 483	2 500 000
Capital loss	312 367	-
Other expenses	-	195 593
	<u>33 830 956</u>	<u>24 600 743</u>

10 End of Service

	Financial year ended 31/12/2017	Financial year ended 31/12/2016
	L.E	L.E
End of service	1 658 478	449 120
*Distributed to subsidiary companies	<u>(1 658 478)</u>	<u>(449 120)</u>
	<u>-</u>	<u>-</u>

* The amount L.E1 658 478 of the cost of end the service was deducted and distributed to subsidiary companies (note 33).

11 Net finance income (expenses)

	Financial year ended 31/12/2017	Financial year ended 31/12/2016
	L.E	L.E
Interest expense	(15 130 020)	(17 914 645)
Interest income	1 294 113	604 203
Foreign currency exchange	(1 298 644)	(2 669 010)
*Distributed to subsidiary companies	<u>11 737 352</u>	<u>17 914 645</u>
Total finance cost	<u>(3 397 199)</u>	<u>(2 064 807)</u>

*The amount 11 737 352 L.E of finance expenses was deducted and distributed to subsidiary companies (note 33).

Juhayna Food Industries

Notes to the separate financial statements for the financial year ended 31 December 2017

Translation 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.
Cost								
Cost as at 1/1/2016	4 339 594	1 351 499	1 160 409	5 721 826	4 359 937	2 665 249	40 473 064	60 071 578
Additions of the year	-	19 159 880	-	-	6 435	130 246	14 750 533	34 047 094
Disposals of the year	-	(19 159 880)	-	(96 000)	(13 327)	(10 910)	(38 610)	(19 318 727)
Cost as at 31/12/2016	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 of 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
Accumulated depreciation as at 1/1/2016	-	364 272	1 160 409	3 225 838	4 349 982	2 383 547	36 588 526	48 072 574
Depreciation of the year	-	27 030	-	900 528	3 112	65 400	5 368 082	6 364 152
Accumulated depreciation of disposals of the year	-	-	-	(94 400)	(13 327)	(7 664)	(34 739)	(150 130)
Accumulated depreciation as at 31/12/2016	-	391 302	1 160 409	4 031 966	4 339 767	2 441 283	41 921 869	54 286 596
Depreciation of 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
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
Net book value as at 31/12/2016	4 339 594	960 197	-	1 593 860	13 278	343 302	13 263 118	20 513 349

* Fully depreciated assets and still in use are amounted to L.E 46 108 346 as at 31 December 2017 .

* The land item amounted to L.E 1 557 594 on 31/12/2017 includes an amount of L.E 1 367 244 representing the not registered land thus procedures of registering the land are in progress.

Description	Amount L.E.	Instrument of possess
Marsa Allam	1 367 244	Letter Allocation
	1 367 244	

Juhayna Food Industries
Notes to the separate financial statements for the financial year ended 31 December 2017

13- Investments

Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Investment cost	Impairment in the value of investment as at	Net Investment 31/12/2017	Net Investment 31/12/2016
					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
Enmaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	599 970 000
(13-2) Investment in subsidiary and under joint control companies										
Arju 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 2017					<u>2209 658 000</u>		<u>2253 491 193</u>	<u>-</u>	<u>2253 491 193</u>	<u>2253 491 193</u>
(13-3) Investments available for sale										
Egyptian for Trading and Marketing	SAE	1 000	0.54		100 000	100	100 000	(100 000)	-	-
Balance as at 31 December 2017					<u>100 000</u>		<u>100 000</u>	<u>(100 000)</u>		
(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 31 December 2017					<u>100 000 000</u>		<u>99 900 000</u>		<u>50 000 000</u>	<u>50 000 000</u>

- * Juhayna Food Industries is committed to contributing at least not in Tiba for Trading and Distributing company for 75% of the company's capital, according to the terms of the loan agreement between Qatar National Bank Al Ahli and Tiba for Trading and Distributing company and held until the end of the loan term.
- * Juhayna Food Industries is committed not least its contribution to the International company for modern food industries for 75% of the company's 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 contributing at least not in the Egyptian Company for Dairy product 75.1% of the company's capital, according to the terms of the loan contract signed between CIB and the Egyptian Company for dairy product and until the end of the loan term.
- * Juhayna Food Industries is committed not least its contribution in the Egyptian Company for Food Industries (Egyfood) for 75.1% of the company's capital, according to the terms of the loan agreement contract between CIB and the Egyptian Company for Food Industries (Egyfood) until the end of the loan term.

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

Notes to the separate financial statements for the financial year ending 31 December 2017

14 Projects under constructions

	31/12/2017	31/12/2016
	L.E.	L.E.
Advance payments for PP&E purchase	177 611	12 415 864
Furniture in progress	1 503 492	1 272 290
Buildings and constructions in progress	-	89 893 442
	<u>1 681 103</u>	<u>103 581 596</u>

**15 Income tax
Income tax expenses**

	31/12/2017	31/12/2016
	L.E.	L.E.
Difference from prior years taxes	-	86 948
Tax on investment revenue	(8 845 305)	(11 496 360)
Deferred tax	212 786	(1 342 883)
	<u>(8 632 519)</u>	<u>(12 752 295)</u>

Reconciliation of effective tax rate

	%	31/12/2017 L.E.
Profit for the year		142 538 756
Income tax	-	
Tax difference from previous years	-	
Tax on investment revenue	8 845 305	
Deferred tax	(212 786)	
Total tax expense based on income statement		8 632 519
Profit before tax		<u>151 171 275</u>
Income tax using the Company's domestic tax rate	%22.5	34 013 537
		-
Provisions used		(3 433 104)
Tax on revenue exempt by law		(39 803 873)
Other adjustments		18 068 745
	Zero %	<u>8 845 305</u>

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 the operating result on annual basis.

The period from the beginning of operation till year 2009

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

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

Notes to the separate financial statements for the financial year ending 31 December 2017

Years from 2010 till 2013

The tax authority noticed the company sample (19) was estimated interception in legal date and re-inspection was made at 31/8/2016

Years from 2014 till 2015

The tax authority noticed the company samples (31), (32) to inspection this period and the Company present sample (26) to deferred it.

Year 2016

The Company submits the annual tax returns for the income tax during legal duration required by law and settle the due tax –if any- according to tax return.

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

The tax inspection has been performed & the inspection results forms were received and the differences have been settled.

Year 2015, 2016

The inspection in progress.

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

The tax inspection has been performed and paid.

The period from 2011 till 2014

The tax inspection has been performed and paid

Year 2015 till 2016

The inspection in progress.

16-4 Sales tax

The tax inspection has been performed and paid till 31/12/2015.

Period from 2016/1/ till 31/8/2016

The Company submits the annual tax returns during legal duration required.

The company has not been inspected yet.

16-5 Vat tax

The Value Added Tax (VAT) by virtue of Law No. 67 replaced the Sales Tax for the year 2016 applicable as of the day following its issuance on 7/9/2016.

16-6 Withholding tax

The company has importuned the amount that was deducted to tax authority during the legal durations.

17 Debtors and other receivables (net)

	31/12/2017	31/12/2016
	L.E.	L.E.
Suppliers – advance payments	466 929	437 198
Advanced Prepaid expenses	9 285 845	8 651 067
Letter of guarantee deposit	25 398	5 119 598
Customs authority	-	44 163
Deposits with others	229 707	147 708
Other debit balances	238 461	324 893
	10 246 340	14 724 627
Less: Impairment in other debit balances	(100 000)	(100 000)
	10 146 340	14 624 627

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

Notes to the separate financial statements for the financial year ending 31 December 2017

18 Cash and cash equivalents

	31/12/2017	31/12/2016
	L.E.	L.E.
Banks – current accounts	181 522	313 020
Time deposits *	100 000	1 292 047
Cash in hand	159 964	357 693
	441 486	1 962 760
Banks credit balance	(1 892 469)	(3 986 041)
Cash and cash equivalents in the statement of cash flows	(1 450 983)	(2 023 281)

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

19 Share capital

	31/12/2017	31/12/2016
	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

The extra ordinary general assembly meeting dated 5 February 2012 decided capital reduction by the nominal value of treasury stock amounted to L.E 20 362 521 to be amounted to L.E 706 053 811 divided into

706 053 811 shares at par value L.E 1 each. The reduction in capital and in the numbers of shares was registered in the commercial register on 23 April 2012.

Based on the decision of the Board of Directors on February 26, 2014, which included a dividend free shares from the year profits and the decision & approval of the Ordinary General Assembly and of the Company dated 27/03/2014 to increase the company's issued capital from the dividends of the financial year ended 31 December 2013, which amounting to L.E. 235 351 271 equal to 33.33% of the company's issued capital as free shares deduction from the profit for the year ended 31 December 2013 by distributing one free share for each shareholder holds five shares of the company's shares. This increase has been recorded in the commercial register on 29/5/2014.

19-1 General reserve - issuance premium

The balance of general reserve – issuance premium is representing the net value of issuing capital increase shares during 2010 amounted to L.E 999 379 210 for issuing 205.97 million shares after deducting amount of L.E 350 398 732 for legal reserve completion to be equal to 50% of paid up capital and amount of L.E 205 972 632 for capital increase after deducting issuance fees amounted to L.E 38 507 164.

The Company had reduced issuance premium during the year by an amount of L.E 73 580 254 representing the difference between nominal value and the cost of purchasing treasury stock which reduced the capital with its value due to the increase more than one year of the acquisition according to extra ordinary general assembly meeting dated February 5th 2012.

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

Notes to the separate financial statements for the financial year ending 31 December 2017

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 has been per share in net profit for the year is calculated using the weighted average number of shares outstanding during the period as :

	Financial year ended 31/12/2017 L.E.	Financial year ended 31/12/2016 L.E.
Profit/(loss) for the year	142 538 756	200 284 654
Deduct:		
Employees share		(19 027 042)
	(13 541 182)	
B.O.D share	(7 480 038)	(12 417 313)
Net attributable for shareholders share	<u>121 517 536</u>	<u>168 840 299</u>
Weighted average number of ordinary shares	<u>941 405 082</u>	<u>941 405 082</u>
Net profit/ (loss) attributable to ordinary shareholders	0.129	0.179

21 Banks – credit facilities

	31/12/2017 L.E	31/12/2016 L.E
The value of credit facilities is 51 million L.E which given from QNB with a variable interest paid monthly guarantee promissory note	49 990 904	49 919 815
The value of credit facilities is 50 million L.E which was given from HSBC with a variable interest paid monthly guarantee promissory note guarantee amounted 50 million L.E	5 414 014	32 938 149
	<u>55 404 918</u>	<u>82 857 964</u>

22 Provision for claims

Description	Balance on 1/1/2017 L.E	Provision formed L.E	Provision used L.E	Balance on 31/12/2017 L.E.
Provision for claims	<u>3 329 621</u>	<u>4 603 483</u>	<u>(3 433 104)</u>	<u>4 500 000</u>

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

Notes to the separate financial statements for the financial year ending 31 December 2017

23 Creditors and other credit balances

	31/12/2017 L.E.	31/12/2016 L.E.
Suppliers	3 921 123	4 941 708
Accrued expenses	2 601 325	769 985
Tax authority	7 316 621	794 613
Fixed assets' creditors	-	668 750
Deposits from others	22 039	936 943
Sales tax installments on the imported machineries and equipment-short term	102 283	68 075
Deferred capital gains Short term (building sales & lease back)	11 773 802	11 773 802
Due to Sodic company- current portion	6 904 405	7 599 512
Social insurance authority	282 300	188 915
Dividends payable	1 070	63 709
Other credit balances	475 279	392 722
	33 400 247	28 198 734

24 Other non-current liabilities

	Current L.E	Non –Current L.E.	total L.E.
- The value of sales tax installments on the imported machineries and equipment due from September 2017 till January 2021 according to the scheduling agreed upon with the Sales Tax Authority.	102 283	306 848	409 131
- The amount due to (Sodic Siac for real state and investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. Total payments was paid amounted to L.E 67 050 631 and the rest will be settled over 6 equal installments starting from March 2018.	10 704 016	5 352 008	16 056 024
Less:	(3 799 611)	(2 121 840)	(5 921 451)
The Part that not consumed of the change in the present value of the obligation due to the company Sodic Siak real estate investment.			
The net present value of the obligation due to the company Sodic Siak Real Estate Investment	6 904 405	3 230 168	10 134 573
Net liability value at 31/12/2017	7 006 688	3 537 016	10 543 704
Net liability value at 31/12/2016	8 336 337	11 212 454	19 548 791

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

Notes to the separate financial statements for the financial year ending 31 December 2017

25 Deferred revenues

	31/12/2017	31/12/2016
	L.E	L.E
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built, According to the new contract finance leasing that signed with QNB Al Ahli at thereon 23/3/2016The Company had deferred and derecognized in the income statement 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 to be amortized on straight line method base during the lease period starting from 1/4/2016. The amortization of gain is L.E 11 773 802 and the short term portion during the year ended amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 23).	85 360 065	97 133 867
	<u>85 360 065</u>	<u>97 133 867</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 1 446 781 on 31/12/2017 is representing amounts of net deferred tax assets and tax liabilities.

	Balance on 1/1/2017	Deferred tax from 1 st Jan to 31 December 2017	Balance on 31/12/2017
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>1 659 567</u>	<u>(212 786)</u>	<u>1 446 781</u>

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	31/12/2017	31/12/2016
	L.E	L.E.
Fixed assets	1 446 781	1 659 567
Net tax liabilities	<u>1 446 781</u>	<u>1 659 567</u>

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

Notes to the separate financial statements for the financial year ending 31 December 2017

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

Trade and other receivables

The Company is dealing with one main customer (related party), which in turn distributes the credit risk on a number of customers who enjoy strong and stable financial positions. It also deals with its customers through contracts and agreements concluded with them, in addition the Company (related party) review the credit limits granted to customers on a regular basis as it gets sufficient guarantees from its customers.

Credit risk

Exposure to credit risk

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

	Note no	Carrying amount	
		31/12/2017	31/12/2016
		L.E.	L.E.
Banks credit facilities	(21)	55 404 918	82 857 964

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

Notes to the separate financial statements for the financial year ending 31 December 2017

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 55 404 918 L.E. the interest is paid for the facilities as at Egyptian pound and US dollar with a variable interest rate

Liquidity risk

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	55 404 918	101 000 000

Market risk

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

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

Currency risk

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

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

Foreign currency risk**Exposure to currency risk**

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

	USD	Euro	GBP
Other debit balances	72 623		
Cash and cash equivalents	4 279	2717	4404
Trade payable & other credit balances	(10 444)	(949)	-
Credit facilities	(381 194)	-	-
31 December 2017	(314 736)	1768	4404
31 December 2016	18 483	1 714	(5 883)

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

Notes to the separate financial statements for the financial year ending 31 December 2017

The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	2017	2016	2017	2016
USD	18,095	13.11	17,78	18.41
Euro	20,295	13.90	21,34	19.25

Sensitivity analysis

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 31 December 2017 would have increase (decreased) 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 2016.

	Profit/Loss	
	31/12/2017	31/12/2016
	L.E.	L.E.
10%		
USD	(559 600)	34 027
Euro	3 773	3 299
GBP	10 681	(13 273)
	(545 146)	24 053

Interest rate risk

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

Capital management

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

	31/12/2017	31/12/2016
	L.E.	L.E.
Total liabilities	235 041 406	302 431 493
Less: cash and cash equivalents	(441 486)	(1 962 760)
Net debt	234 599 920	300 468 733
Total equity	2 323 931 289	2 354 047 651
Net debt to equity ratio	%10.09	%12.76

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

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

Notes to the separate financial statements for the financial year ending 31 December 2017

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 lease (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	Accrued interest			
	L.E	L.E			
Contract from 24/3/2016 to 23/3/2026	290 466 235	127 651 718	120	1	7 422 203

- The Company has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.
- The monthly finance lease's 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 31/12/2017 amounted to L.E. 28 745 698.
- The company paid 11 897 900 L.E as a down payment and as at 31 December 2017 amounted 9 815 768 L.E classified the current portion as at 1 189 730 L.E pounds in prepaid expenses to note (17) and the Non-current portion 8 625 978 L.E classified in the other long term debt balances.

29 contingent liabilities

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.

The value of letters of guarantee issued by banks for the company and for the benefit of others in 31/12/2017 equivalent to the amount of L.E 545 900 was part of which covered L.E 525 398.

30 Capital commitment

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 50 000 000 on 31/12/2017 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 controls over these companies.

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

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

Notes to the separate financial statements for the financial year ending 31 December 2017

31-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/12/2017 L.E.	31/12/2016 L.E.	31/12/2017 L.E.	31/12/2016 L.E.
Tiba for trade and distribution		2 588 58			
	Current	2 640 000	-	2 284 536	-
	Lease assets		-		
International Company For Modern Food Industries	Current	1 994 250	-	836 849	-
El Marwa For Food Industries	Current	(1 023 119)	2 086 243	1 105 378	2 128 496
The Egyptian Company For Food Industries "Egyfood"	Current	57 937 432	-	1 441 970	-
Modern Concentrates Industrial Company	Current	(1 073 185)	1 732 840	670 498	1 743 983
Enmaa for Agriculture Development Co. and biological wealth	Current	(99 565 836)	(36 107 429)	97 707 611	197 273 447
Enmaa for reclamation and agriculture	Current	(381 833)	422 760 259	40 927	422 760
Enmaa for livestock	Current	2 870 396	921 167	3 791 562	921 166
				107 879 631	202 489 852

31-2 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/12/2017 L.E.	31/12/2016 L.E.	31/12/2017 L.E.	31/12/2016 L.E.
Egyptian Company for Dairy Products	Current	(38 004 600)	(11 495 716)	49 499 814	11 495 214
Tiba for Trading and Distributing	Current	-	(5 587 062)	-	2 944 048
	Assets lease	-	2 640 000	-	-
The Egyptian Company For Food Industries "Egyfood"	Current	-	(30 413 179)	-	56 495 462
International Company For Modern Food Industries	Current	-	24 750 450	-	1 157 401
Argo Co. For Food Industries	Current	-	-	96	-
				49 499 910	72 092 125

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

Notes to the separate financial statements for the financial year ending 31 December 2017

The company has a contract agreement with the Tiba for Trading and Distributing Company of (LLC) – subsidiary - company 99.9% of the rental company's administrative building and the rental with a value of 2 640 000 pounds during the fiscal year ended 31 December, 2017 (the amount of 2 640 000 LE through 2016).

32 Non-cash transactions in cash flow

The exclusion of the amount of 11 773 802 pounds of change in item suppliers against the exclusion of the same amount of change in the deferred revenue as this is a non-cash transaction.

The exclusion of the amount of 7 675 438 pounds of change in item suppliers against the exclusion of the same amount of change in the long-term liability as this is a non-cash transaction.

The exclusion of the amount 1 189 789 pounds of change in item debtors and other debit balance against the exclusion of the same amount of change in the other non-current debtors as this is a non-cash transaction.

The exclusion of the amount 102 680 237 pounds of change in item projects under construction of the same amount of change in fixed assets as this is a non-cash transaction.

33 Distribution some of the holding companies expenses

The company has under the decision of the board of director in its meeting 19/10/2016 to approve the distribution of their own expenses to subsidiary were taking the consolidated sales volume as a basis for the distribution of these expenses.

34 New laws and legislations

On September 7, 2016, the President of the Republic issued Decree No. (67) For the year 2016 to issue the Value Added Tax Law and repeal the General Sales Tax Law No. (11) of 1991, replacing the Egyptian Tax Authority with the tax authority on sales and approving the tax rates for goods and services to be the general tax rate of 13% on goods and services except machinery and equipment used in the production of goods or service 5% and amend the registration limit to become 500 thousand Egyptian pounds.

35 Float exchange rates

The Central Bank of Egypt had decided in its meeting dated November 3, 2016 to float exchange rates of foreign currencies, to give the Egyptian banks more flexibility in the process of the setup of pricing the foreign currencies on selling & buying through the identified legitimate channels of dealing. The central bank had set certain exchange rates of the main foreign currencies as a reference to start dealing with at the beginning of November 3, 2016 as follows:

Main Foreign Currencies	Selling	Buying
USD	14.2757	13.5277
EURO	15.8389	15,0076

Accordingly, the balances of the monetary assets and liabilities denominated in foreign currencies may significantly vary subsequently than its recorded values in the financial statements for the period ended September 30, 2016, in addition, the company's performance may be affected significantly in the subsequent years as a result of the same resolution.

In accordance with the float exchange rate, the Central Bank of Egypt also increased its overnight deposit and lending rates by 300 basis points to 14.75% and 15.75%, respectively. Which may affect the Company's revenue and financing costs.

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

Notes to the separate financial statements for the financial year ending 31 December 2017

36 New issuance and amendments on the Egyptian accounting standards:

During 2015 new modified version of the Egyptian accounting standards was issued that includes new accounting standards and amendments to some existing standards, to be effective for the periods starting from January 2016, with the knowledge that early adaption of these standards is not allowed

The following table shows the amendments that may have significant effect on the financial statements on 31/12/2016.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) Presentation of Financial Statements	<p><u>Financial Position Statement</u></p> <ul style="list-style-type: none"> The Standard does not require to present the working capital, also the F/S references model issuance 2006 excluded the presentation of working capital. A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. <p><u>Income Statement (Profit or Loss)/Statement of Comprehensive Income</u></p> <p>The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (<i>Income Statement</i>) and the other one starts with the profit or loss and presents the other comprehensive income items (<i>Statement of Comprehensive Income</i>).</p>	<ul style="list-style-type: none"> Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard. Adding a new statement, <i>Statement of Comprehensive Income</i>, for the current and comparative period.