

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

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87 Ramses St., Cairo**

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

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**Report on Limited Review of interim Consolidated Financial Statements**

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

***Introduction***

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

***Scope of Limited Review***

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

***Conclusion***

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

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

*Hatem Montasser*  
**KPMG Hazem Hassan**  
**Public Accountants & Consultancies**  
**15**

Cairo, 18 October 2018

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**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim Consolidated financial position**  
**As of 30 september 2018**

Translated from Arabic

	Note no.	30/9/2018 L.E.	31/12/2017 L.E.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (net)	(12)	3 103 566 899	3 235 369 148
Projects under construction(net)	(13)	144 486 995	94 865 930
Plant wealth(net)	(14-1)	12 852 485	13 152 016
Plant wealth - under preparation	(14-2)	3 146 028	1 915 410
Biological wealth	(15)	130 888 447	107 589 620
Investments under joint control ( equity)	(11)	8 094 905	7 194 884
Other - long term assets		750 757	756 960
Other - long term - debit balances	(30)	7 733 640	8 625 978
Goodwill	(35)	97 092 890	97 092 890
<b>Non-current assets</b>		<b>3 508 613 046</b>	<b>3 566 562 836</b>
<b>Current assets</b>			
Biological assets- feeding sector		22 532 469	7 683 499
Biological assets- Existing Agriculture		9 067 281	8 857 367
PPE held for sale		18 995 595	-
Inventories	(17)	1 009 846 109	832 004 987
Trade and other receivables (net)	(18)	569 084 085	418 404 120
Due from related parties	(33-1)	18 552 511	-
Cash at banks and on hand	(19)	78 139 353	85 736 257
<b>Current assets</b>		<b>1 726 217 403</b>	<b>1 352 686 230</b>
<b>Total assets</b>		<b>5 234 830 449</b>	<b>4 919 249 066</b>
<b>Equity</b>			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		533 335 527	518 993 941
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		395 283 536	336 168 619
Total Comprehensive Income For the Period/year		359 488 922	188 735 303
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 560 433 495</b>	<b>2 316 223 373</b>
<b>Non-controlling interest</b>		<b>898 037</b>	<b>857 853</b>
<b>Total equity</b>		<b>2 561 331 532</b>	<b>2 317 081 226</b>
<b>Non-current liabilities</b>			
long - term loans	(21)	676 102 930	765 385 939
Other non current liabilities	(25)	21 319 363	30 635 840
Deferred revenues	(26)	83 440 274	94 155 323
Deferred tax liabilities	(27)	237 907 856	231 719 785
<b>Non-current liabilities</b>		<b>1 018 770 423</b>	<b>1 121 896 887</b>
<b>Current liabilities</b>			
Provision for claims	(23)	16 812 950	8 298 642
Banks - over draft	(19)	19 346 782	20 663 601
Short term loan and credit facilities	(22)	554 064 991	518 651 701
Creditors and other credit balances	(24)	773 293 334	599 791 440
Income tax payable	(34)	38 633 637	14 561 649
Due to related parties	(33-1)	-	2 826 538
Loans-current portion	(21)	252 576 800	315 477 382
<b>Current liabilities</b>		<b>1 654 728 494</b>	<b>1 480 270 953</b>
<b>Total liabilities</b>		<b>2 673 498 917</b>	<b>2 602 167 840</b>
<b>Total equity and total liabilities</b>		<b>5 234 830 449</b>	<b>4 919 249 066</b>

The notes on pages from (6) to (38) are an integral part of these interim consolidated financial statements and should read there to.

Finance Director  
Sameh El-hodaiby

Cairo 17/07/2018

\*Review report "attached".

Chairman  
Safwan Thabet

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated income statement**  
**For the financial period ending 30 september 2018**

		<b>The financial period from 1/1/2018 to 30/9/2018 L.E.</b>	<b>The financial period from 1/1/2017 to 30/9/2017 L.E.</b>	<b>The financial period from 1/7/2018 to 30/9/2018 L.E.</b>	<b>The financial period from 1/7/2017 to 30/9/2017 L.E.</b>
	<b>Note no.</b>				
Net sales		5 411 277 388	4 545 846 321	1 929 611 774	1 683 808 484
Cost of sales		(3 820 706 536)	(3 192 558 627)	(1 396 439 072)	(1 180 217 037)
<b>Gross profit</b>		<b>1 590 570 852</b>	<b>1 353 287 694</b>	<b>533 172 702</b>	<b>503 591 447</b>
Other operating revenue	(5)	78 346 111	69 050 683	19 244 747	29 442 529
Sales & distribution expenses	(6)	(732 652 700)	(747 667 843)	( 244 407 704)	( 262 293 627)
General & administrative expenses	(7)	(201 137 087)	(142 615 325)	( 76 948 483)	( 49 926 589)
Other expenses	(8)	(69 002 047)	(31 868 059)	( 9 209 812)	( 15 148 700)
Board of directors remuneration		(9 745 000)	(1 025 000)	( 3 105 000)	( 385 000)
<b>Results from operating activities</b>		<b>656 380 129</b>	<b>499 162 150</b>	<b>218 746 450</b>	<b>205 280 060</b>
Share in the gain (losses) of company under joint control		900 021	( 3 731 835)	( 40 659)	( 1 533 055)
Cost of the end of service		( 7 923 505)	( 31 014 864)	( 1 868 975)	( 22 039 419)
Net finance income and finance (expenses)	(9)	( 241 324 200)	( 284 644 837)	( 81 790 159)	( 101 081 038)
<b>Net profit before income tax</b>		<b>408 032 445</b>	<b>179 770 614</b>	<b>135 046 657</b>	<b>80 626 548</b>
Tax difference from previous year		( 410 285)	-	-	-
Income tax		(35 949 012)	(9 927 513)	( 13 279 401)	( 6 696 453)
Investment tax on dividends		( 5 996 155)	( 6 046 660)	-	-
Deferred tax	(27)	(6 188 071)	(12 931 063)	( 2 134 143)	( 8 610 227)
<b>Net profit for the period</b>		<b>359 488 922</b>	<b>150 865 378</b>	<b>119 633 113</b>	<b>65 319 868</b>
<b>Distributed as follows</b>					
Parent Company's share in profit		359 211 593	150 716 158	119 554 200	65 286 744
Non-controlling interest		277 329	149 220	78 913	33 124
		<b>359 488 922</b>	<b>150 865 378</b>	<b>119 633 113</b>	<b>65 319 868</b>

The notes on pages from (6) to (38) are an integral part of these interim consolidated financial statements and should read there to.

Translated from arabic

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated Statement of comprehensive income**  
**For the financial period ending 30 september 2018**

	<b>The financial period from 1/1/2018 to 30/9/2018 L.E.</b>	<b>The financial period from 1/1/2017 to 30/9/2017 L.E.</b>	<b>The financial period from 1/7/2018 to 30/9/2018 L.E.</b>	<b>The financial period from 1/7/2017 to 30/9/2017 L.E.</b>
<b>Net profit for the period</b>	<b>359 488 922</b>	<b>150 865 378</b>	<b>119 633 113</b>	<b>65 319 868</b>
<b>Total other comprehensive income</b>	<b>359 488 922</b>	<b>150 865 378</b>	<b>119 633 113</b>	<b>65 319 868</b>
<b>Distributed as follows</b>				
Parent Company's share in profit	359 211 593	150 716 158	119 554 200	65 286 744
Non-controlling interest	277 329	149 220	78 913	33 124
	<b>359 488 922</b>	<b>150 865 378</b>	<b>119 633 113</b>	<b>65 319 868</b>

The notes on pages from (6) to (38) are an integral part of these interim consolidated financial statements and should read there to.

**Jubayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of changes in equity**  
**For the financial period ended 30 september 2018**

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Non-controlling interest L.E.	Total L.E.
<b>Balance as at 1 January 2017</b>	<b>941 405 082</b>	<b>497 245 972</b>	<b>330 920 428</b>	<b>521 832 541</b>	<b>756 990</b>	<b>2 292 161 013</b>
Holding Company's share in reserves & retained earnings	-	3 000 134	-	(137 718 290)	-	( 134 718 156)
Consolidation adjustments	-	10 010 243	-	(47 867 900)	( 148 402)	( 38 006 059)
Total other comprehensive income for the period ended 30 September 2017 after periodic dividends	-	-	-	150 716 158	149 220	150 865 378
<b>Balance as at 30 September 2017</b>	<b>941 405 082</b>	<b>510 256 349</b>	<b>330 920 428</b>	<b>486 962 509</b>	<b>757 808</b>	<b>2 270 302 176</b>
<b>Balance as at 1 January 2018</b>	<b>941 405 082</b>	<b>518 993 941</b>	<b>330 920 428</b>	<b>524 903 922</b>	<b>857 853</b>	<b>2 317 081 226</b>
Dividends to shareholders	-	-	-	(94 140 508)	-	(94 140 508)
Dividends to employees and board of directors	-	-	-	(21 021 220)	-	(21 021 220)
Dividends from subsidiaries to non controlling interest	-	-	-	-	( 76 900)	( 76 900)
Holding company share from reserve and retained earning	-	14 341 586	-	(14 341 586)	5 797	5 797
Prior year adjustments	-	-	-	160 257	( 166 042)	( 5 785)
Total other comprehensive income for the period ended 30 september 2018	-	-	-	359 211 593	277 329	359 488 922
<b>Balance as at 30 September 2018</b>	<b>941 405 082</b>	<b>533 335 527</b>	<b>330 920 428</b>	<b>754 772 458</b>	<b>898 037</b>	<b>2 561 331 532</b>

The notes from pages (1) to (36) are an integral part of these consolidated financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated statement of cash flows**  
**For the financial period ending 30 september 2018**

Translated from Arabic

		<b>The financial period</b>	<b>The financial period</b>
		<b>from 1/1/2018</b>	<b>from 1/1/2017</b>
	<b>Note no.</b>	<b>to 30/9/2018</b>	<b>to 30/9/2017</b>
		<b>L.E.</b>	<b>L.E.</b>
<b>Cash flows from operating activities</b>		<b>359 488 922</b>	<b>179 770 614</b>
Net profit for the period before income tax and minority interest in profits			
<b>Adjustments for:</b>			
PPE depreciation	(12)	206 334 527	196 621 076
Capital (gains)		(16 554 199)	(12 627 769)
Amortization of animal wealth	(15)	10 550 498	9 075 143
Amortization of plant wealth		299 531	297 807
Biological assets impairment		289 588	-
Plant wealth - under preparation		(1 230 618)	-
Fixed assets impairment		13 459 207	-
Change in Investments under joint control		( 900 021)	3 731 840
Impairment of trade and other receivables		1 620 766	1 867 760
Capital gain deferred		(10 715 049)	-
Impairment in inventories		13 664 366	
Reversal of inventories write off	(17)		( 848 672)
Provision for claims formed	(23)	8 700 000	120 283
Financial lease installments		21 879 246	21 016 211
Herd births		(10 112 000)	(8 480 000)
Herd capitalized expenses		(36 754 496)	(24 324 041)
Losses from selling cows		724 151	-
Compensation for calves death		1 184 574	
Losses from calves death			101 160
Foreign exchange gain		4 017 248	1 373 976
Credit interests	(9)	(12 090 828)	(6 701 767)
Finance interests & expenses	(9)	249 397 780	289 444 808
		<b>803 253 193</b>	<b>650 438 429</b>
Collected time deposits interests		12 090 828	6 701 767
Interest expenses paid		( 249 397 780)	(288 019 005)
<b>Changes in:</b>			
Inventories	(17)	(191 505 488)	311 283 732
Biological assets- Feeding sectors		(15 138 558)	
Biological assets- Existing Agreculture		( 209 914)	7 160 494
Trade and other receivables	(18)	(152 300 731)	(111 171 290)
Due from related parties		(18 552 511)	( 635 919)
Creditors & other credit balances	(24)	184 803 068	(130 390 714)
Due to related parties		(2 826 538)	(14 099 605)
Dividends paid to employees		(21 021 220)	(15 186 589)
Income tax paid		(11 877 024)	-
Provision for claims used		( 185 691)	(7 436 234)
<b>Net cash flows from operating activities</b>		<b>337 131 634</b>	<b>408 645 066</b>
<b>Cash flows from investing activities</b>			
Acquisition of PPE & projects under construction	(12,13)	(172 980 568)	(159 020 564)
Proceeds from sale of PPE		51 922 217	63 279 184
Acquisition of plant and animal wealth	(14,15)	(1 181 030)	(1 359 095)
Proceeds from the sale of plant and animal wealth	(14,15)	12 289 476	8 047 762
<b>Net cash flows (used in) investing activities</b>		<b>( 109 949 905)</b>	<b>( 89 052 713)</b>
<b>Cash flows from financing activities</b>			
Proceeds (payments) from bank loans and overdraft	(21,22)	35 413 290	(67 776 643)
Payments in lease installments - sales and lease back	(30)	(21 879 246)	(21 016 211)
Proceeds from loans		(152 183 591)	(97 441 403)
Dividends paid to shareholder		(94 140 508)	
Decrease in non-controlling interest		40 184	( 148 402)
<b>Net cash flows (used in) financing activities</b>		<b>( 232 749 871)</b>	<b>( 186 382 659)</b>
<b>Change in cash &amp; cash equivalents during the period</b>		<b>( 5 568 142)</b>	<b>133 209 694</b>
<b>The effect of foreign exchange difference</b>		<b>( 711 943)</b>	<b>(27 633 729)</b>
<b>Cash &amp; cash equivalents at 1 January</b>		<b>65 072 656</b>	<b>104 559 749</b>
<b>Cash &amp; cash equivalents at 30 sep</b>	<b>(19)</b>	<b>58 792 571</b>	<b>210 135 714</b>

The notes on pages from (6) to (38) are an integral part of these interim consolidated financial statements and should read there to.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements**  
**For the financial period ended 30 September 2018**

**1 Reporting the entity**

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

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

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

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

The Company is considered a holding Company.

**The Company's purpose**

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

**Registration in the Stock Exchange**

The Company is listed in the Egyptian Stock Exchanges.

**2 Basis of preparation**

**2-1 Statement of compliance**

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

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

**2-2 Basis of measurement**

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

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (Note 4-1).
- Biological assets and Agricultural crops at fair value after reducing cost to the point of sale (note 4-2).

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

**2-3 Functional and presentation currency**

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

**2-4 Use of estimates and judgments**

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

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.

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

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

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

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

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

### 3 Significant accounting policies

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

#### 3-1 Basis of consolidation

##### Subsidiaries

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

##### Investments in equity accounted investees (associates)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates is accounted for using the equity method and is recognized initially at cost. The cost of the investment include transaction costs. The consolidated financial statements include the Company's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest including any long-term interests that from part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

##### Transactions eliminated on consolidation

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

#### 3-2 Foreign currency

##### Foreign currency transactions

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

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

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

### **3-3 Investment under joint control**

The companies under joint control are companies that practice a joint control on the investee company, the investment under joint controls are included in the consolidated financial statement using the equity method.

### **3-4 Financial instruments**

#### **Non-derivative financial assets**

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

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

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

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

#### **Debtors**

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

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

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

#### **Cash and cash equivalents**

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

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other categories of financial assets. Available –for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale debt instruments, presented in fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

### **Non-derivative financial liabilities**

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

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

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

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

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

### **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 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.

## **3-5 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.

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

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

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

**Subsequent costs**

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

**Depreciation**

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

The estimated useful lives are as follows:

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

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

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

**3-6 Projects under construction**

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

**3-7 Government grants**

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

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

### **3-8 Plant wealth**

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

### **3-9 Biological assets**

A biological asset is measured on initial recognition and on every reporting date at its fair value less costs to the point of sale capability. A biological asset "harvested agricultural product" is measured at the point of harvest at fair value less costs to the point of sale capability. Profit or loss resulting from the initial recognition of a biological asset at fair value costs to the point of sale capability and from the change in fair value less costs to the point of sale capability of the biological asset is recorded in profit or loss for the period in which it arises, profit or loss resulting from the initial recognition of agricultural product at fair value less costs to the point of sale capability is recorded in profit or loss for the period in which it arises .

When there is no market available to determine prices and values, which the alternative estimates of fair value have shown clearly that it cannot be relied upon, in this case the biological asset is measured at its cost less any accumulated amortization and any accumulated impairment of value. Once the possibility of measuring the fair value of these assets are reliably established, the Company measures it at its fair value less costs to the point of sale capability.

### **3-10 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.

### **3-11 Goodwill**

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

### **3-12 Inventories**

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

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

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

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

### 3-13 Impairment

#### Non –derivative financial assets

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

#### Non-financial assets

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

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

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

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

### 3-14 Defined contribution plans

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

### 3-15 Provisions

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

### 3-16 Revenue

#### Goods sold

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

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

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

**3-17 Rental income**

Rental income from other assets is recognized in other income.

**3-18 Finance income and finance costs**

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

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

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

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

**3-19 Income tax**

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

**3-20 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.

**3-21 Assets held for sale or held for distribution**

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

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount



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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

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

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

**3-22 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.

**3-23 End of service benefits**

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

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

**4 Determination of fair value**

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

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

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

**4-2 Biological assets**

At fair value less costs to the point of sale capability.

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**5 Other operating revenue**

	<b>Financial period from 1/1/2018 to 30/9/2018 L.E</b>	<b>Financial period from 1/1/2017 to 30/9/2017 L.E</b>	<b>Financial period from 1/7/2018 to 30/9/2018 L.E</b>	<b>Financial period from 1/7/2017 to 30/9/2017 L.E</b>
Export subsidy revenue	22 487 518	20 494 191	6 412 701	5 135 406
Deferred capital gains	10 715 049	10 715 050	3 571 683	3 571 683
Capital gain	16 554 199	12 627 769	(166 077)	11 475 737
Drawback of sales tax	-	68 999	-	39 505
Reversal of allowance for inventory	-	848 672	-	-
Increase in biological wealth due to newborn	10 112 000	8 480 000	5 037 000	4 351 000
Compensation for calves death	-	101 160	-	(112 661)
Leasing assets (under joint control)	4 263 063	2 848 000	1 629 872	808 248
Other revenue	14 214 282	12 866 842	2 759 568	4 173 611
	<b>78 346 111</b>	<b>69 050 683</b>	<b>19 244 747</b>	<b>29 442 529</b>

**6 Sales and distribution expenses**

	<b>Financial period from 1/1/2018 to 30/9/2018 L.E</b>	<b>Financial period from 1/1/2017 to 30/9/2017 L.E</b>	<b>Financial period from 1/7/2018 to 30/9/2018 L.E</b>	<b>Financial period from 1/7/2017 to 30/9/2017 L.E</b>
Advertising expenses	323 810 158	360 816 625	114 365 450	126 026 032
Salaries and Wages	159 508 827	165 499 463	42 399 097	52 279 802
Depreciation	40 534 392	43 285 330	11 964 044	14 377 231
Cars expenses	49 489 372	39 388 703	(236 880)	12 942 657
Replacement of goods	69 752 311	33 850 536	42 066 795	11 522 748
Rent	26 936 013	26 617 322	9 182 929	9 015 304
Temporary labor contractors	13 104 622	10 562 810	5 220 387	4 651 924
Others	49 517 005	67 647 054	19 445 882	31 477 929
	<b>732 652 700</b>	<b>747 667 843</b>	<b>244 407 704</b>	<b>262 293 627</b>

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**7 General & administrative expenses**

	Financial period from 1/1/2018 to 30/9/2018 L.E	Financial period from 1/1/2017 to 30/9/2017 L.E	Financial period from 1/7/2018 to 30/9/2018 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E
Salaries and wages	93 749 123	75 747 181	41 376 265	24 068 602
Depreciation expense	16 733 109	13 303 709	6 889 053	4 663 717
Rent expense	6 300 157	7 235 694	1 970 074	2 402 673
Donations	18 810 000	2 274 000	1 250 000	1 250 000
Other administrative expense	65 544 698	44 054 741	25 463 091	17 541 597
	<b>201 137 087</b>	<b>142 615 325</b>	<b>76 948 483</b>	<b>49 926 589</b>

**8 Other expenses**

	Financial period from 1/1/2018 to 30/9/2018 L.E	Financial period from 1/1/2017 to 30/9/2017 L.E	Financial period from 1/7/2018 to 30/9/2018 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E
Lease expense	21 879 246	21 016 211	7 121 282	7 320 382
Damaged inventory	-	3 464 694	-	3 464 694
Impairment of trade and other receivables	1 620 766	1 867 760	-	-
Inventory write down	13 664 366	-	-	-
Impairment of fixed assets	13 459 207	-	-	-
Property tax	3 735 961	-	448 674	-
Provision for claims	8 700 000	120 283	-	103 483
Other	5 942 501	5 399 111	1 639 856	4 260 141
	<b>69 002 047</b>	<b>31 868 059</b>	<b>9 209 812</b>	<b>15 148 700</b>

**9 Finance income and finance costs**

	Financial period from 1/1/2018 to 30/9/2018 L.E	Financial period from 1/1/2017 to 30/9/2017 L.E	Financial period from 1/7/2018 to 30/9/2018 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E
Interest expense	(249 397 780)	(289 444 808)	(84 062 593)	(102 015 398)
Interest income	12 090 828	6 701 767	2 561 001	2 796 418
Foreign exchange Gain/ (loss)	(4 017 248)	(1 373 976)	(288 567)	(1 334 238)
Present vale adjustments	-	(527 820)	-	( 527 820)
	<b>(241 324 200)</b>	<b>(284 644 837)</b>	<b>(81 790 159)</b>	<b>(101 081 038)</b>

## 10- Segmentation reports

## 10-1 Segmentation reports for the financial ending period 30 September 2018

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Dairy sector L.E 30/09/2018	Cooling sector L.E 30/09/2018	Juices sector L.E 30/09/2018	Concentrates sector L.E 30/09/2018	Agriculture sector L.E 30/09/2018	Distributed Items L.E 30/09/2018	Elimination of consolidated transactions L.E 30/09/2018	Total L.E 30/09/2018
Sales	2 581 885 784	1225 172 672	1095 022 705	298 376 431	31 798 463	179 021 333		5 411 277 388
Sales between segments	2 174 287 528	977 700 557	888 898 167	66 717 589	163 782 781		(4 271 386 621)	
Other operating income	21 751 724	9 210 218	18 216 342	21 396 936	3 406 330	5 594 032		79 575 582
Expenses	(474 387 994)	(401 018 582)	(274 185 008)	(48 367 929)	(31 236 420)	(32 918 057)		(1 262 113 990)
<u>Other Information</u>								
Depreciation	61 412 449	59 586 494	50 526 335	15 255 518	19 553 731	-		206 334 527
Assets	1 310 306 199	1349 032 039	1087 332 067	466 572 889	837 995 080	183 592 175		5 234 830 449
Liabilities	965 558 564	724 235 123	567 180 487	213 797 133	202 727 610	-		2 673 498 917

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

**10- Segmentation reports****10-2 Segmentation reports for the financial ending period 30 September 2017**

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Dairy sector L.E 30/09/2017	chilled sector L.E 30/09/2017	Juices sector L.E 30/09/2017	Concentrates sector L.E 30/09/2017	Agriculture sector L.E 30/09/2017	Undistributed items L.E 30/09/2017	Elimination of consolidated transactions L.E 30/09/2017	Total L.E 30/09/2017
Sales	2 100 940 569	1 023 004 579	959 559 367	278 189 701	66 834 460	117 317 645		4 545 846 321
Sales between segments	1 737 903 039	804 616 898	776 602 121	90 906 393	145 557 761		(3 555 586 212)	-
Other operating income	27 082 352	8 586 680	8 084 823	19 644 243	5 652 584			69 050 682
Expenses	(465 891 103)	(384 623 763)	(332 422 039)	( 35 404 850)	( 24 226 007)			(1 242 567 762)
<b>Other Information</b>								
Depreciation	56 107 417	58 662 606	51 359 843	12 200 213	18 290 998	-		196 621 077
Assets	1 304 897 847	1 383 106 786	1 096 465 623	578 730 171	811 419 046	158 094 751		5 332 714 224
Liabilities	1 139 495 180	946 956 067	661 377 869	236 996 890	77 507 192	78 849		3 062 412 047

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

Notes to the interim consolidated financial statements for the financial period ending 30 september 2018

## 1.1 Investment under joint control (Equity)

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Current liabilities		long term liabilities		Total liabilities		Revenues		Expenses		Net profit (loss)		Cost of investment	
		L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
* September 30, 2018																					
Arju Company For food Industrial	50.75	18 456 314	160 522	18 616 836	10 521 932	-	10 521 932	-	-	-	-	10 521 932	33 270 175	(32 370 154)	900 021	8 094 905					
Balance as at 30 september 2018		18 456 314	160 522	18 616 836	10 521 932	-	10 521 932	-	-	-	-	10 521 932	33 270 175	( 32 370 154)	900 021	8 094 905					
December 31, 2017																					
Arju Company For food Industrial	50.75	25 302 171	370 300	25 672 471	11 495 360	-	11 495 360	-	-	-	-	11 495 360	21 865 702	(21 654 345)	211 357	7 194 884					
Balance as at 31 December 2017		25 302 171	370 300	25 672 471	11 495 360	-	11 495 360	-	-	-	-	11 495 360	21 865 702	( 21 654 345)	211 357	7 194 884					

## 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.	Empty plastic containers & Pallettes L.E.	Display refg.'s L.E.	Walls L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
<b>Cost</b>											
Cost as at 1/1/2017	213 682 424	1 279 030 415	2 020 670 845	296 575 057	98 362 346	41 917 429	96 669 401	42 232 790	27 293 542	95 483 905	4 211 918 154
Additions of the year	3 145 404	257 166 367	191 327 841	1 140 060	8 179 500	17 085 384	84 883	2 306 883	2 387 889	10 939 405	493 763 616
Disposals of the year	( 44 718 652)	( 2 767 749)	( 10 653 363)	( 27 141 335)	( 2 727 034)	( 1 348 429)	( 214 845)	( 402 262)	( 325 923)	( 53 525)	( 90 353 118)
<b>Cost as at 31/12/2017</b>	<b>172 109 176</b>	<b>1 533 429 033</b>	<b>2 201 345 323</b>	<b>270 573 782</b>	<b>103 814 812</b>	<b>57 654 384</b>	<b>96 539 438</b>	<b>44 137 411</b>	<b>29 355 508</b>	<b>106 369 785</b>	<b>4 615 328 652</b>
Additions of the period		15 627 177	91 241 832	10 512 512	5 148 637	17 124 601	-	-	2 315 315	385 022	142 355 096
Disposals of the period		( 22 841 432)	( 33 641 410)	( 1 095 304)	-	( 9 487 195)	( 152 292)	-	( 35 254)	( 157 962)	( 67 410 849)
Transferred to asset held for sale	( 6 508 437)	-	( 25 595 751)	-	-	-	-	-	-	-	( 32 104 188)
<b>Cost as at 30/9/2018</b>	<b>165 600 739</b>	<b>1 526 214 778</b>	<b>2 233 349 994</b>	<b>279 990 990</b>	<b>108 963 449</b>	<b>65 291 790</b>	<b>96 387 146</b>	<b>44 137 411</b>	<b>31 635 569</b>	<b>106 596 845</b>	<b>4 658 168 711</b>
<b>Accumulated depreciation</b>											
Accumulated depreciation as at 1/1/2017	-	102 125 175	719 768 425	116 060 915	44 481 730	27 905 306	43 562 248	6 114 194	11 941 049	73 708 328	1145 667 370
Depreciation of the year	-	28 838 387	149 521 299	28 268 457	10 144 837	10 296 748	18 595 272	2 064 183	2 534 734	12 974 652	263 238 569
Accumulated depreciation of disposals of the year	-	( 651 332)	( 5 165 064)	( 21 195 873)	( 290 063)	( 987 460)	( 170 656)	( 273 016)	( 168 945)	( 44 026)	( 28 946 435)
<b>Accumulated depreciation as at 31/12/2017</b>	<b>-</b>	<b>130 312 230</b>	<b>864 124 660</b>	<b>123 133 499</b>	<b>54 336 504</b>	<b>37 214 594</b>	<b>61 986 864</b>	<b>7 903 361</b>	<b>14 306 838</b>	<b>86 638 954</b>	<b>1 379 959 504</b>
Depreciation of the period	-	25 449 382	118 622 970	20 240 921	7 798 717	8 331 727	13 417 203	1 564 046	1 959 051	8 950 510	206 334 527
Accumulated depreciation of disposals of the period	-	( 1 438 013)	( 20 873 577)	( 548 111)	-	( 8 941 902)	( 121 205)	-	( 32 160)	( 87 863)	( 32 042 831)
Accumulated depreciation for assets held for sale	-	-	( 13 108 595)	-	-	-	-	-	-	-	( 13 108 595)
<b>Accumulated depreciation as at 30/9/2018</b>	<b>-</b>	<b>154 323 599</b>	<b>948 765 458</b>	<b>142 826 309</b>	<b>62 135 221</b>	<b>36 604 419</b>	<b>75 282 862</b>	<b>9 469 407</b>	<b>16 233 729</b>	<b>95 501 601</b>	<b>1 541 142 605</b>
fixed assets impairment	10 492 090	440 628	1 005 160	-	-	-	-	1 521 329	-	-	13 459 207
<b>Net book value as at 30/9/2018</b>	<b>155 108 649</b>	<b>1 371 450 551</b>	<b>1 283 579 376</b>	<b>137 164 681</b>	<b>46 828 228</b>	<b>28 687 371</b>	<b>21 104 284</b>	<b>33 146 675</b>	<b>15 401 840</b>	<b>11 095 244</b>	<b>3 103 566 899</b>
<b>Net book value as at 31/12/2017</b>	<b>172 109 176</b>	<b>1 403 116 803</b>	<b>1 337 220 663</b>	<b>147 440 283</b>	<b>49 478 308</b>	<b>20 439 790</b>	<b>34 552 574</b>	<b>36 237 050</b>	<b>15 048 670</b>	<b>19 730 831</b>	<b>3 235 369 148</b>

\* Fully depreciated assets are amounted to L.E 141 076 217 as at 30 September 2018.

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

The land item amounted to L.E 155 108 649 on 30/06/2018 includes an amount of L.E 92 481 961 for a land that is under registration.

**12-1 Land of Juhayna Food Industries Co.**

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

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

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

**12-3 Land of Egyptian Co. for Dairy Products**

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

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

Description	Amount L.E	
Pc. 112:118 m <sup>3</sup> 6 <sup>th</sup> of October	11 060 593	Specification letter

**12-5 Land of and of Almasrya Co. (Egyfood)**

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

**12-6 Land of Modern Concentration Co.**

Description	Amount L.E	
Pc. 42 forth zone 6 <sup>th</sup> of October	4 333 446	Preliminary contract
	<b>4 333 446</b>	



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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

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

**The Land item includes the follows:**

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

#### **12-8 Land of Inmaa For Live Stock**

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

#### **12-9 Land of Inmaa for Agriculture Development**

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

#### **12-10 Land grants**

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

- land plots from No. 637 to No. 650 in Assuit governorate its total area 30 000 m<sup>2</sup> to establish a project for reserving & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots numbers ( 67/68/69/75/76 ) in Beni suef governorate its total area 10.335 thousands m<sup>2</sup> to establish a factory for the production of natural juices , dairy products , white cheese, freezing & cooling vegetables , fruits , meat & fish.
- Land plot in Sohag governorate its total area 10000 m<sup>2</sup> to establish a refrigerator for reserving foodstuff
- Land plot in Qena governorate numbers ( 186/187/188, plus main part of 185 ) its total area 5960 m<sup>2</sup> to establish a factory for reserving , cooling and freezing dairy products , juices and concentrates

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**13 Projects under constructions**

	<b>30/09/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Buildings and constructions in progress	17 311 754	10 107 037
Machineries under installation	123 377 415	56 285 915
Advance payments for purchase of fixed assets	11 703 290	34 879 362
Wells and water pump	1 488 004	2 060 534
Lake	572 530	-
Furniture	-	1 503 492
	<b>154 452 993</b>	<b>104 836 340</b>
<b>Less:</b>		
Impairment of project under construction	(9 965 998)	(9 970 410)
<b>Net Balance</b>	<b>144 486 995</b>	<b>94 865 930</b>

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

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Cost at the beginning of the period/year	13 880 181	13 800 318
Additions during the period/year	-	79 863
Cost at end of the period/year	<b>13 880 181</b>	<b>13 880 181</b>
<b>Less:</b>		
Accumulated depreciation at beginning of the period/year	(728 165)	(330 897)
Depreciation during the period/year	(299 531)	( 397 268)
Accumulated depreciation at the end of the period/year	<b>(1 027 696)</b>	<b>( 728 165)</b>
<b>Net</b>	<b>12 852 485</b>	<b>13 152 016</b>

- The cost is the value of fruit trees.

**14-2 Plant wealth – under construction**

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Land reclamation	141 799	141 799
Fruit trees	2 766 454	1 531 424
Protection trees (Kazhurana)	237 775	237 775
Palm trees	4 412	4 412
	<b>3 150 440</b>	<b>1 915 410</b>
<b>Less : impairment</b>	<b>(4 412)</b>	<b>-</b>
<b>Net Balance</b>	<b>3 146 028</b>	<b>1 915 410</b>

15- Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
<b>Amount of flock of livestock at 1-1-2018</b>	<b>2 581</b>	<b>84 865 852</b>	<b>1 982</b>	<b>40 598 298</b>	<b>4 563</b>	<b>125 464 150</b>
<b>Adding:</b>						
Transferred from biological wealth (Flock of dairy live stock - unproductive)	570	21 135 103	( 570)	(21 135 103)	-	-
<b>* Births of flock</b>						
Female	-	-	858	6 120 500	858	6 120 500
Capital cost during drying -off	-	8 646 982	-	32 048 446	-	40 695 428
	<b>3 151</b>	<b>114 647 937</b>	<b>2 270</b>	<b>57 632 141</b>	<b>5 421</b>	<b>172 280 078</b>
<b>Biological wealth sales</b>						
Cows	236	8 192 538			236	8 192 538
pregnant			83	3 084 470	83	3 084 470
Newborn - Female			47	1 707 409	47	1 707 409
<b>The death of live stock losses</b>						
Cows	37	1 295 308			37	1 295 308
pregnant			1	35 708	1	35 708
Female			61	911 822	61	911 822
	<b>273</b>	<b>9 487 846</b>	<b>192</b>	<b>5 739 409</b>	<b>465</b>	<b>15 227 255</b>
<b>Cost of flock of livestock at 30/9/2018</b>	<b>2 878</b>	<b>105 160 091</b>	<b>2 078</b>	<b>51 892 732</b>	<b>4 956</b>	<b>157 052 823</b>
<b>Accumulated depreciation</b>						
Depreciation milking cows at 1/1/2018	-	17 874 530	-	-	-	17 874 530
Depreciation milking cows during the period	-	10 550 498	-	-	-	10 550 498
Accumulated depreciation of disposals of sales case	-	(1 961 890)	-	-	-	(1 961 890)
Accumulated depreciation of disposals of death case	-	( 298 762)	-	-	-	( 298 762)
Accumulated depreciation at 30 sep 2018	-	26 164 376	-	-	-	26 164 376
<b>Net amount of flock of livestock at 30/9/2018</b>	<b>2 878</b>	<b>78 995 715</b>	<b>2 078</b>	<b>51 892 732</b>	<b>4 956</b>	<b>130 888 447</b>
<b>Net amount of flock of livestock at 31/12/2017</b>	<b>2 581</b>	<b>66 991 322</b>	<b>1 982</b>	<b>40 598 298</b>	<b>4 563</b>	<b>107 589 620</b>

\* Calfs of flocks are measured at fair value deducted by sale cost . any increase or decrease in fair value about book value is recognized at financial statement date in income statement

\*\* The company capitalized special cost at drying off period and consume it at rest of useful life of livestock

\*\*\* The company management measure the cost of Flock of dairy live stock because unavailable active market that can relay on in determine fair value

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

## **16 Tax status**

### **16-1 Holding Company**

#### **Corporate tax**

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

##### **The period from the beginning of operation till year 2009**

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

##### **Years from 2010 till 2013**

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

##### **Years from 2014 till 2015**

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

##### **Year 2016,2017**

The Company submitted the annual tax return for the income tax in the due date.

#### **Salaries tax**

##### **The period from the beginning of operation till year 2014**

The tax inspection performed and differences settled.

##### **Year 2015/2016**

The tax inspection performed and paid

#### **Stamp tax**

##### **The period from the beginning of operation till 2014**

The tax inspection performed and differences settled.

##### **Year 2015/2016**

The tax inspection performed and differences settled

#### **Sales tax**

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

#### **Value added tax**

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

#### **Withholding tax**

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

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

## 16-2 Subsidiaries

### First: Corporation tax

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

### The Companies that are not exempted.

#### Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004

#### Tiba for Trading and Distributing

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

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

#### Al Marwa for Food Industries

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

#### Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

#### Inmaa for Live Stock

The inspection performed and waiting for tax form.

### Second: Salaries tax

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

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

Inmaa for live stock - from the beginning of activity till 2016 and preparing for inspection

Inmaa for agriculture -from the beginning of activity till 2016 and preparing for inspection.

**Third: Stamp tax**

Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 31/12/2015.
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 31/12/2017.
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2015.
International Company For Modern Food Industries	-Inspection has been performed and difference settled till 31/12/2015.
The Egyptian Company for Food Industries "Egyfood"	- Inspection finished from starting activity till 31/12/2015 and difference settled and under tax inspections 2016,2017
Modern Concentrates Industrial Company	- Inspection was performed from start of activity till 31/12/2013 and difference settled.under inspection for year 2014,2015. -Years 2014,2015 under inspections Not inspected yet.
Inmaa for Agriculture development & biological Wealth	-Tax inspection performed and waiting for tax claims from beginning of activity till 2017.
Inmaa for livestock	

**Fourth: Sales tax**

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- The inspection was performed and difference settled 31-12-2015
Al-Marwa for Food Industries	-Inspected and difference settled 31/12/2015
International Company For Modern Food Industries	-The company present sales tax return on monthly basis, inspected and difference settled till 31/12/2015.
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 31/12/2015.
Inmaa for Agriculture Development Co.	- The tax inspection performed till 31/12/2014 and differences settled, preparing for tax inspection for august 2016
Inmaa for Biological Wealth Co.	-Inspected and difference settled from 15/3/2012 until 31/8/2016
Modern concentrates.	The inspection was performed since beginning of activity till 31/12/2016

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**17 Inventories**

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Raw materials	539 208 287	281 932 227
Packaging & packing materials	202 797 089	173 031 626
Finished products	157 719 979	323 028 142
Spare parts & miscellaneous supplies	57 773 911	50 764 359
Goods in transit - L/C's for goods purchase	52 346 843	3 248 633
	<b><u>1 009 846 109</u></b>	<b><u>832 004 987</u></b>

**18 Trade and other receivables (Net)**

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Trade receivables	247 332 280	185 128 831
Less: Impairment in trade receivables	<u>(7 923 133)</u>	<u>(6 434 663)</u>
	<b>239 409 147</b>	<b>178 694 168</b>
Notes receivables	1 967 249	30 696 548
Suppliers – advance payments	39 207 008	15 530 999
Prepaid expenses	31 960 389	21 398 571
Export subsidy	56 515 656	42 324 733
Accrued revenues	14 944	2 752 357
Tax authority	40 696 666	36 646 926
Customs authority	84 215 247	11 636 707
Deposits with others	29 009 737	15 407 526
*Letter of credit (cash cover)	12 872 353	58 416 489
Letter of guarantee	25 398	-
PP&E creditors	13 250 000	-
Other debit balances	<u>24 179 297</u>	<u>9 138 102</u>
	<b>573 323 091</b>	<b>422 643 126</b>
Less: Impairment in other debit balances	<u>(4 239 006)</u>	<u>(4 239 006)</u>
	<b><u>569 084 085</u></b>	<b><u>418 404 120</u></b>

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

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**19 Cash at Bank and on hand**

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Time deposits *	15 046 138	27 068 134
Banks – current accounts	33 327 159	25 035 604
Checks under collection	-	29 836 806
Cash in hand	1 924 216	1 714 540
Cash in transit	27 841 840	2 081 173
	<b>78 139 353</b>	<b>85 736 257</b>
Bank over draft	(19 346 782)	(20 663 601)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>58 792 571</b>	<b>65 072 656</b>

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

**20 Share capital**

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

**20-1 General reserve - issuance premium**

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

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

Less:

- Nominal value of issued shares with a premium	205 972 632
- Issuance fees	38 507 164
- Legal reserve formed to reach 50 % of paid up capital	350 398 732
- Difference between the nominal value and the cost of own shares cancelled on 5/2/2012.	73 580 254

**330 920 428**



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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**21 Loans**

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

	<b>Current portion</b>	<b>Non –current</b>	<b>Total</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>
Commercial International Bank (CIB)	100 170 033	414 102 930	514 272 963
National Bank of Kuwait.	12 500 000	87 500 000	100 000 000
European Bank for Reconstruction & Development	59 000 000	88 500 000	147 500 000
HSBC bank	15 471 296	10 000 000	25 471 296
Qatar National bank (QNB)	22 800 000	16 000 000	38 800 000
Egypt Golf bank (EGBE)	30 000 000	60 000 000	90 000 000
Attijariwafa egypt bank	12 635 471	-	12 635 471
<b>Balance at 30/9/2018</b>	<b>252 576 800</b>	<b>676 102 930</b>	<b>928 679 730</b>
<b>Balance at 31/12/2017</b>	<b>315 477 382</b>	<b>765 385 939</b>	<b>1 080 863 321</b>

**22 Short term loans and credit facilities**

This balance amounted to L.E 554 064 991 as at 30/9/2018 (against L.E 518 651 701 as at 31/12/2017), represents the drawn down portion of the L.E. 2.166 billion (in aggregate principal) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

**23 Provision for claims**

	<b>Balance at 1/1/2018</b>	<b>Provision formed during the period</b>	<b>Provision used during the period</b>	<b>Balance at 30/9/2018</b>
<b>Description</b>	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>	<b>L.E.</b>
Provision for claims	8 298 642	8 700 000	(185 692)	16 812 950

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**24 Creditors and other credit balances**

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Suppliers	554 469 907	416 474 976
Notes payable	-	7 076 953
Accrued expenses	112 323 432	92 106 849
PP&E' creditors	1 638 039	4 216 378
Tax authority	40 152 349	30 180 570
Deposits from others	903 371	3 700 667
Sales tax installments on the imported machineries and equipment	7 951 924	7 990 561
Deferred capital gains	14 286 733	14 286 733
Due to Sodic company- current portion	4 899 075	6 904 405
Social Insurance Authority	4 320 576	3 652 206
Advances from customers	25 420 260	6 133 963
Dividends payable	33 025	1070
10 <sup>th</sup> of Ramadan city authority- short term	1 501 856	1 501 856
Other credit balances	5 392 787	5 564 253
	<b>773 293 334</b>	<b>599 791 440</b>

**25 Other Non current liabilities**

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
The value of sales tax installments on the imported machineries and equipment due from January 2018 a. The installments due within one year amounted to L.E 7 951 924 as at 30/9/2018 (L E 7 990 561 as at 31/12/2017) are shown under the caption of creditors and other credit balances in the consolidated balance sheet (Note 24).	21 319 363	27 405 672
The amount due to (Sodic SIAC for Real State and Investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. Total payments amounted to L.E75 078 643 and the rest will be settled over 4 equal next installments on December 2018.	-	3 230 168
	<b>21 319 363</b>	<b>30 635 840</b>

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**26 Deferred revenues**

	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
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.	76 529 714	85 360 065
The amortization for the period is L.E 8 830 351 and the short term portion during the period ended 30 September 2018 amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 24).		
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land owned by Tiba Company and leased back with an amount of L.E 141 721 908 on 84 monthly installments from 31 July 2015 till 30 June 2022, L.E 1 757 339 for each Installment. The amortization during the year ended amounted to L.E 1 697 078 while the short term portion amounted to L.E 2 512 930 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).	6 910 560	8 795 258
	<b>83 440 274</b>	<b>94 155 323</b>

**27 Deferred tax liabilities**

Deferred tax liability amounted to L.E 237 907 856 on 30/9/2018 representing net book value of taxable assets and liabilities:

	<b>Balance on</b>	<b>Deferred tax as at</b>	<b>Balance on</b>
	<b>1/1/2018</b>	<b>30 September 2018</b>	<b>30/9/2018</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>
Deferred tax liability from fixed assets	<b>231 719 785</b>	<b>6 188 071</b>	<b>237 907 856</b>

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**Recognized deferred tax assets and liabilities**

Deferred tax liabilities are :

	<b>Liabilities</b>	
	<b>30/9/2018</b>	<b>31/12/2017</b>
	<b>L.E.</b>	<b>L.E.</b>
Fixed assets	237 907 856	231 719 785
<b>Net tax liabilities</b>	<b>237 907 856</b>	<b>231 719 785</b>

**28 Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2018 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

<b>Subsidiary Name</b>	<b>Contribution</b>	<b>Contribution</b>	<b>Country</b>
	<b>percentage</b>	<b>percentage</b>	
	<b>30/6/2018</b>	<b>31/12/2017</b>	
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Live Stock	99.862 % Indirect	99.862 % Indirect	Egypt
Inmaa for Agriculture and improvement	99.964 % Indirect	99.964 % Indirect	Egypt
<b>Company under joint control</b>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

**29 Financial instruments****Financial risk management****Overview**

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

- Credit risk
- Liquidity risk
- Market risk.

**Risk management framework**

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

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

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

**Credit risk**

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

**Trade and other receivables**

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

**Credit risk****Exposure to credit risk**

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

	Note	Carrying amount	
		30/9/2018	31/12/2017
		L.E.	L.E.
Trade receivables	(18)	239 409 147	178 694 168
Short term loans and banks credit facilities	(22)	544 064 991	518 651 701
Total long term loans	(21)	928 679 730	1 080 863 321

**Liquidity risk**

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

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

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A short term loan and bank credit facility in a principal amount of L.E 803 633 310 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

**Liquidity risk**

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

	<b>Carrying amount L.E.</b>	<b>Contractual cash flows L.E.</b>
Short term loan and bank credit facilities	544 064 991	544 064 991

**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:

	<b>USD</b>	<b>Euro</b>	<b>GBP</b>
Trade and other debit balances	2 385 662	305 449	59 685
Cash at banks and on hand	324 783	13 338	310
Short term loan and bank Credit facilities	(387 716)	(86)	-
Trade and other payables	(14 685 255)	(906 458)	(26 229)
<b>30 September 2018</b>	<b>(12 105 049)</b>	<b>(587 758)</b>	<b>(33 766)</b>
<b>31 December 2017</b>	<b>(6 759 420)</b>	<b>(696 356)</b>	<b>(74 203)</b>

The following significant exchange rates applied during the period:

	<b>Average rate</b>		<b>Closing Rate</b>	
	<b>30/9/2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
USD	17.83	18.06	17.95	17.78
Euro	21.27	20.04	20.84	21.34

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**Sensitivity analysis**

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 30 September 2018 would have 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 2017.

**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.

	30/9/2018	31/12/2017
	L.E.	L.E.
Total liabilities	2 673 498 917	2 602 167 840
Less: cash at bank and on hand	(78 139 353)	(85 736 257)
<b>Net debt</b>	<b>2 595 359 564</b>	<b>2 516 431 583</b>
Total equity	2 561 331 532	2 317 081 226
<b>Net debt to equity ratio</b>	<b>101.32 %</b>	<b>108.60 %</b>

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

**30 Financial lease contracts**

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

**Financial lease contracts (Sale and lease back)**

On 23/3/2016 the Company signed a contract with regard to a land lease (including the building built there on), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 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	Accrued interest			
	L.E.	L.E.			
Contract from 24/3/2016 to 23/3/2026	288 169 556	127 651 718	120	1	6 801 835

- Juhayna has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.

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

Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

- The monthly finance lease's instalments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement. Thus, total instalments of the financial period ended 30/9/2018 amounted to L.E.21 879 246
- The company paid 11 897 900 L.E as a down payment and as at 30 september 2018 amounted 8 923 428 L.E classified under the current portion amounted to L.E 1 189 789 in advance payments (note 18) and the non-current portion amounted to L.E 7 733 640 classified in the other long term debit balances.
- The company has signed financial lease Contracts With International for Financial Lease (Ancolis) during 2015 that allow selling the owned Plot of Land of Tiba Company (subsidiary) with leaseback with an amount of L.E 138 587 064 on 84 monthly installment starting from 31 July 2015 till 30 June 2022 for L.E 1 697 077 each Installment

	<b>L.E</b>
Total amount of the contract	121 848 259
Contract updated amount (increase in interest)	20 756 064
Down payment	(4 017 259)
Remaining amount	<b>138 587 064</b>
Paid installment	(62 218 599)
Unpaid (45 installment by L.E 1 697 077 monthly )	<b>76 368 465</b>

**31 Contingencies**

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company has given guarantees on 30/9/2018 amounting to LE 10 626 689.

**32 Capital commitments**

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 45 213 270 on 30/9/2018.

**33 Related party transactions**

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

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



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Notes to the interim consolidated financial statements for the financial period ended 30 September 2018

**33-1 Due from (to) related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2018	31/12/2017	30/9/2018	31/12/2017
		L.E.	L.E.	L.E.	L.E.
Argu	Current account	21 379 049	(11 351 903)	18 552 511	(2 826 538)
				<b>18 552 511</b>	<b>(2 826 538)</b>

**34 Income tax payable**

	30/9/2018	31/12/2017
	L.E.	L.E.
Balance at 1/1	14 561 649	34 483 198
Tax paid	(11 877 024)	(34 483 198)
Income tax during the period	35 949 012	14 561 649
	<b>38 633 637</b>	<b>14 561 649</b>

**35 Goodwill**

	30/9/2018	31/12/2017
	L.E.	L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy & Juice Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	<b>97 092 890</b>	<b>97 092 890</b>