

Translation from Arabic

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

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Giza- Cairo – Egypt**

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

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


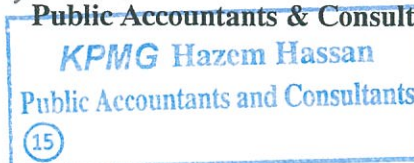
We have performed a limited review for the accompanying consolidated statement of financial position of Juhayna Food Industries S.A.E, as of 30 June 2018 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-months then ended, and a summary 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 financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the six-months then ended in accordance with Egyptian Accounting Standards.


Hatem Montasser
KPMG Hazem Hassan
Public Accountants & Consultancies

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The Egyptian Association of Accountants
Grant Thornton International
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Public Accountants & Consultancies

Cairo, 17 July 2018

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

Translated from Arabic

	Note no.	30/6/2018 L.E.	31/12/2017 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(12)	3 140 587 068	3 235 369 148
Projects under construction(net)	(13)	159 159 200	94 865 930
Plant wealth(net)	(14-1)	12 952 328	13 152 016
Plant wealth - under preparation	(14-2)	2 625 490	1 915 410
Biological wealth	(15)	122 576 979	107 589 620
Investments under joint control (equity)	(11)	8 135 564	7 194 884
Other - long term assets		752 825	756 960
Other - long term - debit balances	(30)	8 031 086	8 625 978
Goodwill	(35)	97 092 890	97 092 890
Non-current assets		3 551 913 430	3 566 562 836
Current assets			
Biological assets- feeding sector		19 136 469	7 683 499
Biological assets- Existing Agriculture		5 947 905	8 857 367
PPE held for sale		13 253 316	-
Inventories	(17)	1 209 926 506	832 004 987
Trade and other receivables (net)	(18)	556 495 087	418 404 120
due from related parties	(33-1)	13 765 436	-
Cash at banks and on hand	(19)	147 053 142	85 736 257
Current assets		1 965 577 861	1 352 686 230
Total assets		5 517 491 291	4 919 249 066
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		533 335 526	518 993 941
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		635 219 578	524 903 922
Total equity attributable to the shareholders of the parent company		2 440 880 614	2 316 223 373
Non-controlling interest		814 733	857 853
Total equity		2 441 695 347	2 317 081 226
Non-current liabilities			
long - term loans	(21)	719 825 657	765 385 939
Other non current liabilities	(25)	23 328 678	30 635 840
Deferred revenues	(26)	87 011 957	94 155 323
Deferred tax liabilities	(27)	235 773 713	231 719 785
Non-current liabilities		1 065 940 005	1 121 896 887
Current liabilities			
Provisions for claims	(23)	16 820 545	8 298 642
Banks - over draft	(19)	28 247 085	20 663 601
short term loan and credit facilities	(22)	803 633 310	518 651 701
Creditors and other credit balances	(24)	829 001 767	599 791 440
Income tax payable	(34)	25 354 237	14 561 649
Due to related parties	(33-1)	-	2 826 538
Loans-current portion	(21)	306 798 995	315 477 382
Current liabilities		2 009 855 939	1 480 270 953
Total liabilities		3 075 795 944	2 602 167 840
Total equity and total liabilities		5 517 491 291	4 919 249 066

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

Chairman
Safwan Thabet

Cairo 17/07/2018

*Review report "attached".

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

Translated from Arabic

	Note no.	The financial period from 1/1/2018 to 30/6/2018 L.E.	The financial period from 1/1/2017 to 30/6/2017 L.E.	The financial period from 1/4/2018 to 30/6/2018 L.E.	The financial period from 1/4/2017 to 30/6/2017 L.E.
Net sales		3 481 665 614	2 862 037 837	1 928 417 655	1 574 241 828
Cost of sales		(2 424 267 464)	(2 012 341 590)	(1 335 979 644)	(1 137 652 281)
Gross profit		1 057 398 150	849 696 247	592 438 011	436 589 547
Other operating revenue	(5)	59 101 364	39 608 154	31 825 619	18 668 999
Sales & distribution expenses	(6)	(488 244 996)	(485 374 216)	(272 644 682)	(262 581 410)
General & administrative expenses	(7)	(124 188 604)	(92 688 736)	(61 100 907)	(50 223 287)
Other expenses	(8)	(59 792 235)	(16 719 359)	(31 442 228)	(9 323 943)
Board of directors remuneration		(6 640 000)	(640 000)	(6 285 000)	(205 000)
Results from operating activities		437 633 679	293 882 090	252 790 813	132 924 906
Share in the gain (losses) of company under joint control		940 680	(2 198 780)	457 081	(1 459 371)
Cost of the end of service		(6 054 530)	(8 975 445)	-	(1 181 854)
Net finance income and finance (expenses)	(9)	(159 534 041)	(183 563 799)	(82 087 671)	(98 981 151)
Net profit before income tax		272 985 788	99 144 066	171 160 223	31 302 530
tax difference from previous year		(410 285)	-	(410 285)	-
Income tax		(22 669 611)	(3 231 060)	(8 270 540)	2 837 718
Dividends tax		(5 996 155)	(6 046 660)	-	(6 046 660)
Deferred tax	(27)	(4 053 928)	(4 320 836)	(3 346 108)	(805 984)
Net profit for the period		239 855 809	85 545 510	159 133 290	27 287 604
Distributed as follows					
Parent Company's share in profit		239 657 393	85 429 414	159 095 018	27 237 004
Non-controlling interest		198 416	116 096	38 272	50 600
		239 855 809	85 545 510	159 133 290	27 287 604

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 June 2018

	The financial period from 1/1/2018 to 30/6/2018 L.E.	The financial period from 1/1/2017 to 30/6/2017 L.E.	The financial period from 1/4/2018 to 30/6/2018 L.E.	The financial period from 1/4/2017 to 30/6/2017 L.E.
Net profit for the period	239 855 809	85 545 510	159 133 290	27 287 604
Total other comprehensive income	<u>239 855 809</u>	<u>85 545 510</u>	<u>159 133 290</u>	<u>27 287 604</u>
Distributed as follows				
Parent Company's share in profit	239 657 393	85 429 414	159 095 018	27 237 004
Non-controlling interest	<u>198 416</u>	<u>116 096</u>	<u>38 272</u>	<u>50 600</u>
	<u>239 855 809</u>	<u>85 545 510</u>	<u>159 133 290</u>	<u>27 287 604</u>

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)
Consolidated statement of changes in equity
For the financial period ended 30 June 2018

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Non-controlling interest L.E.	Total L.E.
Balance as at 1 January 2017	941 405 082	497 245 972	330 920 428	521 832 541	756 990	2 292 161 013
holding company share from reserve and retained earning for subsidiary	-	3 071 073	-	(137 789 229)	-	(134 718 156)
Adjustments	-	10010243	-	(47 867 910)	(146 866)	(38 004 533)
Total other comprehensive income for the period ended 30 June 2017	-	-	-	85 429 414	116 096	85 545 510
Balance as at 31 March 2017	941 405 082	510 327 288	330 920 428	421 604 816	726 220	2 204 983 834
Balance as at 1 January 2018	941 405 082	518 993 941	330 920 428	524 903 922	857 853	2 317 081 226
Dividends to shareholders	-	-	-	(94 140 508)	-	(94 140 508)
Dividends to employees and board of directors	-	-	-	(21 021 220)	-	(21 021 220)
Dividends from subsidiaries to non controlling interest	-	-	-	-	(76 900)	(76 900)
holding company share from reserve and retained earning for subsidiary	-	14 341 585	-	(14 347 382)	5 797	-
Prior year adjustments	-	-	-	167 373	(170 433)	(3 060)
Total other comprehensive income for the period ended 30 June 2018	-	-	-	239 657 393	198 416	239 855 809
Balance as at 30 June 2018	941 405 082	533 335 526	330 920 428	635 219 578	814 733	2 441 695 347

The notes from pages (1) to (38) 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 June 2018

Translated from Arabic

		The financial period from 1/1/2018 to 30/6/2018	The financial period from 1/1/2017 to 30/6/2017
	Note no.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		272 985 788	99 144 066
Adjustments for:			
PPE depreciation	(12)	137 389 559	130 591 334
Capital (gains)		(16 720 276)	(1 152 032)
Amortization of animal wealth	(15)	7 034 259	5 819 371
Amortization of plant wealth		199 688	198 538
Plant wealth - under preparation		(710 080)	-
Fixed assets impairment		13 459 207	-
Change in Investments under cash control		(940 680)	2 198 785
Impairment of trade and other receivables		1 620 766	1 867 760
capital gain deferred		(7 143 366)	
Impairment in inventories		13 664 366	-
Reversal of inventories write off	(17)	-	(848 672)
Provision for claims formed	(23)	8 700 000	16 800
Financial lease installments		14 757 964	13 695 829
Herd births		(5 075 000)	(4 129 000)
Herd capitalized expenses		(24 587 219)	(14 401 248)
losses from selling cows		685 740	534 365
Compensation for calves death		854 430	(213 821)
Foreign exchange gain		3 728 681	39 738
Credit interests	(9)	(9 529 827)	(3 905 349)
Finance interests & expenses	(9)	165 335 187	187 429 410
		<u>575 709 187</u>	<u>416 885 874</u>
Collected time deposits interests		9 529 827	3 905 349
Interest expenses paid		(165 335 187)	(182 291 977)
Changes in:			
Inventories	(17)	(391 585 885)	(97 414 233)
Biological assets- feeding sector		(9 471 470)	
Biological assets- Existing Agrecul		2 909 462	2 526 395
Trade and other receivables	(18)	(137 359 639)	(104 830 149)
Due from related parties		(15 386 202)	-
Creditors & other credit balances	(24)	213 651 180	(71 498 946)
Due to related parties		(2 826 538)	(4 247 695)
Dividends paid to employees		(21 021 220)	(3 493 190)
Income tax paid		(11 877 023)	-
Provision for claims used		(310 398)	(3 857 629)
Net cash flows from (used in) operating activities		<u>46 626 094</u>	<u>(44 316 201)</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(151 647 146)	(123 171 464)
Proceeds from sale of PPE		36 562 855	10 587 351
Acquisition of plant and animal wealth	(14,15)	-	(3 160 400)
Proceeds from the sale of plant and animal wealth	(14,15)	4 118 931	4 756 369
Net cash flows (used in) investing activities		<u>(110 965 360)</u>	<u>(110 988 144)</u>
Cash flows from financing activities			
Proceeds (payments) from bank loans	(21)	230 742 940	178 203 933
Payments in lease installments - sales and lease back	(30)	(14 757 964)	(13 695 829)
Dividends paid to shareholder		(94 140 508)	-
Decrease in non-controlling interest		(43 120)	(146 866)
Net cash flows from financing activities		<u>121 801 348</u>	<u>164 361 238</u>
Change in cash & cash equivalents during the period		<u>57 462 082</u>	<u>9 056 893</u>
The effect of foreign exchange difference		(3 728 681)	(24 846 852)
Cash & cash equivalents at 1 January		<u>65 072 656</u>	<u>104 559 749</u>
Cash & cash equivalents at 30 June	(19)	<u>118 806 057</u>	<u>88 769 790</u>

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 June 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 17 July 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 June 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 June 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 June 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 June 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 June 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 June 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.

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Notes to the interim consolidated financial statements for the financial period ended 30 June 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 June 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 voluntarily 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.

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

5 Other operating revenue

	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E
Export subsidy revenue	16 074 817	15 358 785	8 268 605	5 442 748
Deferred capital gains	7 143 366	7 143 367	3 571 682	3 571 683
Capital gain	16 720 276	1 152 032	10 428 854	330 599
Drawback of sales tax	–	29 494	–	14 249
Impairment no longer required inventory	–	848 672	–	–
Increase in biological wealth due to newborn	5 075 000	4 129 000	1 991 000	1 837 500
Compensation for calves death	–	213 821	(70 141)	51 154
Gain from leasing asset (joint venture)	2 633 191	2 040 326	2 633 191	1 317 690
Others	11 454 714	8 692 657	5 002 428	6 103 376
	59 101 364	39 608 154	31 825 619	18 668 999

6 Sales and distribution expenses

	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E
Advertising expenses	209 444 708	234 790 593	124 510 104	132 205 170
Salaries and Wages	117 109 730	113 898 099	60 333 745	61 219 995
Depreciation	28 570 348	28 915 407	14 208 200	14 477 279
Cars Expenses	49 726 252	24 770 598	33 556 387	9 669 818
Replacement of goods	27 685 516	29 660 076	11 323 403	18 456 622
Rent	17 753 084	16 242 904	8 657 950	7 400 274
Temporary labor contractors	7 884 235	5 910 886	4 445 045	3 021 607
Others	30 071 123	31 185 653	15 609 848	16 130 645
	488 244 996	485 374 216	272 644 682	262 581 410

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

7 General & administrative expenses

	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E
Salaries and Wages	52 372 858	51 678 579	28 083 273	25 969 428
Depreciation expense	9 844 056	8 639 992	4 689 160	4 422 269
Rent expense	4 330 083	4 833 021	2 504 797	2 436 798
Other administrative expense	57 641 607	27 537 144	25 823 677	17 394 792
	<u>124 188 604</u>	<u>92 688 736</u>	<u>61 100 907</u>	<u>50 223 287</u>

8 Other expenses

	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E
Leasing installment	14 757 964	13 695 829	7 283 741	6 775 315
Provision	8 700 000	16 800	6 700 000	16 800
Inventory impairment in selling value	13 664 366	-	5 546 432	-
Fixed asset impairment	13 459 207	-	7 598 290	-
Receivables impairment	1 620 766	1 867 760	326 748	1 867 760
Real estate tax	3 287 287	-	3 287 287	-
Other	4 302 645	1 138 970	699 730	664 068
	<u>59 792 235</u>	<u>16 719 359</u>	<u>31 442 228</u>	<u>9 323 943</u>

9 Finance income and finance costs

	Financial period from 1/1/2018 to 30/6/2018 L.E	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/4/2018 to 30/6/2018 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E
Interest expense	(165 335 187)	(187 429 410)	(84 187 753)	(99 807 909)
Interest income	9 529 827	3 905 349	4 561 504	2 199 685
Foreign exchange Gain/ (loss)	(3 728 681)	(39 738)	(2 461 422)	(1 372 927)
	<u>(159 534 041)</u>	<u>(183 563 799)</u>	<u>(82 087 671)</u>	<u>(98 981 151)</u>

10- Segmentation reports

10-1 Segmentation reports for the financial ending period 30 June 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 30/06/2018	Cooling sector L.E 30/06/2018	Juices sector L.E 30/06/2018	Concentrates sector L.E 30/06/2018	Agriculture sector L.E 30/06/2018	Undistributed items L.E 30/06/2018	Elimination of consolidated transactions L.E 30/06/2018	Total L.E 30/06/2018
Sales	1 634 126 914	831 434 064	657 200 934	218 690 848	19 352 973	120 859 881	-	3 481 665 614
Sales between segments	1 320 698 579	717 926 451	538 738 290	39 400 840	115 809 985	-	(2 732 574 145)	-
Other operating income	14 294 915	7 109 656	15 546 908	16 145 701	3 114 856	3 830 008	-	60 042 044
Expenses	(328 630 172)	(270 065 069)	(171 884 038)	(29 205 246)	(26 233 894)	(18 435 987)	-	(844 454 406)
Other Information								
Depreciation	40 572 906	40 318 751	33 383 618	9 969 244	13 145 040	-	-	137 389 559
Assets	1 386 570 148	1 457 938 296	1 123 302 676	562 822 358	811 420 249	175 437 564	-	5 517 491 291
Liabilities	1 041 805 520	877 221 457	613 513 720	335 500 784	207 754 463	-	-	3 075 795 944

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 June 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 30/06/2017	chilled sector L.E 30/06/2017	Juices sector L.E 30/06/2017	Concentrates sector L.E 30/06/2017	Agriculture sector L.E 30/06/2017	Undistributed items L.E 30/06/2017	Elimination of consolidated transactions L.E 30/06/2017	Total L.E 30/06/2017
Sales	1 276 364 295	687 416 696	571 286 732	203 408 881	40 339 620	83 221 613	-	2 862 037 837
Sales between segments	1 079 427 477	540 592 810	474 565 862	53 923 262	101 054 527	-	(2 249 563 938)	-
Other operating income	13 276 904	5 399 365	4 485 268	14 760 419	1 686 198	-	-	39 608 154
Expenses	(290 101 405)	(253 039 711)	(212 531 347)	(21 136 760)	(13 351 112)	-	-	(790 160 335)
Other Information								
Depreciation	37 053 416	39 693 362	33 786 448	8 044 511	12 013 597	-	-	130 591 334
Assets	1 455 075 764	1 459 216 297	1 150 588 071	65 840 662	833 459 809	159 979 330	-	5 124 159 933
Liabilities	1 228 620 618	1 147 370 539	741 343 118	293 045 954	83 865 112	9 930 759	-	3 504 176 100

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 June 2018

11 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.	
* June 30, 2018																					
Argu Company For food Industrial		50.75	29 888 376	334 300	30 222 676	14 192 008	-	14 192 008	49 295 113	(47 441 557)	1 853 556	8 135 564									
Balance as at 30 June 2018			29 888 376	334 300	30 222 676	14 192 008	-	14 192 008	49 295 113	(47 441 557)	1 853 556	8 135 564									
December 31, 2017																					
Argu Company For food Industrial		50.75	25 302 171	370 300	25 672 471	11 495 360	-	11 495 360	21 865 702	(21 654 345)	211 357	7 194 884									
Balance as at 31 December 2017			25 302 171	370 300	25 672 471	11 495 360	-	11 495 360	21 865 702	(21 654 345)	211 357	7 194 884									

12-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.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2017	213 682 424	1 279 030 415	2 020 670 845	296 575 057	98 362 346	41 917 429	96 669 401	42 232 790	27 293 542	95 483 905	4 211 918 154
Additions of the year	3 145 404	257 166 367	191 327 841	1 140 060	8 179 500	17 085 384	84 883	2 306 883	2 387 889	10 939 405	403 763 616
Disposals of the year	(44 718 652)	(2 767 749)	(10 653 363)	(27 141 335)	(2 727 034)	(1 348 429)	(214 846)	(402 262)	(325 923)	(53 525)	(90 353 138)
Reclassification											
Cost as at 31/12/2017	172 109 176	1 533 429 033	2 201 345 323	270 573 782	103 814 812	57 654 384	96 539 438	44 137 411	29 355 508	106 369 785	4 615 328 652
Additions of the period	-	8 970 512	55 408 140	2 224 182	3 717 578	16 527 105	-	-	2 196 104	118 960	89 162 581
Disposals of the period	-	(18 028 999)	(5 218 264)	(900 804)	-	(8 892 352)	(152 292)	-	(5 082)	(20 607)	(33 218 400)
transfer to asset held for sale	-	-	(27 391 791)	-	-	-	-	-	-	-	(27 391 791)
Cost as at 30/6/2018	172 109 176	1 524 370 546	2 224 143 408	271 897 160	107 532 390	65 289 137	96 387 146	44 137 411	31 546 530	106 468 138	4 643 881 042
Accumulated depreciation											
Accumulated depreciation as at 1/1/2017	-	102 125 175	719 768 425	116 060 915	44 481 730	27 905 306	43 562 248	6 114 194	11 941 049	73 708 328	1145 667 370
Depreciation of the year	-	28 838 387	149 521 299	28 268 457	10 144 837	10 296 748	18 595 272	2 064 183	2 534 734	12 974 652	263 238 569
Accumulated depreciation of disposals of the year	-	(651 332)	(5 165 064)	(21 195 873)	(290 063)	(987 460)	(170 656)	(273 016)	(168 945)	(44 026)	(28 946 435)
Accumulated depreciation as at 31/12/2017	-	130 312 230	864 124 660	123 133 499	54 336 504	37 214 594	61 986 864	7 905 361	14 306 838	86 638 954	1 379 959 504
Depreciation of the period	-	15 888 900	79 485 755	13 425 613	5 158 629	5 867 127	9 154 347	1 066 802	1 271 722	6 070 664	137 389 559
Accumulated depreciation of disposals of the period	-	(1 438 012)	(3 062 987)	(384 936)	-	(8 347 058)	(121 205)	-	(1 990)	(19 633)	(13 375 821)
Accumulated depreciation for assets held for sale	-	-	(14 138 475)	-	-	-	-	-	-	-	(14 138 475)
Accumulated depreciation as at 30/6/2018	-	144 763 118	926 408 953	136 174 176	59 495 133	34 734 663	71 020 006	8 972 163	15 576 570	92 689 985	1 489 834 767
fixed assets impairment	10 492 090	440 628	1 005 160	-	-	-	-	1 521 329	-	-	13 459 207
Net book value as at 30/6/2018	161 617 086	1 379 166 860	1 296 729 295	135 722 984	48 037 257	30 554 474	25 367 140	33 643 919	15 969 960	13 778 153	3 140 587 668
Net book value as at 31/12/2017	172 109 176	1 403 116 803	1 337 220 663	147 440 283	49 478 308	20 439 790	34 552 574	36 232 050	15 048 670	19 730 831	3 235 369 148

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

The land included item amounted to 1 367 244 representing the not registered land in Marsa Allam thus procedures of registering the land in progress

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

The land item amounted to L.E 172 109 176 on 30/06/2018 includes an amount of L.E 98 990 398 for a land that is under registration.

12-1 Land of Juhayna Food Industries Co.

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

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

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

12-3 Land of Egyptian Co. for Dairy Products

Description	Amount as per Egyptian Co. for Dairy Products L.E.	(Adjustment) L.E.	Amount as per Consolidated financial statement L.E.	
The service axis 1,2- 6 th 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 ³ 6 th 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 th of October	2 241 861	Specification letter
Pc. 24 B	2 611 004	Specification letter
	4 852 865	

12-6 Land of Modern Concentration Co.

Description	Amount L.E	
Pc. 42 forth zone 6 th of October	4 333 446	Preliminary contract
Pc. 10 th of Ramadan	6 508 437	Specification letter
	10 841 883	

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Notes to the interim consolidated financial statements for the financial period ended 30 June 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 m² to establish a project for reserving & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots numbers (67/68/69/75/76) in Beni suef governorate its total area 10.335 thousands m² to establish a factory for the production of natural juices , dairy products , white cheese, freezing & cooling vegetables , fruits , meat & fish.
- Land plot in Sohag governorate its total area 10000 m² to establish a refrigerator for reserving foodstuff
- Land plot in Qena governorate numbers (186/187/188, plus main part of 185) its total area 5960 m² to establish a factory for reserving , cooling and freezing dairy products , juices and concentrates

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

13 Projects under constructions

	30/06/2018	31/12/2017
	L.E	L.E.
Buildings and constructions in progress	18 164 580	10 107 037
Machineries under installation	135 135 960	56 285 915
Advance payments for fixed assets purchase	13 768 538	34 879 362
Wells and water pump	1 488 002	2 060 534
Lake	572 530	-
Furniture	-	1 503 492
	169 129 610	104 836 340
Less:		
Impairment of project under construction	(9 970 410)	(9 970 410)
	159 159 200	94 865 930

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

	30/6/2018	31/12/2017
	L.E.	L.E.
Cost at the beginning of the period	13 880 181	13 800 318
Additions during the period	-	79 863
Cost at end of the period	13 880 181	13 880 181
Less:		
Accumulated depreciation at beginning of the period	(728 165)	(330 897)
Depreciation during the period	(199 688)	(397 268)
Accumulated depreciation at the end of the period	(927 853)	(728 165)
Net	12 952 328	13 152 016

- The cost is the value of fruit trees.

14-2 Plant wealth -- under construction

	30/6/2018	31/12/2017
	L.E.	L.E.
Land reclamation	141 799	141 799
Fruit trees	2 241 504	1 531 424
Protection trees (Kazhurana)	237 775	237 775
Palm trees	4 412	4 412
	2 625 490	1 915 410

15- Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2018	2 581	84 865 852	1 982	40 598 298	4 563	125 464 150
<u>Adding:</u>						
Addition during the period	-	-	-	-	-	-
* Transferred from biological wealth (Flock of dairy live stock - unproductive)	303	11 138 413	(303)	(11 138 413)	-	-
Births of flock						
Female	-	4 473 424	434	3 093 500	434	3 093 500
** Capital cost during drying -off	-	20 113 795	-	20 113 795	-	24 587 219
	<u>2 884</u>	<u>100 477 689</u>	<u>2 113</u>	<u>52 667 180</u>	<u>4 997</u>	<u>153 144 869</u>
Biological wealth sales						
Cows	137	4 523 879			137	4 523 879
pregnant	-		7,00	276 204	7	276 204
Newborn - Female	-		19,00	751 959	19	751 959
The death of live stock losses						
Cows	17	541 534	-	-	17	541 534
pregnant	-		1,00	35 708	1	35 708
Female	-		48,00	705 305	48	705 305
	<u>154</u>	<u>5 065 413</u>	<u>75</u>	<u>1 769 176</u>	<u>229</u>	<u>6 834 589</u>
<u>Cost of flock of livestock at 30/6/2018</u>	<u>2 730</u>	<u>95 412 276</u>	<u>2 038</u>	<u>50 898 004</u>	<u>4 768</u>	<u>146 310 280</u>
Accumulated depreciation						
Depreciation milking cows at 1/1/2018	-	17 874 530	-	-	-	17 874 530
Depreciation milking cows during the period	-	7 034 259	-	-	-	7 034 259
Accumulated depreciation of disposals of sales case	-	(1 068 881)	-	-	-	(1 068 881)
Accumulated depreciation of disposals of death case	-	(106 607)	-	-	-	(106 607)
Accumulated depreciation at 30 June 2018	-	23 733 301	-	-	-	23 733 301
Net amount of flock of livestock at 30/6/2018	<u>2 730</u>	<u>71 678 975</u>	<u>2 038</u>	<u>50 898 004</u>	<u>4 768</u>	<u>122 576 979</u>
Net amount of flock of livestock at 31/12/2017	<u>2 581</u>	<u>66 991 322</u>	<u>1 928</u>	<u>40 598 298</u>	<u>4 509</u>	<u>107 589 620</u>

* 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 rely 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 June 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 company not inspected yet.

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 June 2018

16-2 Subsidiaries**First: Corporation tax****The Companies that enjoy the corporate tax exemption****Tax exemption ending date****Subsidiaries**

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 company was not inspected yet.

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 2014.
The Egyptian Company For Food Industries "Egyfood"	- Tax inspection was performed till 2012 and tax differences settled.
Modern Concentrates Industrial Company	-Tax Inspection was performed from start of activity till 2015 and differences settled.
Inmaa for Agriculture Development Co. and Biological Wealth	- Tax inspection was performed from start of activity till 2010 and differences settled.
Inmaa for live stock	-The company was not inspected till now

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

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

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 31/12/2015.
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.
Modern Concentrates Industrial Company	- Inspection was performed from start of activity till 31/12/2013 and difference settled.
Inmaa for Agriculture development & biological wealth	-Years 2014-2015 under inspections Not inspected yet.

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 31/12/2013.
The Egyptian Company For Food Industries "Egyfood"	-Inspected and difference settled till 2015
Modern Concentrates Industrial Company	-The company was inspected from the inception till 31/12/2013 and differences settled.
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.
Inmaa for Biological Wealth Co.	-Inspected and difference settled from 15/3/2012 until 31/8/2016

17 Inventories

	30/6/2018 L.E.	31/12/2017 L.E.
Raw materials	626 517 608	281 932 227
Packaging & packing materials	274 050 239	173 031 626
Finished products	176 440 139	323 028 142
Spare parts & miscellaneous supplies	50 401 296	50 764 359
Goods in transit - L/C's for goods purchase	82 517 224	3 248 633
	1 209 926 506	832 004 987

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

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

18 Trade and other receivables (Net)

	30/6/2018	31/12/2017
	L.E.	L.E.
Trade receivables	278 883 832	185 128 831
Less: Impairment in trade receivables	<u>(8 055 429)</u>	<u>(6 434 663)</u>
	270 828 403	178 694 168
Notes receivables	16 533 312	30 696 548
Suppliers – advance payments	21 171 597	15 530 999
Prepaid expenses	37 713 787	21 398 571
Export subsidy	52 139 642	42 324 733
Accrued revenues	–	2 752 357
Tax authority	32 130 843	36 646 926
Customs authority	55 948 838	11 636 707
Deposits with others	19 927 504	15 407 526
*Letter of credit (cash cover)	22 105 232	58 416 489
Letter of guarantee	98 164	–
PPE creditors	13 250 000	–
Other debit balances	<u>18 754 470</u>	<u>9 138 102</u>
	560 601 792	422 643 126
Less: Impairment in other debit balances	<u>(4 106 705)</u>	<u>(4 239 006)</u>
	556 495 087	418 404 120

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

19 Cash at Bank and on hand

	30/6/2018	31/12/2017
	L.E.	L.E.
Time deposits *	61 590 942	27 068 134
Banks – current accounts	40 933 250	25 035 604
Checks under collection	183 217	29 836 806
Cash in hand	1 703 229	1 714 540
Cash in transit	<u>42 642 504</u>	<u>2 081 173</u>
	147 053 142	85 736 257
Bank over draft	<u>(28 247 085)</u>	<u>(20 663 601)</u>
Cash and cash equivalents in the statement of cash flows	118 806 057	65 072 656

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

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

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

20 Share capital

	30/6/2018	31/12/2017
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

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

21 Loans

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

	Current portion	Non –current	Total
	L.E	L.E	L.E
Commercial international bank (CIB)	140 170 033	423 602 930	563 772 963
National Bank of Kuwait.	6 250 000	93 750 000	100 000 000
European Bank for Reconstruction & Development	59 000 001	95 772 727	154 772 728
HSBC bank	25 942 591	12 500 000	38 442 591
Qatar National bank (QNB)	32 800 000	19 200 000	52 000 000
Egypt Golf bank (EGBE)	30 000 000	75 000 000	105 000 000
Attijariwafa egypt bank	12 636 370	–	12 636 370
Balance at 30/6/2018	306 798 995	719 825 657	1 026 624 652
Balance at 31/12/2017	315 477 382	765 385 939	1 080 863 321

22 Short term loans and credit facilities

This balance amounted to L.E 803 633 310 as at 30/6/2018 (against L.E 518 651 701 as at 31/12/2017), represents the drawn down portion of the L.E. 2,1312 billion (in aggregate principal) bank facilities. Interest is charged on such drawn down amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

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

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

23 Provision for claims

	Balance at 1/1/2018	Provision formed during the period	Provision used during the period	Balance at 30/6/2018
Description	L.E	L.E	L.E	L.E.
Provision for claims	8 298 642	8 700 000	(178 097)	16 820 545

24 Creditors and other credit balances

	30/6/2018	31/12/2017
	L.E.	L.E.
Suppliers	571 917 372	416 474 976
Notes payable	3 500 000	7 076 953
Accrued expenses	141 478 480	92 106 849
PP&E' creditors	1 808 705	4 216 378
Tax authority	32 766 969	30 180 570
Deposits from others	605 149	3 700 667
Sales tax installments on the imported machineries and equipment	7 587 148	7 990 561
Deferred capital gains	14 286 732	14 286 733
Due to Sodic company- current portion	6 605 614	6 904 405
Social insurance authority	4 964 021	3 652 206
Long term liabilities the current portion	1 501 856	–
Advances from customers	34 371 215	6 133 963
Creditor distributor	33 025	1070
10 th of Ramadan city authority- short term	–	1 501 856
Other credit balances	7 575 481	5 564 253
	829 001 767	599 791 440

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

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

25 Other Non current liabilities

	30/6/2018 L.E.	31/12/2017 L.E.
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 7 587 148 as at 30/6/2018 (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).	23 328 678	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.E69 726 635 and the rest will be settled over 4 equal next installments on June 2018.	-	3 230 168

23 328 67830 635 840**26 Deferred revenues**

	30/6/2018 L.E.	31/12/2017 L.E.
The balance is represented in the long term deferred capital gain from the sale of a plot of land located in Zayed city No.21 (Crazy Water Corridor) together with the buildings and constructions according to finance lease contract with QNB Al Ahli dated 23/3/2016. The Company had deferred the gain of L.E 117 738 021 as the sale transaction was in the form of a sale and lease back within 10 years starting on March 2016 through to March 2026. The deferred revenue is amortized during the lease period starting from 1/4/2016.	79 473 164	85 360 065
The amortization for the period is L.E 5 886 901 and the short term portion during the period ended 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 1 256 466 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).	7 538 793	8 795 258

87 011 95794 155 323

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

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

27 Deferred tax liabilities

Deferred tax liability amounted to L.E 235 773 713 on 30/6/2018 representing net book value of taxable assets and liabilities:

	Balance on 1/1/2018 L.E	Deferred tax as at 30 June 2018 L.E	Balance on 30/6/2018 L.E
Deferred tax liability from fixed assets	<u>231 719 785</u>	<u>4 053 928</u>	<u>235 773 713</u>

Recognized deferred tax assets and liabilities

Deferred tax liabilities are :

	Liabilities	
	30/6/2018 L.E.	31/12/2017 L.E.
Fixed assets	235 773 713	231 719 785
Net tax liabilities	<u>235 773 713</u>	<u>231 719 785</u>

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.

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

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

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

29 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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

Credit risk

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

Trade and other receivables

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

Credit risk

Exposure to credit risk

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

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

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

	Note	Carrying amount	
		30/6/2018	31/12/2017
		L.E.	L.E.
Trade receivables	(18)	270 828 403	178 694 168
Banks credit facilities	(22)	803 633 310	518 651 701
Total long term loans	(21)	1 026 624 652	1 080 863 321

Liquidity risk

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

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

A 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:

	Carrying amount	Contractual cash flows
	L.E.	L.E.
Credit facilities	803 633 310	2 131 200 000

Market risk

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

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

Currency risk

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

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

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

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

Foreign currency risk**Exposure to currency risk**

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

	USD	Euro	GBP
Trade and other debit balances	5 052 428	197 524	37 661
Cash and cash equivalents	3 813 602	22 992	-
Credit facilities	(391 066)	-	-
Trade and other payables	(15 674 252)	(637 682)	(70 342)
30 June 2018	(7 199 288)	(417 166)	(32 681)
31 December 2017	(6 759 420)	(696 356)	(74 203)

The following significant exchange rates applied during the period:

	Average rate		Closing Rate	
	30/6/2018	2017	2018	2017
USD	17.78	18.30	17.93	17.78
Euro	21.43	19.50	20.76	21.34

Sensitivity analysis

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 30 June 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.

	30/6/2018	31/12/2017
	L.E.	L.E.
Total liabilities	3 075 795 944	2 602 167 840
Less: cash at bank and on hand	(147 053 142)	(85 736 257)
Net debt	2 928 742 802	2 516 431 583
Total equity	2 441 695 347	2 317 081 226
Net debt to equity ratio	120%	108.60%

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

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

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

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 m². The contract terms became effective starting 24/3/2016 The following is a summary of the above mentioned contract:

Description	Lease value		Lease period Months	Purchase value at end of contract L.E	Quarterly lease value L.E
	Contractual value L.E	Accrued interest L.E			
Contract from 24/3/2016 to 23/3/2026	288 169 556	127 651 718	120	1	6 801 835
<ul style="list-style-type: none"> - Juhayna has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company. - The monthly finance lease's instalments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total instalments of the financial period ended 30/6/2018 amounted to L.E.14 757 964 - The company paid 11 897 900 L.E as a down payment and as at 30 June 2018 amounted L.E 9 220 875 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 8 031 086 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 					
Total amount of the contract					L.E 121 848 259
Contract updated amount (increase in interest)					20 756 064
Down payment					(4 017 259)
Remaining amount					<u>138 587 064</u>
Paid installment					(52 127 368)
Unpaid (48 installment by L.E 1 697 077 monthly)					<u>81 459 696</u>

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

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

31 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has given guarantees on 30/6/2018 amounting to LE 8 274 219.

32 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E. 44 213 435 on 30/6/2018.

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.

33-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2018	31/12/2017	30/6/2018	31/12/2017
		L.E.	L.E.	L.E.	L.E.
Argu	Current account	16 591 974	(11 351 903)	13 765 436	(2 826 538)
				<u>13 765 436</u>	<u>(2 826 538)</u>

34 Income tax payable

	30/6/2018	31/12/2017
	L.E.	L.E.
Balance at 1/1	14 561 649	34 483 198
Tax paid	(11 877 023)	(34 483 198)
Income tax during the period	<u>22 669 611</u>	<u>14 561 649</u>
	<u>25 354 237</u>	<u>14 561 649</u>

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

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

35 Goodwill

	30/6/2018	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
	<u>97 092 890</u>	<u>97 092 890</u>