

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Interim Consolidated financial statements  
for the financial period ending  
31 March 2017  
and review report**

**KPMG Hazem Hassan  
Public Accountants & Consultancies  
Pyramids Heights Office Park  
Km 22 Cairo/Alex Road  
Giza- Cairo – Egypt**

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

**Juhayna Food Industries**

**(An Egyptian Joint Stock Company)**

**Interim Consolidated financial statements  
for the financial period ending 31 March 2017**

**Contents**

	<b>Page</b>
Review report	-
Interim Consolidated financial position	1
Interim Consolidated income statement	2
Interim Consolidated statement of comprehensive income	3
Interim Consolidated statement of changes in shareholders' equity	4
Interim Consolidated statement of cash flows	5
Notes to the interim consolidated financial statements	6 – 39

Translation from Arabic

**KPMG Hazem Hassan**  
**Public Accountants & Consultancies**  
Pyramids Heights Office Park  
Km 22 Cairo/Alex Road  
Giza- Cairo – Egypt

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

## **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 balance sheet of Juhayna Food Industries S.A.E, as of 31 March 2017 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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 periodic financial statements based on our limited review.

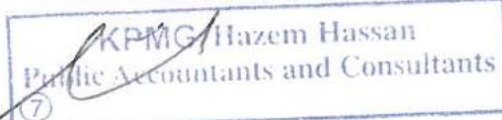
### ***Scope of Limited Review***

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of interim Consolidated Financial Statements Performed by the Independent Auditor of the Entity. A limited review of periodic 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 financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the three-months then ended in accordance with Egyptian Accounting Standards.

**Hatem Montasser**  
Capital Authority Controller  
Register NO.(225)  
**KPMG Hazem Hassan**



Cairo, 30 April 2017

*Samin Af*

**Hossam Hilal**  
Capital Authority Controller  
Register NO.(147)  
**Mohamed Hilal – Grant Thornton**  
*Hossam Hilal*

**Grant Thornton - Mohamed Hilal**

Public Accountants  
The Egyptian Member Firm of  
Grant Thornton International

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim Consolidated financial position**  
**As of 31 March 2017**

Translation from Arabic

	Note no.	31/3/2017 L.E.	31/12/2016 L.E.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (net)	(11)	3 049 858 021	3 066 250 784
Projects under construction	(12)	397 435 255	383 210 481
Plant wealth	(13-1)	13 370 152	13 469 421
Plant wealth - under preparation	(13-2)	2 086 929	3 955 808
Biological wealth	(14)	90 553 964	87 892 482
Investments under joint control ( equity)	(10)	6 348 211	7 087 625
Other - long term assets		-	765 232
Other - long term - debit balances	(29)	10 281 484	9815767
Goodwill	(33)	97 092 890	97 092 890
<b>Non-current assets</b>		<b>3 667 026 906</b>	<b>3 669 540 490</b>
<b>Current assets</b>			
Biological assets- Existing Agriculture		40 891 275	17 279 535
Inventories	(16)	1 551 971 500	1 325 879 207
Trade and other receivables (net)	(17)	428 907 715	353 019 114
Cash and cash equivalents	(18)	107 942 812	129 591 229
<b>Current assets</b>		<b>2 129 713 302</b>	<b>1 825 769 085</b>
<b>Total assets</b>		<b>5 796 740 208</b>	<b>5 495 309 575</b>
<b>Equity</b>			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		498 716 738	497 245 972
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		520 425 582	478 308 360
Total comprehensive income for year after periodic dividends		58 192 410	43 524 181
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 349 660 240</b>	<b>2 291 404 023</b>
<b>Non-controlling interest</b>		<b>757 912</b>	<b>756 990</b>
<b>Total equity</b>		<b>2 350 418 152</b>	<b>2 292 161 013</b>
<b>Non-current liabilities</b>			
Long term loans	(20)	733 781 932	803 788 665
Other long term liabilities	(24)	43 881 335	47 701 407
Deferred revenues	(25)	104 870 373	108 442 056
Deferred tax liabilities	(26)	210 188 039	206 673 187
<b>Non-current liabilities</b>		<b>1 092 721 679</b>	<b>1 166 605 315</b>
<b>Current liabilities</b>			
Provisions for claims	(22)	4 726 286	9 428 008
Banks -over draft	(18)	90 189 442	25 031 480
Banks - credit facilities	(21)	1 225 797 745	1 049 803 834
Creditors and other credit balances	(23)	676 414 109	612 868 934
Income tax		34 483 198	34 483 198
Due to related parties	(32-1)	12 640 245	14 178 441
Long-term loans-current portion	(20)	309 349 352	290 749 352
<b>Current liabilities</b>		<b>2 353 600 377</b>	<b>2 036 543 247</b>
<b>Total liabilities</b>		<b>3 446 322 056</b>	<b>3 203 148 562</b>
<b>Total equity and total liabilities</b>		<b>5 796 740 208</b>	<b>5 495 309 575</b>

The notes on pages from (6) to (39) are an integral part of these interim consolidated financial statements.

Finance Director  
Sameh El-hodaiby

Chairman  
Safwan Thabet

\*Auditors' report attached.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated income statement**  
**For the financial period ending 31 March 2017**

Translation from Arabic

		<b>The financial period</b>	<b>The financial period</b>
		<b>from 1/1/2017</b>	<b>from 1/1/2016</b>
	<b>Note no.</b>	<b>to 31/3/2017</b>	<b>to 31/3/201</b>
		<b>L.E.</b>	<b>L.E.</b>
Net sales		1 287 796 009	1 104 468 386
Cost of sales		( 874 689 309)	( 744 294 904)
<b>Gross profit</b>		<b>413 106 700</b>	<b>360 173 482</b>
Other income	(5)	20 939 155	19 243 736
Sales & distribution expenses		(222 792 806)	(178 972 308)
General & administrative expenses	(6)	(42 465 449)	(40 439 466)
Other expenses	(7)	(7 395 416)	(8 848 231)
Board of directors remuneration		( 435 000)	( 125 000)
<b>Results from operating activities</b>		<b>160 957 184</b>	<b>151 032 213</b>
The holding company's share in the (losses) of companies under joint control		( 739 409)	( 408 412)
Revenue of investment held for sale		-	5 570 557
Cost of the End of service	(3-23)	( 7 793 591)	( 659 033)
Finance income and finance costs	(8)	( 84 582 648)	( 37 594 968)
<b>Profit before income tax</b>		<b>67 841 536</b>	<b>117 940 357</b>
Income tax expense		( 6 068 778)	( 14 024 283)
Investment tax		-	(4 998 235)
Deferred tax	(26)	(3 514 852)	(18 498 588)
<b>Net profit for the year</b>		<b>58 257 906</b>	<b>80 419 251</b>
<b>Distributed as follows</b>			
Parent Company's share in profit		58 192 410	80 374 807
Non-controlling interest		65 496	44 444
		<b>58 257 906</b>	<b>80 419 251</b>

The notes on pages from (6) to (39) are an integral part of these interim consolidated financial statements.

**Juhayna Food Industries**

(An Egyptian Joint Stock Company)

**Interim consolidated Statement of comprehensive income****For the financial period ending 31 March 2017**

	The financial period from 1/1/2017 to 31/3/2017 L.E.	The financial period from 1/1/2016 to 31/3/2016 L.E.
Net profit for the period	58 257 906	80 419 251
Other comprehensive income for year after deduct tax	-	-
Total other comprehensive income	58 257 906	80 419 251
Distributed as follows		
Parent Company's share in profit	58 192 410	80 374 807
Non-controlling interest	65 496	44 444
	58 257 906	80 419 251

The notes on pages from (6) to (39) are an integral part of these interim consolidated financial statements.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated statement of changes in equity**  
**For the financial period ending 31 March 2017**

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Total comprehensive income for the year L.E.	Non-controlling interest L.E.	Total L.E.
<b>Balance as at 1 January 2016</b>	941 405 082	467 347 006	330 920 428	418 147 094	264 306 933	818 776	2 422 945 319
Reversal of beginning balance adjustments	-	23 712 001	-	(42 383 165)	50 899 896	(10 542)	32 218 190
Dividends for 2015	-	13 226 166	-	67 046 951	(264 523 310)	-	(184 250 193)
Holding Company's share in reserves & retained earnings of subsidiaries	-	6 168 700	-	(30 705 078)	-	-	(24 536 378)
Consolidation adjustments on 31 March 2016	-	(24 335 191)	-	67 387 202	(50 683 519)	(186 371)	(7 817 879)
Total other comprehensive income for the year ended 31 March 2016 after periodic dividends	-	-	-	-	80 374 807	44 444	80 419 251
<b>Balance as at 31 March 2016</b>	<b>941 405 082</b>	<b>486 118 682</b>	<b>330 920 428</b>	<b>479 493 004</b>	<b>80 374 807</b>	<b>666 307</b>	<b>2 318 978 310</b>
<b>Balance as at 1 January 2017</b>	941 405 082	497 245 972	330 920 428	478 308 360	43 524 181	756 990	2 292 161 013
Reversal of beginning balance adjustments	-	23 326 178	-	(67 339 492)	60 676 305	186 022	16 849 013
Dividends for 2016	-	-	-	200 284 654	(200 284 654)	-	-
Holding Company's share in reserves & retained earnings of subsidiaries	-	1 470 660	-	(3 563 984)	-	-	(2 093 324)
Consolidation adjustments on 31 March 2017	-	(23 326 072)	-	(87 263 956)	96 084 168	(250 596)	(14 756 456)
Total other comprehensive income for the year ended 31 March 2017 after periodic dividends	-	-	-	-	58 192 410	65 496	58 257 906
<b>Balance as at 31 March 2017</b>	<b>941 405 082</b>	<b>498 716 738</b>	<b>330 920 428</b>	<b>520 425 582</b>	<b>58 192 410</b>	<b>757 912</b>	<b>2 350 418 152</b>

The notes on pages from (6) to (39) are an integral part of these interim consolidated financial statements.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated statement of cash flows**  
**For the financial period ending 31 March 2017**

Translation from Arabic

		The financial period from 1/1/2017 to 31/3/2017	The financial period from 1/1/2016 to 31/3/2016
	Note no.	L.E.	L.E.
<b>Cash flows from operating activities</b>			
Net profit for the year before income tax and minority interest in profits		67 841 536	117 940 357
<b>Adjustments for:</b>			
PP&E' depreciation	(11)	65 506 737	55 283 081
Amortization of animal wealth	(14)	3 003 922	822 006
Amortization of plant wealth		99 269	-
Capital gains		( 821 433)	4 891 098
Gain from the sale of available for sale investments		-	(5 570 555)
Change in Investments in equity accounted investees		739 414	(9 741 588)
Impairment in inventories	(16)	( 848 672)	-
Financial lease installments		6 920 514	3 025 331
Herd births		(2 291 500)	(3 890 000)
Herd capitalized expenses		(6 336 237)	(3 308 911)
losses from selling cows		268 795	276 893
losses from calves death		( 162 667)	4 047 315
Foreign exchange gain		(1 569 290)	(11 091 387)
Credit interests	(8)	(1 705 664)	(9 001 991)
Finance interests & expenses	(8)	87 621 501	57 509 611
		<b>218 266 225</b>	<b>201 191 260</b>
Collected time deposits interests		1 705 664	9 000 757
Interest finance expenses paid		( 86 527 789)	( 58 049 147)
<b>Changes in:</b>			
Inventories	(16)	(225 243 621)	(112 750 137)
Biological assets- Existing Agrecul		(20 308 424)	16 510 593
Trade and other receivables	(17)	(75 589 086)	(122 414 854)
Due from related parties		-	(1 282 390)
change in creditors & other credit balances	(23)	57 577 193	22 849 720
Due to related parties		(1 538 196)	-
Dividends paid to employees		-	(21 930 942)
Provision for claims used		( 4 701 722)	( 3 921 909)
<b>Net cash flows (used in )from operating activities</b>		<b>( 136 359 756)</b>	<b>( 70 797 049)</b>
<b>Cash flows from investing activities</b>			
Acquisition of PP&E & projects under construction	11&12	(64 941 403)	(127 374 553)
Proceeds from sale of PP&E		2 424 088	1 510 043
Acquisition of plant and animal wealth	(14)	(1 434 437)	(2 191 769)
Proceeds from the sale of plant and animal wealth	(14)	2 856 205	-
Proceeds from the sale of available for sale investments		-	56 500 000
<b>Net cash flows (used in) generated from investing activities</b>		<b>( 61 095 547)</b>	<b>( 71 556 279)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank credit facilities	(21)	175 993 911	(150 447 774)
Proceeds (payments) from bank loans	(20)	(51 406 733)	(69 744 023)
Payments in lease installments - sales and lease back	(29)	(6 920 514)	(3 025 331)
Proceeds for lease installments- sales and lease back	(29)	-	105 964 269
Dividends paid to share holders		-	(141 210 762)
Decrease in non-controlling interest		( 64 574)	( 196 913)
<b>Net cash flows from financing activities</b>		<b>117 602 090</b>	<b>( 258 660 534)</b>
<b>Decrease(Increase) in cash &amp; cash equivalents during the year</b>		<b>( 79 853 213)</b>	<b>( 401 013 862)</b>
<b>The effect of foreign exchange difference</b>		<b>( 6 953 166)</b>	<b>35 435 926</b>
<b>Cash &amp; cash equivalents at 1 January</b>		<b>104 559 749</b>	<b>762 474 681</b>
<b>Cash &amp; cash equivalents at 31 December</b>	(19)	<b>17 753 370</b>	<b>396 896 745</b>

The notes on pages from (6) to (39) are an integral part of these interim consolidated financial statements.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements**  
**For the financial period ending 31 March 2017**

**1 Reporting the entity**

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

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

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

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

The Company is considered a holding Company.

**The Company's purpose**

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

**Registration in the Stock Exchange**

The Company is listed in the Egyptian Stock Exchanges.

**2 Basis of preparation**

**2-1 Statement of compliance**

The 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 30 April 2017.

**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 reduce the cost 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 ending 31 March 2017

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

- Note (3-10) : 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 (17) : impairment of trade and notes receivable.
- Note (22) : provisions & contingent liabilities
- Note (26) : 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.



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

### 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.

#### Receivables

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

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

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

#### Cash and cash equivalents

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

#### 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 of the above 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 ending 31 March 2017

### **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 at the beginning of the year was amounted to L.E 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) divided into 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) shares at par value L.E 1 each.

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

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

### **3-5 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 11).

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 ending 31 March 2017

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 of 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. 12). 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 which 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 life of assets )

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

### 3-8 Plant wealth

This item represents in the amounts spent for cultivation of fruit trees and protect trees (Kazhurana) which were recognized as long term assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as long-term 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.



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

### 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 according to 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 ending 31 March 2017

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. Dividend income received from investments is recognized in profit or loss on the date of collection.

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

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

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

**3-19 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 on equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively 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.



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

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 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 remeasurement 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, they is reduced to their present value.

**4 Determination of fair value**

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

**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 ending 31 March 2017

**5 Other operating revenue**

	Financial period from 1/1/2017 To 31/3/2017 L.E	Financial period from 1/1/2016 To 31/3/2016 L.E
Export subsidy revenue	9 916 037	7 860 165
Deferred capital gains	3 571 684	4 105 350
Capital gain	821 433	-
Reversal of impairment of inventory	848 672	-
Drawback of sales tax	15 245	142 213
Increase in biological wealth due to newborn	2 291 500	3 890 000
Compensate revenue ( cows )	162 667	-
Other revenue	3 311 917	3 246 008
	<u>20 939 155</u>	<u>19 243 736</u>

**6 General & administrative expenses**

	Financial period from 1/1/2017 To 31/3/2017 L.E	Financial period from 1/1/2016 To 31/3/2016 L.E
Personnel expenses	25 709 151	22 352 647
Depreciation expense	4 217 723	3 357 021
Rents expense	2 396 223	1 998 215
Other administrative expense	10 142 352	12 731 583
	<u>42 465 449</u>	<u>40 439 466</u>

**7 Other expenses**

	Financial period from 1/1/2017 To 31/3/2017 L.E	Financial period from 1/1/2016 To 31/3/2016 L.E
Financial lease installments	6 920 514	3 025 331
Capital losses	-	4 891 098
Other	474 902	931 802
	<u>7 395 416</u>	<u>8 848 231</u>

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**8 Finance income and finance costs**

	Financial period from 1/1/2017 To 31/3/2017 L.E	Financial period from 1/1/2016 To 31/3/2016 L.E
Finance interest & expense	(87 621 501)	(57 509 611)
Credit interest	1 705 664	9 001 991
<b>Net finance cost</b>	<b>(85 951 837)</b>	<b>(48 507 620)</b>
Foreign exchange (loss) gains	1 569 290	11 091 387
Change in fair value	(236 101)	(178 735)
	<b>(84 582 648)</b>	<b>(37 594 968)</b>



## 9- Segmentation reports

## 9-1 Segmentation reports for the financial ending period 31 March 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 31/03/2017	chilled sector L.E 31/03/2017	Activity Segments			Undistributed items L.E 31/03/2017	Elimination of consolidated transactions L.E 31/03/2017	Total L.E 31/03/2017
			Juices sector L.E 31/03/2017	Concentrates sector L.E 31/03/2017	Agriculture sector L.E 31/03/2017			
Sales	614 809 614	251 741 982	245 811 641	133 991 726	846 196	40 594 851	-	1 287 796 009
Sales between segments	539 569 250	199 615 955	196 447 017	19 753 801	57 395 295	-	(1 012 781 318)	-
Other operating income	7 879 722	2 263 880	1 391 598	5 044 811	633 689	-	-	17 213 680
expense	(138 682 717)	(120 656 703)	(97 858 008)	( 4 298 601)	( 243 406)	( 739 409)	-	( 362 478 844)
Net profit for the year								58 257 906
<u>Other Information</u>								
Depreciation	19 655 964	19 016 189	16 815 975	3 915 700	6 102 909	-	-	65 506 737
Assets	1 532 886 144	1463 789 526	1223 653 996	636 209 691	796 791 966	143 687 486	-	5 797 018 809
Liabilities	1218 784 578	1030 632 151	839 156 632	265 127 444	80 259 541	12 640 310	-	3 446 600 657

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



## 9- Segmentation reports

## 9-2 Segmentation reports for the financial ending period 31 March 2016

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 31/03/2016	Cooling sector L.E 31/03/2016	Activity Segments		Agriculture sector L.E 31/03/2016	Undistributed Items L.E 31/03/2016	Elimination of consolidated transactions L.E 31/03/2016	Total L.E 31/03/2016
			Juices sector L.E 31/03/2016	Concentrates sector L.E 31/03/2016				
Sales	549 409 233	237 855 155	235 306 180	27 282 015	29 846 604	24 769 199	-	1104 468 386
Sales between segments	447 573 956	194 554 124	190 295 507	29 466 409	14 398 968	-	(876 288 964)	-
Other operating income	5 309 631	2 598 159	2 700 504	9 775 284	10 302 165	-	-	30 685 743
Expenses	(98 193 319)	(91 002 375)	(74 080 786)	(1 522 523)	(7 711 453)	( 408 412)	-	( 272 918 868)
Net profit for the year								80 419 251
<b>Other Information</b>								
Depreciation	15 410 983	17 778 431	14 428 788	3 143 282	4 521 597	-	-	55 283 081
Assets	1 232 008 422	1337 835 879	1125 851 913	318 710 895	693 091 047	138 801 580	-	4 846 299 735
Liabilities	856 881 118	881 599 112	618 632 630	118 967 769	50 240 796	-	-	2 526 321 425

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 31 March 2017

**10 Investment under joint control (Equity)**

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Total liabilities		Revenues		Expenses		Net (loss)		Cost of investment	
		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.	
* March 31, 2017 Argu Company For food Industrial Balance as at 31 March 2017	50.75	14 890 753		424 300		15 315 053		2 806 262		3 390 753		4 847 716		(1 456 963)		6 348 211	
		14 890 753		424 300		15 315 053		2 806 262		3 390 753		4 847 716		(1 456 963)		6 348 211	
31/012/2016 Argu Company For food Industrial Balance as at 31 December 2016	50.75	17 968 798		318 000		18 286 798		4 321 035		7 129 984		13 164 221		(6 034 237)		7 087 625	
		17 968 798		318 000		18 286 798		4 321 035		7 129 984		13 164 221		(6 034 237)		7 087 625	

## 11-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 & Palettes L.E.	Display ref.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
<b>Cost</b>											
Cost as at 1/1/2016	209 227 812	1 156 945 133	1 779 421 141	239 782 877	78 261 821	30 342 185	78 839 607	30 275 916	24 751 124	76 763 070	3 704 610 686
Additions of the year	4 454 612	149 032 619	264 739 955	71 320 467	20 933 208	12 850 159	18 266 854	11 991 874	2 620 315	19 098 927	575 308 990
Disposals of the year	-	( 26 947 337)	( 26 431 385)	( 14 528 287)	( 832 683)	( 1 274 915)	( 437 060)	( 35 000)	( 77 897)	( 378 092)	( 70 942 656)
Impairment in fixed assets	-	-	2 941 134	-	-	-	-	-	-	-	2 941 134
<b>Cost as at 31/12/2016</b>	<b>213 682 424</b>	<b>1 279 030 415</b>	<b>2 020 670 845</b>	<b>296 575 057</b>	<b>98 362 346</b>	<b>41 917 429</b>	<b>96 669 401</b>	<b>42 232 790</b>	<b>27 293 542</b>	<b>95 483 905</b>	<b>4 211 918 154</b>
Additions of the year	-	508 420	18 992 035	-	925 868	23 132 666	51 595	-	567 222	6 282 777	50 460 583
Disposals of the year	-	( 319 336)	( 343 376)	( 2 085 370)	( 13 000)	( 797 690)	( 161 476)	-	( 250 093)	( 17 165)	( 3 987 506)
Reversal of impairment in fixed assets	-	-	-	-	-	-	-	-	-	-	-
<b>Cost as at 31/3/2017</b>	<b>213 682 424</b>	<b>1 279 219 499</b>	<b>2 039 319 504</b>	<b>294 489 687</b>	<b>99 275 214</b>	<b>64 252 405</b>	<b>96 559 520</b>	<b>42 232 790</b>	<b>27 610 671</b>	<b>101 749 517</b>	<b>4 258 391 231</b>
<b>Accumulated depreciation</b>											
Accumulated depreciation as at 1/1/2016	-	76 549 395	600 773 194	102 679 620	36 731 324	21 960 761	26 946 302	4 511 269	9 737 499	63 449 129	943 338 493
Depreciation of the year	-	26 139 012	134 359 898	27 115 861	8 558 953	6 862 960	16 972 849	1 621 825	2 231 449	10 630 710	234 493 517
Accumulated depreciation of disposals of the year	-	( 563 232)	( 15 364 667)	( 13 734 566)	( 808 547)	( 918 415)	( 356 903)	( 18 900)	( 27 899)	( 371 511)	( 32 164 640)
Reclassification	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 31/12/2016</b>	<b>-</b>	<b>102 125 175</b>	<b>719 768 425</b>	<b>116 060 915</b>	<b>44 481 730</b>	<b>27 905 306</b>	<b>43 562 248</b>	<b>6 114 194</b>	<b>11 941 049</b>	<b>73 708 328</b>	<b>1 145 667 370</b>
Depreciation of the year	-	7 135 701	37 350 805	7 252 266	2 564 241	2 398 079	4 649 877	519 436	579 486	3 056 846	65 506 737
Accumulated depreciation of disposals of the year	-	( 262 626)	( 139 889)	( 1 410 941)	( 10 725)	( 571 950)	( 124 919)	-	( 108 717)	( 11 130)	( 2 640 897)
<b>Accumulated depreciation as at 31/3/2017</b>	<b>-</b>	<b>108 998 250</b>	<b>756 979 341</b>	<b>121 902 240</b>	<b>47 035 246</b>	<b>29 731 435</b>	<b>48 087 206</b>	<b>6 633 630</b>	<b>12 411 818</b>	<b>76 754 044</b>	<b>1 208 533 210</b>
<b>Net book value as at 31/3/2017</b>	<b>213 682 424</b>	<b>1 170 221 249</b>	<b>1 282 340 163</b>	<b>172 587 447</b>	<b>52 239 968</b>	<b>34 320 970</b>	<b>48 472 314</b>	<b>35 599 160</b>	<b>15 198 853</b>	<b>24 995 473</b>	<b>3 049 858 021</b>
<b>Net book value as at 31/12/2016</b>	<b>213 682 424</b>	<b>1 176 905 240</b>	<b>1 300 902 420</b>	<b>180 514 142</b>	<b>53 880 616</b>	<b>14 012 123</b>	<b>53 107 153</b>	<b>36 118 596</b>	<b>15 352 493</b>	<b>21 775 577</b>	<b>3 066 250 784</b>

\* Fully depreciated assets are amounted to L.E 147 083 087 as at 31 March 2017.



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

The land item amounted to L.E 213 682 424 on 31/3/2017 includes an amount of L.E 142 315 935 representing the not registered land thus procedures of registering the land are in progress.

**11-1 Land of Juhayna Food Industries Co.**

Description	Amount L.E	Instrument of possess
Al Mania land	2 782 000	Specification decision
Marsa Allam	1 367 244	Preliminary contract
	<b>4 149 244</b>	

**11-2 Land of Tiba for Trad. & Distr. Co.**

Description	Amount L.E	Instrument of possess
Hoof valley Land	11 798 056	Preliminary contract
Demyat land	10 942 734	Preliminary contract
Obour land	9 047 399	Preliminary contract
Mansoureyia land – shabrament	7 408 350	Preliminary contract
New cairo land pc.60,62	6 868 125	Specification letter
Olaykat Arab land	2 589 300	Preliminary contract
El- Dabaa land	2 086 200	Preliminary contract
Other	9 537 769	
	<b>60 277 933</b>	

**11-3 Land of Egyptian Co. for Dairy Products**

Description	Amount as per Egyptian Co. for Dairy & Juice Products L.E.	Adjustments of Consolidated financial statement L.E.	Amount as per Consolidated financial statement L.E.	Instrument of possess
The service axis 1,2- 6 <sup>th</sup> of October	2 415 388	(539 598)	1 875 790	Specification letter
* Pc38- 6 <sup>th</sup> of October	4 542 099	(1 231 216)	3 310 883	Preliminary contract
Boralis land	19 937 024	-	19 937 024	Preliminary contract
	<b>26 894 511</b>	<b>(1 770 814)</b>	<b>25 123 697</b>	

\* These land was purchased from Juhayna Company (parent company) on 1/4/2014 and recorded by its name, and The Egyptian Co. for Dairy Products are recording the land on its behalf.



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**11-4 Land of International Co. for Modern Industries Co.**

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

**11-5 Land of and of Almasrya Co. (Egyfood)**

Description	Amount L.E	Instrument of posses
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
	<u>4 852 865</u>	

**11-6 Land of Modern Concentration Co.**

Description	Amount L.E	Instrument of possess
Pc. 42 forth zone 6 <sup>th</sup> of October	4 333 446	Preliminary contract
Pc. 10 <sup>th</sup> of Ramadan	6 508 437	Specification letter
	<u>10 841 883</u>	

**11-7 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.
- Area of 7 500 Acres on Farafra zone amounted to L.E 3 750 000 with purpose – only - of cultivation with the virtue of bank cheque no. 1472844 dated September 14, 2009 for the beneficiary the head of the centre office of Farafra city. The necessary legal procedures for convey of land are in progress.

**11-8 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.

**11-9 Land of Inmaa for Agriculture Development**

- Area of 8 364 Acres amounted to L.E 16 560 720 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.

**11-10 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 lands located and this is by issuing letters of guarantee by the company for the governorate with total value 2 516 750 LE, in case that the company did not obligate the conditions of acquiring these lands, the letters of guarantee will be liquidated to beneficiaries and these are the lands as follows:-

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

- land plots from 637 to 650 in Assuit its total area 30 000 m<sup>2</sup> to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots number ( 67,68,69,75,76 ) in Beni suef to 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 its total area 10000 m<sup>2</sup> to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. ( 186,187,188 , huge area of 185 ) its total area 5960 m<sup>2</sup> to establish a factory for keeping , cooling and freezing dairy products , juices and concentrates
- Land plot in Aswan – Industrial area, Al Alaki Valley. its total area 10000 m<sup>2</sup> to establish a factory for keeping, cooling and freezing foodstuff.

**12 Projects under constructions**

	31/3/2017	31/12/2016
	L.E.	L.E.
Buildings and constructions in progress	214 040 832	190 198 291
Machineries under installation	111 940 559	106 043 897
Advance payments for fixed assets purchase	67 438 889	82 983 384
Wells and water pump	2 742 685	2 712 619
Furniture in progress	1 272 290	1 272 290
	<b>397 435 255</b>	<b>383 210 481</b>

**13 Plant wealth****13-1 Plant wealth**

	31/3/2017	31/12/2016
	L.E.	L.E.
Cost at year beginning	13 800 318	-
Additions during the year	-	13 800 318
Cost at year ending	<b>13 800 318</b>	<b>13 800 318</b>
Less:		
Accumulated depreciation at year beginning	(330 897)	-
Depreciation of the year	(99 269)	(330 897)
Accumulated depreciation at year ending	<b>(430 166)</b>	<b>(330 897)</b>
Net	<b>13 370 152</b>	<b>13 469 421</b>

- The cost is the value of fruit trees.

**13-2 Plant wealth – under construction**

	31/3/2017	31/12/2016
	L.E.	L.E.
Land reclamation	204 162	204 162
Fruit trees	1 413 957	3 282 836
Protection trees (Kazhurana)	464 398	464 398
Palm trees	4 412	4 412
	<b>2 086 929</b>	<b>3 955 808</b>

#### 14- Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - un productive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2017	2 449	73 048 307	1 395	21 817 232	3 844	94 865 539
<u>Adding:</u>						
Addition during the year	-	-	-	-	-	-
* Transferred from biological wealth (Flock of dairy live stock - un productive)	33	1 348 453	( 33)	(1 348 453)	-	-
Births of flock	-	-	-	-	-	-
Male	-	-	202	949 000	202	949 000
Female	-	-	189	1 342 500	189	1 342 500
** Capital cost during drying -off	-	1 090 984	-	5 245 253	-	6 336 237
	<u>2 482</u>	<u>75 487 744</u>	<u>1 753</u>	<u>28 005 532</u>	<u>4 235</u>	<u>103 493 276</u>
Biological wealth sales						
Cows	37	1 079 512			37	1 079 512
pregnant			4	93 098	4	93 098
Newborn - Female			31	512 009	9	512 009
Newborn - Male			172	811 905	172	811 905
The death of live stock losses						
Cows	12	371 223			12	371 223
Female			1	22 988	1	22 988
Male			24	243 359	24	243 359
			2	11 000	41	11 000
	<u>49</u>	<u>1 450 735</u>	<u>234</u>	<u>1 694 359</u>	<u>300</u>	<u>3 145 094</u>
Cost of flock of livestock at 31/3/2017	<u>2 433</u>	<u>74 037 009</u>	<u>1 519</u>	<u>26 311 173</u>	<u>3 935</u>	<u>100 348 182</u>
Accumulated depreciation						
Depreciation milking cows at 1/1/2016	-	6 973 056	-	-	-	6 973 056
Depreciation milking cows during the period	-	3 003 922	-	-	-	3 003 922
Accumulated depreciation of disposals of sales case	-	( 141 497)	-	-	-	( 141 497)
Accumulated depreciation of disposals of death case	-	( 41 263)	-	-	-	( 41 263)
Accumulated depreciation at 31 December 2016	-	9 794 218	-	-	-	9 794 218
Net amount of flock of livestock at 31/3/2017	<u>2 433</u>	<u>64 242 791</u>	<u>1 519</u>	<u>26 311 173</u>	<u>3 935</u>	<u>90 553 964</u>
Net amount of flock of livestock at 31/12/2016	<u>2 449</u>	<u>66 075 251</u>	<u>1 395</u>	<u>21 817 232</u>	<u>3 844</u>	<u>87 892 483</u>

\* Calves 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 ending 31 March 2017

**15 Tax status**

**A. Corporation tax**

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and payments due over the operating result on annual basis.

**The period from the beginning of operation till year 2007**

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

**Year 2008, 2009**

The company has estimated inspection from tax authority and it was objected during the legal period. The company was inspected again on 1/11/2016 and the results have not been issued yet.

**Years from 2010 till 2013**

The company received form 19 with estimated tax difference and it was objected during the legal period. A decision was issued to re inspection the company and the preparation is in progress .

**Years from 2014 till 2015**

The company hasn't been inspected yet.

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

**B. Salaries tax**

**The period from the beginning of operation till year 2010**

The company was inspected and the tax due is paid.

**Year from 2011 till 2014**

The inspection in progress.

**Year 2015**

The company hasn't been inspected yet.

**C. Stamp tax**

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

The company was inspected and the tax due is paid.

**Year 2015**

The inspection of this period hasn't been requested yet from the competent department.

**D. Sales tax**

The tax inspection has been performed and paid till 31/12/2014.

**Year 2015**

The inspection in being processed by the competent department.

**E. withholding tax**

The Company submits the withhold amounts within legal duration.



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

## 15-1 Subsidiaries

### First: Corporation tax

The Companies that enjoy the corporate tax exemption	Tax inspection 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 has been performed and paid till 2004)

#### Tiba for Trading and Distributing

The company was inspected for year 2009 but objected to the results during the legal period . The tax inspection is currently being ended against the internal committee.

#### Al Marwa for Food Industries

(inspected from the beginning of operation till 31/12/2004 and the company submits the annual tax returns during legal duration required by law no 91 of year 2005 and company is Subject to tax in 1-1-2010.

#### Inmaa for Agriculture Development and reclamation

The company was not inspected till now

#### Inmaa for live stock

The company was not inspected till now

### Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting activity till 2011 and paid.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2012 and paid.
Tiba for Trading and Distributing	- Years from 2006 till 2012 was inspected and difference settlement is in progress with the internal committee.
International Company For Modern Food Industries	- Inspection was performed from starting activity till 2010 and paid.
The Egyptian Company For Food Industries "Egyfood"	- inspection was performed till 2012 and waiting for claim
Modern Concentrates Industrial Company	- Inspection was performed from starting activity till 2012 and paid.
Inmaa for Agriculture Development Co. and biological wealth	- Inspection was performed from starting activity till 2010 and paid.

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

### Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	Inspection has been performed and paid till 31/12/2011.
Al-Marwa for Food Industries	Inspection has been performed and paid till 31/12/2015.
Tiba for Trading and Distribution	Inspection has been performed and paid till 2014.
International Company For Modern Food Industries	Inspection has been performed and paid till 31/12/2015.
The Egyptian Company for Food Industries "Egyfood"	Inspection in progress from starting activity till 31/12/2015
Modern Concentrates Industrial Company	- Inspection was performed from starting activity till 31/12/2013 and paid.
Inmaa for Agriculture development & biological wealth	Has not been inspected yet.

### Fourth: Sales tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	-The company is exempted from the sales tax and the company presents sales tax return on monthly basis, and the inspection was performed till 31/12/2012 and paid & years 2013/2015 was inspected & waiting for claim.
Al-Marwa for Food Industries	-Inspected and paid till 31/12/2013
International Company For Modern Food Industries	-The company present sales tax return on monthly basis and inspected and paid till 2015 .
The Egyptian Company For Food Industries "Egyfood"	-Inspected and paid till 2015 .and tax differences has been paid
Modern Concentrates Industrial Company	-The company presents sales tax return on monthly basis., and was inspected from the inception till 31/12/2013 and paid and inspection differences has been paid
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis and was Inspected till 31/12/2015 and paid .
Inmaa for Agriculture Development Co.	- The tax inspection has been performed till 31/12/2014 and paid

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**16 Inventories**

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Raw materials	611 200 242	548 743 009
Packaging & packing materials	401 818 163	372 729 078
Finished products	481 186 121	344 291 206
Spare parts & miscellaneous supplies	57 357 328	47 051 690
Goods transit - L/C's for goods purchase	409 646	13 064 224
	<b>1 551 971 500</b>	<b>1 325 879 207</b>

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

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Trade receivables	197 941 361	119 245 979
Less: Impairment in trade receivables	(6 160 320)	(6 666 320)
	191 781 041	112 579 659
Notes receivables	6 884 617	10 256 699
Suppliers – advance payments	32 628 576	16 360 006
Prepaid expenses	17 248 750	17 124 001
Export subsidy	24 680 259	14 782 453
Accrued revenues	566 218	16 955 568
Tax authority	42 148 572	33 700 962
Customs authority	11 045 937	30 393 339
Deposits with others	19 890 810	21 869 412
Letter of credit	66 977 618	66 409 151
Other debit balances	19 006 034	16 538 581
	<b>432 858 432</b>	<b>356 969 831</b>
Less: Impairment in other debit balances	(3 950 717)	(3 950 717)
	<b>428 907 715</b>	<b>353 019 114</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 to the accounts of the company 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 ending 31 March 2017

**18 Cash and cash equivalents**

	31/3/2017	31/12/2016
	L.E.	L.E.
Time deposits *	70 496 476	101 493 925
Banks – current accounts	20 167 528	17 706 151
Checks under collection	-	26 268
Cash in hand	3 049 854	1 655 309
Cash in transit	14 228 954	8 709 576
	<b>107 942 812</b>	<b>129 591 229</b>
Bank over draft	(90 189 442)	(25 031 480)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>17 753 370</b>	<b>104 559 749</b>

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

**19 Share capital**

	31/3/2017	31/12/2016
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

The extra ordinary general assembly meeting dated 5 February 2012 decided capital reduction by the nominal value of treasury stock amounted to L.E 20 362 521 to be amounted to L.E 706 053 811 divided into 706 053 811 shares at par value L.E 1 each. The reduction in capital and in the numbers of shares was registered in the commercial register on 23 April 2012.

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

**19-1- General reserve - issuance premium**

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

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

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**20 Loans**

Details	Long term loans – current portion	Long term loans	Total
	L.E	L.E	L.E
Granted loans to Company's Group from CIB.	126 334 011	332 866 597	459 200 608
Granted loans to Company's Group from European Bank for Reconstruction & Development	59 000 001	176 999 999	236 000 000
Granted loans to Company's Group from HSBC.	25 942 591	38 442 591	64 385 182
Granted loans to Company's Group from QNB.	42 800 000	55 200 000	98 000 000
Granted loans to Company's Group from EGBE.	30 000 000	105 000 000	135 000 000
Granted loans to Company's Group from Barclays.	25 272 749	25 272 745	50 545 494
<b>Balance at 31/3/2017</b>	<b>309 349 352</b>	<b>733 781 932</b>	<b>1 043 131 284</b>
<b>Balance at 31/12/2016</b>	<b>290 749 352</b>	<b>803 788 665</b>	<b>1 094 538 017</b>

**21 Banks – credit facilities**

This balance which amounted to L.E 1 225 797 745 as at 31/3/2017 (against L.E 1 049 803 834 as at 31/12/2016), represents the drawn down portion of the L.E. 1 601 million (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.

**22 Provision for claims**

Description	Balance at 1/1/2017	Provision formed during the year	Provision used during the period	Balance at 31/3/2017
	L.E	L.E	L.E	L.E.
Provision for claims	9 428 008	-	(4 701 722)	4 726 286

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**23 Creditors and other credit balances**

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Suppliers	470 239 441	399 767 037
Notes payable	4 261 854	438 249
Accrued expenses	122 102 184	128 199 072
PP&E' creditors	4 185 705	1 853 040
Tax authority	11 133 446	29 214 480
Income Tax for the period	6 068 778	-
Deposits from others	6 892 398	6 389 053
Sales tax installments on the imported machineries and equipment	9 723 574	10 141 121
Deferred capital gains	14 286 733	14 286 733
Due to Sodic company- current portion	7 378 048	7 599 512
Due to Geran company – current portion	516 423	1 046 072
Social insurance authority	4 460 479	3 709 695
Dividends payable	63 709	63 709
Advances from customers	8 408 373	3 699 749
New Al Many city authority	668 750	668 750
10 <sup>th</sup> of Ramadan city authority- short term	1 641 484	1 641 484
Other credit balances	4 382 730	4 151 178
	<b>676 414 109</b>	<b>612 868 934</b>



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**24 Other long term liabilities**

	<b>31/3/207</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
The value of sales tax installments on the imported machineries and equipment due from Jan.2018 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 9 723 574 as at 31/3/2017 (L E 10 141 121 as at 31/12/2016) are shown under the caption of creditors and other credit balances in the consolidated balance sheet (Note 23).	33 360 094	35 633 681
- 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. A total payments paid amounted to L.E 67 050 631 and the rest will be settled over 6 equal installments starting from June 2017.	8 350 635	10 134 573
- The amount due to (New Al Manya governors) as a value of store land at Alamtdad area in accordance with specification document dated 3/05/2015 amounted to L.E 2 675 000. A down payments was paid amounted to L.E 668 750 and the rest will be settled over 3 equal installments first installment starting from 16/05/2016 amounted by L.E 668 750 in addition to central bank of Egypt corridor rate & 0.5% administrative expense from receiving date till the due date.	668 750	668 750
- The amount due to (10 <sup>th</sup> of Ramadan governors) as a value of a store land of 9998 m 2 area A 4 dated 13/07/2015 amounted to L.E 6 502 910. A down payments was paid amounted to L.E 1 579 184 and the rest will be settled over 3 equal installments with central bank interest rate on accrued installments plus 0.5% administrative expense, first installment starting from 25/11/2016.	1 501 856	1 264 403
	<b>43 881 335</b>	<b>47 701 407</b>

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**25 Deferred revenues**

	31/3/2017 L.E.	31/12/2016 L.E.
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built, According to the new contract finance leasing that signed with QNB Al Ahli at thereon 23/3/2016The Company had deferred and derecognized in the income statement the gain of L.E 117 738 021 as the sale transaction was in the form of a sale and lease back within 10 years starting on March 2016 through to March 2026. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/4/2016. The amortization of gain is L.E 2 943 451 and the short term portion during the year ended amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 23).	94 190 417	97 133 867
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land Owned For Tiba Company With rerenting it with amount 130 165 951 L.E With 84 Monthly Installment started from 31 July 2015 Till 30 June 2022 With 1 514 357 L.E for each Installment, The amortization during the year ended amounted to L.E 2 512 931 while the short term portion amounted to L.E 3 769 396 included in the trade & other credit balances item of the consolidated balance sheet (Note 23).	10 679 956	11 308 189
	<u>104 870 373</u>	<u>108 442 056</u>

**26 Deferred tax liabilities**

Deferred tax liability amounted to L.E 210 188 039 on 31/3/2017 is representing net book value of assets and liabilities on tax basis.

	Balance on 1/1/2017 L.E	Deferred tax as at 31 March 2017 L.E	Balance on 31/3/2017 L.E
Deferred tax liability from fixed assets	<u>206 673 187</u>	<u>3 514 852</u>	<u>210 188 039</u>

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**Recognized deferred tax assets and liabilities**

Deferred tax liabilities are representing in the following items:

	<b>Liabilities</b>	
	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Fixed assets	210 188 039	206 673 187
<b>Net tax liabilities</b>	<b>210 188 039</b>	<b>206 673 187</b>

**27 Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/3/2017 shown together with this respective contribution percentage held as at the balance sheet date.

<b>Subsidiary Name</b>	<b>Contribution percentage 31/3/2017</b>	<b>Contribution percentage 31/12/2016</b>	<b>Country</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>Companies under joint control</b>			
Arju company for food industries	50.75 % under joint control	50.75 % under joint control	Egypt

**28 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.



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

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	
		31/3/2017	31/12/2016
		L.E.	L.E.
Trade receivables	(17)	191 781 041	112 579 659
Banks credit facilities	(21)	1 225 797 745	1 049 803 834
Total long term loans	(20)	1043 131 284	1 094 538 017

**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:

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

A credit facility in a principal amount of L.E 1 225 797 745 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 L.E.	Contractual cash flows L.E.
Credit facilities	1 225 797 745	1 601 000 000

**Market risk**

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

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

**Currency risk**

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

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

**Foreign currency risk**

Exposure to currency risk

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

	USD	Euro	GBP	CHF
Trade and other debit balances	6 012 311	75 871	28 832	–
Cash and cash equivalents	2 677 724	608 042	2 671	–
Credit facilities	(10 349 041)	(213 739)	(3 340)	–
Trade and other payables	(13 722 816)	(744 597)	(84 792)	(26 805)
<b>31 March 2017</b>	<b>(15 381 823)</b>	<b>(274 424)</b>	<b>(56 629)</b>	<b>(26 805)</b>
<b>31 December 2016</b>	<b>(12 841 589)</b>	<b>(1 409 909)</b>	<b>(94 664)</b>	<b>–</b>



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	3/2017	2016	3/2017	2016
USD	18.30	13.11	18.20	18.41
Euro	19.50	13.90	19.76	19.25

**Sensitivity analysis**

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 31 March 2017 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 2016.

**Effect of 10%**

	Profit/Loss	
	31/3/2017	31/12/2016
	L.E.	L.E.
USD	(27 687 281)	(23 629 074)
Euro	( 548 848)	(2 704 075)
GBP	(129 373)	(202 984)
CHF	(49 405)	-
	<b>(28 414 907)</b>	<b>(26 536 133)</b>

**Interest rate risk**

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

**Capital management**

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

	31/3/2017	31/12/2016
	L.E.	L.E.
Total liabilities	3 446 322 056	3 203 148 562
Less: cash and cash equivalents	(107 942 812)	(129 591 229)
<b>Net debt</b>	<b>3 338 379 244</b>	<b>3 073 557 333</b>
Total equity	2 350 418 152	2 292 161 013
<b>Net debt to equity ratio</b>	<b>%142.03</b>	<b>134.09%</b>

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

**29 Financial lease contracts**

The company signed a contract with Sajulis Leasing Company to lease land and buildings and of system construction and leasing, as follows:

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

On 24/3/2016 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m<sup>2</sup>. The following is a summary of the above mentioned contract:



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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

Description	Lease value		Lease period	Purchase value at end of contract	Quarterly lease value
	Contractual value	Accrued interest			
	L.E	L.E	Months	L.E	L.E
Contract from 24/3/2016 to 23/3/2026	274 793 655	124 296 706	120	1	6 623 067
- 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 installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total installments of the financial period ended 31/3/2017 amounted to L.E. 6 920 514.					
- The company paid 11 897 900 L.E as a down payment and as at 31 March 2017 amounted 10 708 110 L.E classified the current portion amounted to 1 189 790 L.E in advance payments to note (23) and the Non-current portion amounted to 9 518 320 LE classified in the other long term debt balances.					

The company has signed financial lease Contracts With International for financial lease (Ancolis) during 2015 that allow selling the owned Plot Of Land For Tiba Company (subsidiary) with leaseback it with an amount of L.E 137 459 563 With 84 monthly installment starting from 31 July 2015 Till 30 June 2022 With L.E 1 621 616 For Each Installment

	L.E
Total amount of the contract	121 848 259
Contract updated amount (increase in interest)	15 611 304
Down payment	(4 017 259)
Remaining amount	<b>133 442 304</b>
Paid installment	(31 280 496)
Unpaid (66 installment by L.E 1 621 616 monthly )	<b><u>102 161 808</u></b>

**30 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 31/3/2017 amounting to LE 10 825 676 the covered amount L.E 5 069 598.

**31 Capital commitments**

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 59 331 983 on 31/3/2017.

The amount of L.E 50 000 000 was unpaid part of capital increase for Tiba for Trading and Distribution.

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

Notes to the interim consolidated financial statements for the financial period ending 31 March 2017

**32 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 year, between the Company and its related parties.

**32-1 Due from related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/3/2017	31/12/2016	31/3/2017	31/12/2016
		L.E.	L.E.	L.E.	L.E.
Argu	Current account	(1 538 196)	14 178 441	12 640 245	14 178 441
				<u>12 640 245</u>	<u>14 178 441</u>

**33 Goodwill**

	31/3/2017	31/12/2016
	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>