

Translation from Arabic

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

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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 30 June 2017

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Report on Limited Review of interim Consolidated Financial Statements

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

Introduction


We have performed a limited review for the accompanying consolidated balance sheet of Juhayna Food Industries S.A.E, as of 30 June 2017 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these 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

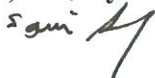
Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance and its cash flows for the six-months then ended in accordance with Egyptian Accounting Standards.


KPMG Hazem Hassan
Public Accountants and Consultants
Hatem Montasser
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Cairo, 25 July 2017



Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim Consolidated financial position
As of 30 June 2017

Translation from Arabic

	Note no.	30/6/2017 L.E.	31/12/2016 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(11)	3 001 667 961	3 066 250 784
Projects under construction	(12)	430 938 115	383 210 481
Plant wealth	(13-1)	13 270 883	13 469 421
Plant wealth - under preparation	(13-2)	3 812 892	3 955 808
Biological wealth	(14)	95 526 446	87 892 482
Investments under joint control (equity)	(10)	4 888 840	7 087 625
Other - long term assets		761 096	765 232
Other - long term - debit balances	(29)	9 220 875	9 815 767
Goodwill	(33)	97 092 890	97 092 890
Non-current assets		3 657 179 998	3 669 540 490
Current assets			
Biological assets- Existing Agriculture		18 056 456	17 279 535
Inventories	(16)	1 424 142 112	1 325 879 207
Trade and other receivables (net)	(17)	456 580 531	353 019 114
Cash and cash equivalents	(18)	153 200 835	129 591 229
Current assets		2 051 979 934	1 825 769 085
Total assets		5 709 159 932	5 495 309 575
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		510 327 288	497 245 972
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		336 175 402	478 308 360
Total comprehensive income for year after periodic dividends		85 429 414	43 524 181
Total equity attributable to the shareholders of the parent company		2 204 257 614	2 291 404 023
Non-controlling interest		726 220	756 990
Total equity		2 204 983 834	2 292 161 013
Non-current liabilities			
Long term loans	(20)	775 588 285	803 788 665
Other long term liabilities	(24)	39 027 901	47 701 407
Deferred revenues	(25)	101 298 690	108 442 056
Deferred tax liabilities	(26)	210 994 023	206 673 187
Non-current liabilities		1 126 908 899	1 166 605 315
Current liabilities			
Provisions for claims	(22)	5 587 179	9 428 008
Banks - over draft	(18)	64 431 045	25 031 480
Banks - credit facilities	(21)	1 245 043 148	1 049 803 834
Creditors and other credit balances	(23)	749 436 416	612 868 934
Income tax		924 314	34 483 198
Due to related parties	(32-1)	9 930 746	14 178 441
Long-term loans-current portion	(20)	301 914 351	290 749 352
Current liabilities		2 377 267 199	2 036 543 247
Total liabilities		3 504 176 098	3 203 148 562
Total equity and total liabilities		5 709 159 932	5 495 309 575

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 30 June 2017

Translation from Arabic

	Note no.	The financial period from 1/1/2017 to 30/6/2017 L.E.	The financial period from 1/1/2016 to 30/6/2016 L.E.	The financial period from 1/4/2017 to 30/6/2017 L.E.	The financial period from 1/4/2016 to 30/6/2016 L.E.
Net sales		2 862 037 837	2 437 216 905	1 574 241 828	1 332 748 519
Cost of sales		(2 012 341 590)	(1 700 181 189)	(1 137 652 281)	(955 886 285)
Gross profit		849 696 247	737 035 716	436 589 547	376 862 234
Other income	(5)	40 083 228	35 820 039	19 144 073	16 573 133
Sales & distribution expenses		(485 374 216)	(404 064 836)	(262 581 410)	(225 092 528)
General & administrative expenses	(6)	(92 688 736)	(103 513 290)	(50 223 287)	(63 073 824)
Other expenses	(7)	(17 194 433)	(15 810 731)	(9 799 017)	(6 959 330)
Board of directors remuneration		(640 000)	(590 000)	(205 000)	(465 000)
Results from operating activities		293 882 090	248 876 898	132 924 906	97 844 685
The holding company's share in the (losses) of companies under joint control		(2 198 780)	(609 068)	(1 459 371)	(200 656)
Revenue of investment held for sale		-	5 570 557	-	-
Cost of the End of service	(3-23)	(8 975 445)	(2 058 454)	(1 181 854)	(1 399 421)
Finance income and finance costs	(8)	(183 563 799)	(96 869 002)	(98 981 151)	(59 274 034)
Profit before income tax		99 144 066	154 910 931	31 302 530	36 970 574
Taxes differences from previous years		-	3 956 322	-	3 956 322
Income tax		(3 231 060)	(17 007 257)	2 837 718	(2 982 974)
Investment tax		(6 046 660)	(4 998 235)	(6 046 660)	-
Deferred tax	(26)	(4 320 836)	(26 615 908)	(805 984)	(8 117 320)
Net profit for the year		85 545 510	110 245 853	27 287 604	29 826 602
Distributed as follows					
Parent Company's share in profit		85 429 414	110 190 494	27 237 004	29 815 687
Non-controlling interest		116 096	55 359	50 600	10 915
		85 545 510	110 245 853	27 287 604	29 826 602

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 30 June 2017

	The financial period from 1/1/2017 to 30/6/2017 L.E.	The financial period from 1/1/2016 to 30/6/2016 L.E.	The financial period from 1/4/2017 to 30/6/2017 L.E.	The financial period from 1/4/2016 to 30/6/2016 L.E.
Net profit for the period	85 545 510	110 245 853	27 287 604	29 826 602
Other comprehensive income for year after deduct tax	-	-	-	-
Total other comprehensive income	<u>85 545 510</u>	<u>110 245 853</u>	<u>27 287 604</u>	<u>29 826 602</u>
Distributed as follows				
Parent Company's share in profit	85 429 414	110 190 494	27 237 004	29 815 687
Non-controlling interest	<u>116 096</u>	<u>55 359</u>	<u>50 600</u>	<u>10 915</u>
	<u>85 545 510</u>	<u>110 245 853</u>	<u>27 287 604</u>	<u>29 826 602</u>

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

Jubayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated statement of changes in equity
For the financial period ending 30 June 2017

	Note No.	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.
Balance as at 1 January 2016	(19-1)	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 30 June 2016		-	(24 335 191)	-	67 387 202	(50 683 519)	(187 136)	(7 818 644)
Total other comprehensive income for the year ended 30 June 2016 after periodic dividends		-	-	-	-	110 190 494	55 359	110 245 853
Balance as at 30 June 2016		941 405 082	486 118 682	330 920 428	479 493 004	110 190 494	676 457	2 348 804 147
Balance as at 1 January 2017		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		-	3 071 073	-	(137 789 229)	-	-	(134 718 156)
Consolidation adjustments on 30 June 2017		-	(13 315 935)	-	(137 288 891)	96 084 168	(332 888)	(54 853 546)
Total other comprehensive income for the year ended 30 June 2017 after periodic dividends		-	-	-	-	85 429 414	116 096	85 545 510
Balance as at 30 June 2017		941 405 082	510 327 288	330 920 428	336 175 402	85 429 414	726 220	2 204 983 834

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 30 June 2017

Translation from Arabic

		The financial period from 1/1/2017 to 30/6/2017	The financial period from 1/1/2016 to 30/6/2016
	Note no.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the year before income tax and minority interest in profits		99 144 066	154 910 931
Adjustments for:			
PP&E' depreciation	(11)	130 591 334	113 512 451
Capital gains		(1 152 032)	(2 603 233)
Amortization of animal wealth	(14)	5 819 371	2 304 960
Amortization of plant wealth		198 538	-
Gain from the sale of available for sale investments		-	(5 570 557)
Change in Investments in equity accounted investees		2 198 785	(9 540 932)
Impairment in trade and other receivables		1 867 760	-
Reversal of Impairment in inventories	(16)	(848 672)	(42 020)
Provision of claims	(22)	16 800	-
Financial lease installments		13 695 829	9 133 314
Herd births		(4 129 000)	(4 286 250)
Herd capitalized expenses		(14 401 248)	(6 572 382)
losses from selling cows		534 365	818 664
Compensation for calves death		(213 821)	-
losses from calves death		-	553 891
Foreign exchange gain		39 738	(11 002 766)
Credit interests	(8)	(3 905 349)	(12 319 427)
Finance interests & expenses	(8)	187 429 410	119 802 968
		416 885 874	349 099 612
Collected time deposits interests		3 905 349	11 904 528
Interest finance expenses paid		(182 291 977)	(113 306 120)
Changes in:			
Inventories	(16)	(97 414 233)	(409 010 129)
Biological assets- Existing Agrecul		2 526 395	16 479 373
Trade and other receivables	(17)	(104 830 149)	(180 834 830)
change in creditors & other credit balances	(23)	(71 498 946)	55 803 060
Due to related parties		(4 247 695)	1 618 102
Dividends paid to employees		(3 493 190)	(21 930 942)
Provision for claims used		(3 857 629)	(5 282 757)
Net cash flows (used in)from operating activities		(44 316 201)	(295 460 103)
Cash flows from investing activities			
Acquisition of PP&E & projects under construction	(11&12)	(123 171 464)	(256 721 620)
Proceeds from sale of PP&E		10 587 351	12 414 219
Acquisition of plant and animal wealth	(14)	(3 160 400)	(13 061 350)
Proceeds from the sale of plant and animal wealth	(14)	4 756 369	2 729 266
Proceeds from the sale of available for sale investments		-	56 500 000
Net cash flows (used in) investing activities		(110 988 144)	(198 139 485)
Cash flows from financing activities			
Proceeds from bank credit facilities	(21)	195 239 314	177 586 455
Proceeds (payments) from bank loans	(20)	(17 035 381)	(121 174 897)
Payments in lease installments - sales and lease back	(29)	(13 695 829)	(9 133 314)
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		(146 866)	(197 678)
Net cash flows from financing activities		164 361 238	11 834 073
Decrease(Increase) in cash & cash equivalents during the year		9 056 893	(481 765 515)
The effect of foreign exchange difference		(24 846 852)	1 503 618
Cash & cash equivalents at 1 January		104 559 749	762 474 681
Cash & cash equivalents at 30 June	(18)	88 769 790	282 212 784

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 30 June 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 25 July 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 30 June 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.

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

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

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

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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 substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3-20 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3-21 Assets held for sale or held for distribution

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

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 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 30 June 2017

5 Other operating revenue

	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/1/2016 to 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Export subsidy revenue	15 358 785	10 318 865	5 442 748	2 458 700
Deferred capital gains	7 143 367	6 420 568	3 571 683	2 315 218
Capital gain	1 627 106	7 561 398	805 673	7 558 228
Drawback of sales tax	29 494	165 871	14 249	23 658
Impairmentno longer required inventory	848 672	42 020	–	42 020
Increase in biological wealth due to newborn	4 129 000	4 286 250	1 837 500	396 250
Compensation for calves death	213 821	–	51 154	–
Other revenue	10 732 983	7 025 067	7 421 066	3 779 059
	40 083 228	35 820 039	19 144 073	16 573 133

6 General & administrative expenses

	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/1/2016 to 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Personnel expenses	51 678 579	56 557 417	25 969 428	34 204 770
Depreciation expense	8 639 992	9 083 193	4 422 269	5 726 172
Rent expense	4 833 021	3 532 067	2 436 798	1 533 852
Other administrative expense	27 537 144	34 340 613	17 394 792	21 609 030
	92 688 736	103 513 290	50 223 287	63 073 824

7 Other expenses

	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/1/2016 to 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Leasing installment	13 695 829	9 133 314	6 775 315	6 107 983
Capital loss	475 074	4 958 165	475 074	63 897
Impairment of trade and other receivables	1 867 760	–	1 867 760	–
Provision for claims	16 800	–	16 800	–
Other	1 138 970	1 719 252	664 068	787 450
	17 194 433	15 810 731	9 799 017	6 959 330

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Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

8 Finance income and finance costs

	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/1/2016 to 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Interest expense	(187 429 410)	(119 802 968)	(99 807 909)	(62 293 357)
Interest income	3 905 349	12 319 427	2 199 685	3 317 436
Foreign exchange gain/(loss)	(39 738)	11 002 766	(1 609 028)	(88 621)
Change in fair value	—	(388 227)	236 101	(209 492)
	<u>(183 563 799)</u>	<u>(96 869 002)</u>	<u>(98 981 151)</u>	<u>(59 274 034)</u>

9- Segmentation reports

9-1 Segmentation reports for the financial ending period 30 June 2017

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments					Undistributed items L.E 30/06/2017	Elimination of consolidated transactions L.E 30/06/2017	Total L.E 30/06/2017
	Dairy sector L.E 30/06/2017	chilled sector L.E 30/06/2017	Juices sector L.E 30/06/2017	Concentrates sector L.E 30/06/2017	Agriculture sector L.E 30/06/2017			
Sales	1 276 364 295	687 416 696	571 286 732	203 408 881	40 339 620	83 221 613	-	2 862 037 836
Sales between segments	1 079 427 477	540 592 810	474 565 862	53 923 262	101 054 527	-	(2 249 563 938)	-
Other operating income	13 751 978	5 399 365	4 485 268	14 760 419	1 686 197	-	-	40 083 228
expense	(290 576 479)	(253 039 711)	(212 531 347)	(21 136 760)	(13 351 112)	-	-	(790 635 409)
Net profit for the year								85 545 510
Other Information								
Depreciation	37 053 416	39 693 362	33 786 448	8 044 511	12 013 597	-	-	130 591 335
Assets	1 455 075 764	1 459 216 297	1 150 588 071	650 840 662	833 459 809	159 979 330	-	5 709 159 933
Liabilities	1 228 620 618	1 147 370 539	741 343 118	293 045 954	83 865 111	9 930 759	-	3 504 176 100

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

9- Segmentation reports

9-2 Segmentation reports for the financial ending period 30 June 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:

	Activity Segments				Undistributed items	Elimination of consolidated transactions	Total
	Dairy sector	Cooling sector	Juices sector	Concentrates sector	Agriculture sector	30/06/2016	30/06/2016
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
	30/06/2016	30/06/2016	30/06/2016	30/06/2016	30/06/2016	30/06/2016	30/06/2016
Sales	1107 614 407	640 470 890	518 864 955	66 965 303	54 524 747	-	2437 216 905
Sales between segments	915 617 915	521 450 185	428 118 543	68 131 865	34 925 185	(1968 243 693)	-
Other operating income	10 354 014	5 924 837	5 509 876	6 211 790	6 454 054	-	35 820 039
Expenses	(234 278 344)	(207 020 897)	(164 593 136)	(1 946 780)	(8 131 131)	-	(617 944 824)
Net profit for the year					(1 974 536)	-	110 245 853
<u>Other Information</u>							
Depreciation	30 799 936	37 592 706	29 490 457	6 290 471	9 338 881	-	113 512 451
Assets	1 405 280 377	1 452 912 019	1 094 984 978	355 494 212	732 561 891	-	5 177 736 834
Liabilities	995 243 172	1 039 627 639	634 167 659	106 562 059	51 714 051	-	2 828 932 687

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

10 Investment under joint control (Equity)

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Current liabilities		long term liabilities		Total liabilities		Revenues		Expenses		Net (loss)		Cost of investment	
		L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	
* June 30, 2017																					
Argu Company For food Industrial		50.75	13 049 235	406 300	13 455 535	3 822 351	-	3 822 351	6 791 972	11 124 543	(4 332 571)	4 888 840									
Balance as at 30 June 2017			13 049 235	406 300	13 455 535	3 822 351	-	3 822 351	6 791 972	11 124 543	(4 332 571)	4 888 840									

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 refg.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
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
Cost as at 31/12/2016	213 682 424	1 279 030 415	2 020 670 845	296 575 057	98 362 346	41 917 429	96 669 401	42 232 790	27 293 542	95 483 905	4 211 918 154
Additions of the period	-	717 780	40 469 766	1 032 999	4 986 154	14 833 760	51 594	-	1 283 313	6 748 349	70 123 715
Disposals of the period	-	(322 255)	(347 653)	(2 432 970)	(2 436 334)	(1 304 590)	(161 476)	-	(317 010)	(17 164)	(7 339 452)
Cost as at 30/6/2017	213 682 424	1 279 425 940	2 060 792 958	295 175 086	100 912 166	55 446 599	96 559 519	42 232 790	28 259 845	102 215 090	4 274 702 417
Accumulated depreciation											
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)
Accumulated depreciation as at 31/12/2016	-	102 125 175	719 768 425	116 060 915	44 481 750	27 905 306	43 562 248	6 114 194	11 941 049	73 708 328	1 145 667 370
Depreciation of the period	-	14 196 409	74 132 074	14 418 174	5 096 284	5 014 065	9 298 883	1 038 870	1 201 958	6 194 617	130 591 334
Accumulated depreciation of disposals of the period	-	(262 903)	(5 415)	(1 678 221)	(27 255)	(952 383)	(124 919)	-	(162 022)	(11 130)	(3 224 248)
Accumulated depreciation as at 30/6/2017	-	116 058 681	793 895 084	128 800 868	49 550 759	31 966 988	52 736 212	7 153 064	12 980 985	79 891 815	1 273 034 456
Net book value as at 30/6/2017	213 682 424	1 163 367 259	1 266 897 874	166 374 218	51 361 407	23 479 611	43 823 307	35 079 726	15 278 860	22 323 275	3 001 667 961
Net book value as at 31/12/2016	213 682 424	1 176 905 240	1 300 902 420	180 514 142	53 880 616	14 012 123	53 107 153	36 118 596	15 352 493	21 775 577	3 066 250 784

* Fully depreciated assets are amounted to L.E 163 406 224 as at 30 June 2017.

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Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

The land item amounted to L.E 213 682 424 on 30/6/2017 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
	4 149 244	

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	
	60 277 933	

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 th of October	2 415 388	(539 598)	1 875 790	Specification letter
* Pc38- 6 th of October	4 542 099	(1 231 216)	3 310 883	Preliminary contract
Boralis land	19 937 024	-	19 937 024	Preliminary contract
	26 894 511	(1 770 814)	25 123 697	

- * 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.

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

Description	Amount L.E	Instrument of possess
Pc. 112:118 m ³ 6 th 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 th of October	2 241 861	Specification letter
Pc. 24 B	2 611 004	Specification letter
	4 852 865	

11-6 Land of Modern Concentration Co.

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

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:-

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Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

- land plots from 637 to 650 in Assuit its total area 30 000 m² 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 m² to establish a factory for the production of natural juices , dairy products , white cheese freezing & cooling vegetables , fruits , meat & fish.
- Land plot in sohag its total area 10000 m² to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. (186,187,188 , huge area of 185) its total area 5960 m² 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 m² to establish a factory for keeping, cooling and freezing foodstuff.

12 Projects under constructions

	30/6/2017 L.E.	31/12/2016 L.E.
Buildings and constructions in progress	233 592 475	190 198 291
Machineries under installation	136 255 510	106 043 897
Advance payments for fixed assets purchase	55 692 678	82 983 384
Wells and water pump	3 893 961	2 712 619
Furniture in progress	1 503 491	1 272 290
	430 938 115	383 210 481

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

	30/6/2017 L.E.	31/12/2016 L.E.
Cost at year beginning	13 800 318	–
Additions during the year	–	13 800 318
Cost at year ending	13 800 318	13 800 318
Less:		
Accumulated depreciation at year beginning	(330 897)	–
Depreciation of the year	(198 538)	(330 897)
Accumulated depreciation at year ending	(529 435)	(330 897)
Net	13 270 883	13 469 421

- The cost is the value of fruit trees.

13-2 Plant wealth – under construction

	30/6/2017 L.E.	31/12/2016 L.E.
Land reclamation	204 162	204 162
Fruit trees	3 139 920	3 282 836
Protection trees (Kazhurana)	464 398	464 398
Palm trees	4 412	4 412
	3 812 892	3 955 808

14- Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2017	2 449	73 048 307	1 395	21 817 232	3 844	94 865 539
Adding:						
Addition during the period	-	-	-	-	-	-
* Transferred from biological wealth (Flock of dairy live stock - unproductive)	133	4 281 838	(133)	(4 281 838)	-	-
Births of flock	-	-	-	-	-	-
Male	-	-	367	1 727 000	367	1 727 000
Female	-	-	338	2 402 000	338	2 402 000
** Capital cost during drying -off	-	1 969 097	-	12 432 151	-	14 401 248
	<u>2 582</u>	<u>79 299 242</u>	<u>1 967</u>	<u>34 096 545</u>	<u>4 549</u>	<u>113 395 787</u>
Biological wealth sales						
Cows	87	2 651 544	-	-	87	2 651 544
pregnant	-	-	4	93 098	4	93 098
Newborn - Female	-	-	43	748 596	43	748 596
Newborn - Male	-	-	216	997 000	216	997 000
The death of live stock losses						
Cows	20	581 147	-	-	20	581 147
Female	-	-	2	54 486	2	54 486
Male	-	-	34	368 039	34	368 039
	-	-	6	31 058	6	31 058
	<u>107</u>	<u>3 232 691</u>	<u>305</u>	<u>2 292 277</u>	<u>412</u>	<u>5 524 968</u>
Cost of flock of livestock at 30/6/2017	<u>2 475</u>	<u>76 066 551</u>	<u>1 662</u>	<u>31 804 268</u>	<u>4 137</u>	<u>107 870 819</u>
Accumulated depreciation						
Depreciation milking cows at 1/1/2016	-	6 973 056	-	-	-	6 973 056
Depreciation milking cows during the period	-	5 819 371	-	-	-	5 819 371
Accumulated depreciation of disposals of sales case	-	(373 466)	-	-	-	(373 466)
Accumulated depreciation of disposals of death case	-	(74 588)	-	-	-	(74 588)
Accumulated depreciation at 30 June 2017	-	12 344 373	-	-	-	12 344 373
Net amount of flock of livestock at 30/6/2017	<u>2 475</u>	<u>63 722 178</u>	<u>1 662</u>	<u>31 804 268</u>	<u>4 137</u>	<u>95 526 446</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>21 817 231</u>	<u>3 844</u>	<u>87 892 482</u>

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

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

*** The company management measure the cost of Flock of dairy live stock because unavailable active market that can 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 30 June 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 has been performed and paid .

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 31/12/2015.

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 30 June 2017

15-1 Subsidiaries

First: Corporation tax

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

The Companies that are not exempted.

Egyptian Company for Dairy Products

(the tax inspection 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 30 June 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 30 June 2017

16 Inventories

	30/6/2017	31/12/2016
	L.E.	L.E.
Raw materials	524 310 126	548 743 009
Packaging & packing materials	284 741 721	372 729 078
Finished products	543 444 133	344 291 206
Spare parts & miscellaneous supplies	52 495 526	47 051 690
Goods in transit - L/C's for goods purchase	19 150 606	13 064 224
	1 424 142 112	1 325 879 207

17 Trade and other receivables (Net)

	30/6/2017	31/12/2016
	L.E.	L.E.
Trade receivables	233 365 951	119 245 979
Less: Impairment in trade receivables	(6 160 320)	(6 666 320)
	227 205 631	112 579 659
Notes receivables	6 902 360	10 256 699
Suppliers – advance payments	21 605 244	16 360 006
Prepaid expenses	23 806 910	17 124 001
Export subsidy	30 925 096	14 782 453
Accrued revenues	7 042 875	16 955 568
Tax authority	27 404 550	33 700 962
Customs authority	12 091 484	30 393 339
Deposits with others	19 987 263	21 869 412
*Letter of credit (cash cover)	66 865 163	66 409 151
Other debit balances	16 694 672	16 538 581
	460 531 248	356 969 831
Less: Impairment in other debit balances	(3 950 717)	(3 950 717)
	456 580 531	353 019 114

- 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 30 June 2017

18 Cash and cash equivalents

	30/6/2017	31/12/2016
	L.E.	L.E.
Time deposits *	77 806 666	101 493 925
Banks – current accounts	19 303 649	17 706 151
Checks under collection	25 880 808	26 268
Cash in hand	2 017 054	1 655 309
Cash in transit	28 192 658	8 709 576
	153 200 835	129 591 229
Bank over draft	(64 431 045)	(25 031 480)
Cash and cash equivalents in the statement of cash flows	88 769 790	104 559 749

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

19 Share capital

	30/6/2017	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 5th 2012.

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 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.	128 899 011	412 736 597	541 635 608
Granted loans to Company's Group from European Bank for Reconstruction & Development	59 000 001	154 772 726	213 772 727
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.	32 800 000	52 000 000	84 800 000
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.	25 272 748	12 636 371	37 909 119
Balance at 30/6/2017	301 914 351	775 588 285	1077 502 636
Balance at 31/12/2016	290 749 352	803 788 665	1 094 538 017

21 Banks – credit facilities

This balance which amounted to L.E 1 245 043 148 as at 30/6/2017 (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 30/6/2017
	L.E	L.E	L.E	L.E.
Provision for claims	9 428 008	16 800	(3 857 629)	5 587 179

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

23 Creditors and other credit balances

	30/6/2017	31/12/2016
	L.E.	L.E.
Suppliers	385 217 822	399 767 037
Notes payable	521 910	438 249
Accrued expenses	95 565 851	128 199 072
PP&E' creditors	5 932 531	1 853 040
Tax authority	34 987 288	29 214 480
Income Tax for the period	3 231 238	–
Deposits from others	8 031 481	6 389 053
Sales tax installments on the imported machineries and equipment	8 535 053	10 141 121
Deferred capital gains	14 286 733	14 286 733
Due to Sodic company- current portion	7 216 634	7 599 512
Due to Geran company – current portion	–	1 046 072
Social insurance authority	3 972 990	3 709 695
Dividends payable	169 225 636	63 709
Advances from customers	5 720 034	3 699 749
New Al Manya city authority	668 750	668 750
10 th of Ramadan city authority- short term	1 641 484	1 641 484
Other credit balances	4 680 981	4 151 178
	749 436 416	612 868 934

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

24 Other long term liabilities

	30/6/2017 L.E.	31/12/2016 L.E.
The value of sales tax installments on the imported machineries and equipment due from Sep.2018 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 8 529 754 as at 30/6/2017 (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).	31 157 884	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 61 698 623 and the rest will be settled over 8 equal installments starting from June 2017.	6 605 614	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
- The amount due to (10 th 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.	1 264 403	1 264 403
	39 027 901	47 701 407

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

25 Deferred revenues

	30/6/2017	31/12/2016
	L.E.	L.E.
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built, According to the new contract finance leasing that signed with QNB Al Ahli at thereon 23/3/2016The Company had deferred and derecognized in the income statement the gain of L.E 117 738 021 as the sale transaction was in the form of a sale and lease back within 10 years starting on March 2016 through to March 2026. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/4/2016. The amortization of gain is L.E 5 886 901 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).	91 246 966	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 rereating 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 1 256 466 while the short term portion amounted to L.E 2 512 931 included in the trade & other credit balances item of the consolidated balance sheet (Note 23).	10 051 724	11 308 189
	101 298 690	108 442 056

26 Deferred tax liabilities

Deferred tax liability amounted to L.E **210 261 251** on 30/6/2017 is representing net book value of assets and liabilities on tax basis.

	Balance on	Deferred tax as at	Balance on
	1/1/2017	30 June 2017	30/6/2017
	L.E	L.E	L.E
Deferred tax liability from fixed assets	206 673 187	4 320 836	210 994 023

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

Recognized deferred tax assets and liabilities

Deferred tax liabilities are representing in the following items:

	Liabilities	
	30/6/2017	31/12/2016
	L.E.	L.E.
Fixed assets	210 994 023	206 673 187
Net tax liabilities	210 994 023	206 673 187

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2017 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage	Contribution percentage	Country
	30/6/2017	31/12/2016	
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
Companies under joint control			
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 30 June 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	
		30/6/2017	31/12/2016
		L.E.	L.E.
Trade receivables	(17)	227 000 592	112 579 659
Banks credit facilities	(21)	1 245 043 048	1 049 803 834
Total long term loans	(20)	1 077 502 636	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 30 June 2017

A credit facility in a principal amount of L.E 1 245 043 048 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	1 245 043 048	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	5 226 326	–	–	–
Cash and cash equivalents	2 466 324	333 462	2 669	–
Credit facilities	(9 139 652)	(49 407)	(35 216)	–
Trade and other payables	(3 074 491)	(501 004)	(42 146)	–
30 June 2017	(4 521 493)	(216 949)	(74 693)	–
31 December 2016	(12 841 589)	(1 409 909)	(94 664)	–

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

Notes to the interim consolidated financial statements for the financial period ending 30 June 2017

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	6/2017	2016	6/2017	2016
USD	18.27	13.11	18.139	18.41
Euro	19.97	13.90	20.686	19.25

Sensitivity analysis

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 30 June 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	
	30/6/2017	31/12/2016
	L.E.	L.E.
USD	(8 201 536)	(23 629 074)
Euro	(448 782)	(2 704 075)
GBP	(174 385)	(202 984)
	(8 824 703)	(26 536 133)

Interest rate risk

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

Capital management

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

	30/6/2017	31/12/2016
	L.E.	L.E.
Total liabilities	3 504 176 098	3 203 148 562
Less: cash and cash equivalents	(153 200 835)	(129 591 229)
Net debt	3 350 975 263	3 073 557 333
Total equity	2 204 983 834	2 292 161 013
Net debt to equity ratio	151.90 %	134.09 %

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

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 m². 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 30 June 2017

Description	Lease value		Lease period Months	Purchase value at end of contract L.E	Quarterly lease value L.E
	Contractual value	Accrued interest			
	L.E	L.E			
Contract from 24/3/2016 to 23/3/2026	292 769 162	127 651 718	120	1	7 022 935
- 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 30/6/2017 amounted to L.E. 13 695 829.					
- The company paid 11 897 900 L.E as a down payment and as at 30 June 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 9 220 873 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 141 682 507 With 84 monthly installment starting from 31 July 2015 Till 30 June 2022 With L.E 1 689 728 For Each Installment

	L.E
Total amount of the contract	121 848 259
Contract updated amount (increase in interest)	19 834 248
Down payment	(4 017 259)
Remaining amount	137 665 248
Paid installment	(36 281 568)
Unpaid (60 installment by L.E 1 689 728 monthly)	101 383 680

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 30/6/2017 amounting to LE 11 499 261 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 51 776 258 on 30/6/2017.

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 30 June 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	
		30/6/2017	31/12/2016	30/6/2017	31/12/2016
		L.E.	L.E.	L.E.	L.E.
Argu	Current account	4 248 065	14 178 441	9 930 746	14 178 441
				9 930 746	14 178 441

33 Goodwill

	30/6/2017	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
	97 092 890	97 092 890