

Translation from Arabic

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

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Public Accountants & Consultancies  
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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 30 September 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 interim consolidated Financial position of Juhayna Food Industries S.A.E, as of 30 September 2017 and the related interim consolidated income, interim comprehensive income, interim changes in equity and interim cash flows for the nine-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these 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 September 2017, and of its financial performance and its cash flows for the nine-months then ended in accordance with Egyptian Accounting Standards.

  
**KPMG Hazem Hassan**  
**Public Accountants and Consultants**  
**KPMG Hazem Hassan**  
**Public Accountants & Consultancies**

  
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**The Egyptian Member Firm of**  
**Grant Thornton International**

**Cairo, 19 October 2017**  


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

Translation from Arabic

	Note no.	30/9/2017 L.E.	31/12/2016 L.E.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (net)	(12)	2 945 603 046	3 066 250 784
Projects under construction	(13)	415 606 292	383 210 481
Plant wealth	(14-1)	13 171 614	13 469 421
Plant wealth - under preparation	(14-2)	2 011 587	3 955 808
Biological wealth	(15)	103 472 458	87,892,482
Investments under joint control ( equity)	(11)	3 355 785	7 087 625
Other - long term assets		759 028	765 232
Other - long term - debit balances	(30)	8 923 425	9 815 767
Goodwill	(34)	97 092 890	97 092 890
<b>Non-current assets</b>		<b>3 589 996 125</b>	<b>3 669 540 490</b>
<b>Current assets</b>			
Biological assets- Existing Agriculture		13 422 357	17 279 535
Inventories	(17)	1 015 444 147	1 325 879 207
Trade and other receivables (net)	(18)	457 924 053	353 019 114
Due From related parties	(1 -33)	635 919	-
Cash and cash equivalents	(19)	255 212 787	129 591 229
<b>Current assets</b>		<b>1 742 639 263</b>	<b>1 825 769 085</b>
<b>Total assets</b>		<b>5 332 635 388</b>	<b>5 495 309 575</b>
<b>Equity</b>			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		510 256 349	497 245 972
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		336 246 351	478 308 360
Total comprehensive income for period / year		150 716 158	43 524 181
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 269 544 368</b>	<b>2 291 404 023</b>
<b>Non-controlling interest</b>		<b>757 808</b>	<b>756 990</b>
<b>Total equity</b>		<b>2 270 302 176</b>	<b>2 292 161 013</b>
<b>Non-current liabilities</b>			
Non Current loans	(21)	691 182 263	803 788 665
Other Non Current liabilities	(25)	35 710 849	47 701 407
Deferred revenues	(26)	97 727 007	108 442 056
Deferred tax liabilities	(27)	219 604 249	206 673 187
<b>Non-current liabilities</b>		<b>1 044 224 368</b>	<b>1 166 605 315</b>
<b>Current liabilities</b>			
Provisions for claims	(23)	2 112 057	9 428 008
Banks - over draft	(19)	45 077 073	25 031 480
Banks - credit facilities	(22)	982 027 191	1 049 803 834
Creditors and other credit balances	(24)	682 053 858	612 868 934
Income tax		924 314	34 483 198
Due to related parties	(33-2)	-	14 178 441
Non-Current loans-current portion	(21)	305 914 351	290 749 352
<b>Current liabilities</b>		<b>2 018 108 844</b>	<b>2 036 543 247</b>
<b>Total liabilities</b>		<b>3 062 333 212</b>	<b>3 203 148 562</b>
<b>Total equity and total liabilities</b>		<b>5 332 635 388</b>	<b>5 495 309 575</b>

The notes on pages from (6) to (40) are an integral part of these interim consolidated financial statements.

Finance Director  
Sameh El-hodaiby

Chairman  
Safwan Thabet

\*Review report attached.

**Juhayna Food Industries**

**(An Egyptian Joint Stock Company)**

**Translation from Arabic**

**Interim consolidated income statement**

**For the financial period ending 30 September 2017**

		The financial period from 1/1/2017 to 30/9/2017 L.E.	The financial period from 1/1/2016 to 30/9/2016 L.E.	The financial period from 1/7/2017 to 30/9/2017 L.E.	The financial period from 1/7/2016 to 30/9/2016 L.E.
Note no.					
Net sales		4 545 846 321	3 696 483 094	1 683 808 484	1 259 266 189
Cost of sales		(3 192 558 627)	(2 579 291 715)	(1 180 217 037)	( 879 110 526)
<b>Gross profit</b>		<b>1 353 287 694</b>	<b>1 117 191 379</b>	<b>503 591 447</b>	<b>380 155 663</b>
				-	-
Other income	(5)	69 050 683	42 002 561	29 442 529	11 140 687
Sales & distribution expenses	(6)	(747 667 843)	(600 997 103)	(262 293 627)	(196 932 267)
General & administrative expenses	(7)	(142 615 325)	(146 247 191)	(49 926 589)	(42 733 901)
Other expenses	(8)	(31 868 059)	(23 767 937)	(15 148 700)	(12 915 371)
Board of directors remuneration		(1 025 000)	( 700 000)	( 385 000)	( 110 000)
<b>Results from operating activities</b>		<b>499 162 150</b>	<b>387 481 709</b>	<b>205 280 060</b>	<b>138 604 811</b>
The holding company's share in the (losses) of companies under joint control		( 3 731 835)	( 609 068)	( 1 533 055)	-
Revenue of investment held for sale		-	5 570 557	-	-
Cost of the End of service	(3-23)	( 31 014 864)	( 3 087 640)	( 22 039 419)	( 1 029 186)
Net finance income and finance (expenses)	(9)	( 284 644 837)	( 162 765 142)	( 101 081 038)	( 65 896 140)
<b>Net profit before income tax</b>		<b>179 770 614</b>	<b>226 590 416</b>	<b>80 626 548</b>	<b>71 679 485</b>
previous years Tax differences		-	3 956 322	-	-
Income tax		( 9 927 513)	( 26 052 644)	( 6 696 453)	( 9 045 387)
Investment tax		(6 046 660)	(4 998 235)	-	-
Deferred tax	(27)	(12 931 063)	(31 060 411)	(8 610 227)	(4 444 503)
<b>Net profit for the period</b>		<b>150 865 378</b>	<b>168 435 448</b>	<b>65 319 868</b>	<b>58 189 595</b>
<b>Distributed as follows</b>					
Parent Company's share in profit		150 716 158	168 349 362	65 286 744	58 158 868
Non-controlling interest		149 220	86 086	33 124	30 727
		<b>150 865 378</b>	<b>168 435 448</b>	<b>65 319 868</b>	<b>58 189 595</b>

The notes on pages from (6) to (40) are an integral part of these interim consolidated financial statements.

Translation from arabic

**Juhayna Food Industries**

(An Egyptian Joint Stock Company)

**Interim consolidated Statement of comprehensive income**

For the financial period ending 30 September 2017

	The financial period from 1/1/2017 to 30/9/2017 L.E.	The financial period from 1/1/2016 to 30/9/2016 L.E.	The financial period from 1/7/2017 to 30/9/2017 L.E.	The financial period from 1/7/2016 to 30/9/2016 L.E.
Net profit for the period	150 865 378	168 435 448	65 319 868	58 189 595
Other comprehensive income for period	-	-	-	-
<b>Total other comprehensive income</b>	<b>150 865 378</b>	<b>168 435 448</b>	<b>65 319 868</b>	<b>58 189 595</b>
<b>Distributed as follows</b>				
Parent Company's share in profit	150 716 158	168 349 362	65 286 744	58 158 868
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	<b>150 865 378</b>	<b>168 435 448</b>	<b>65 319 868</b>	<b>58 189 595</b>

The notes on pages from (6) to (40) 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 30 September 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.
<b>Balance as at 1 January 2016</b>	(20-1)	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 September 2016		-	(24 335 191)	-	67 386 535	(50 683 519)	( 187 234)	( 7 819 409)
Total other comprehensive income for the period ended 30 September 2016 after periodic dividends		-	-	-	-	168 349 362	86 086	168 435 448
<b>Balance as at 30 September 2016</b>		<b>941 405 082</b>	<b>486 118 682</b>	<b>330 920 428</b>	<b>479 492 337</b>	<b>168 349 362</b>	<b>707 086</b>	<b>2 406 992 977</b>
<b>Balance as at 1 January 2017</b>		<b>941 405 082</b>	<b>497 245 972</b>	<b>330 920 428</b>	<b>478 308 360</b>	<b>43 524 181</b>	<b>756 990</b>	<b>2 292 161 013</b>
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		-	3 000 134	-	(137 718 290)	-	-	( 134 718 156)
Consolidation adjustments on 30 September 2017		-	(13 315 935)	-	(137 288 881)	96 084 168	( 334 424)	( 54 855 072)
Total other comprehensive income for the period ended 30 September 2017 after periodic dividends		-	-	-	-	150 716 158	149 220	150 865 378
<b>Balance as at 30 September 2017</b>		<b>941 405 082</b>	<b>510 256 349</b>	<b>330 920 428</b>	<b>336 246 351</b>	<b>150 716 158</b>	<b>757 808</b>	<b>2 270 302 176</b>

The notes on pages from (6) to (40) 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 September 2017**

Translation from Arabic

		The financial period from 1/1/2017 to 30/9/2017	The financial period from 1/1/2016 to 30/9/2016
	Note no.	L.E.	L.E.
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax and minority interest in profits		179 770 614	226 590 416
<b>Adjustments for:</b>			
PPE depreciation	(12)	196 621 076	173 738 333
Capital gain		(12 627 769)	(1 986 378)
Amortization of animal wealth	(15)	9 075 143	3 981 201
Amortization of plant wealth		297 807	-
Gain from the sale of available for sale investments		-	(5 570 557)
Change in Investments in equity accounted investees		3 731 840	(9 540 932)
Impairment in trade and other receivables		1 867 760	1 086 116
Reversal of Impairment in inventories	(17)	( 848 672)	( 42 020)
Provision of claims	(23)	120 283	-
Financial lease installments		21 016 211	15 446 633
Herd births		(8 480 000)	(9 414 750)
Herd capitalized expenses		(24 324 041)	(11 822 865)
losses from selling cows		-	1 526 863
Compensation for calves death		101 160	-
losses from calves death		-	1 328 456
Foreign exchange gain		1 373 976	(14 199 228)
Credit interests	(9)	(6 701 767)	(14 475 371)
Finance interests & expenses	(9)	289 444 808	191 051 514
		<b>650 438 429</b>	<b>547 697 431</b>
Collected time deposits interests		6 701 767	12 995 881
Interest finance expenses paid		( 288 019 005)	( 184 958 422)
<b>Changes in:</b>			
Inventories	(17)	311 283 732	(546 912 406)
Biological assets- Existing Agrecul		7 160 494	3 259 566
Trade and other receivables	(18)	(111 171 290)	(168 636 263)
Due from related parties		( 635 919)	-
change in creditors & other credit balances	(24)	(130 390 714)	(29 347 553)
Due to related parties		(14 099 605)	16 335 365
Dividends paid to employees		(15 186 589)	(25 067 584)
Provision for claims used		( 7 436 234)	(5 569 099)
<b>Net cash flows generated from (used in )from operating activities</b>		<b>408 645 066</b>	<b>( 380 203 084)</b>
<b>Cash flows from investing activities</b>			
Acquisition of PPE & projects under construction	(13&12)	(159 020 564)	(383 021 923)
Proceeds from sale of PPE		63 279 184	18 087 412
payment for acquisition of plant and animal wealth	(15,14)	(1 359 095)	(37 695 477)
Proceeds from the sale of plant and animal wealth	(15,14)	8 047 762	5 298 360
Proceeds from the sale of available for sale investments		-	56 500 000
<b>Net cash flows (used in) investing activities</b>		<b>( 89 052 713)</b>	<b>( 340 831 628)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank credit facilities	(22)	(67 776 643)	313 706 613
Payments from bank loans	(21)	(97 441 403)	(114 718 921)
Payments in lease installments - sales and lease back	(30)	(21 016 211)	(15 446 633)
Proceeds for lease installments- sales and lease back	(30)	-	105 964 269
Dividends paid to share holders		-	(141 210 762)
Decrease in non-controlling interest		( 148 402)	( 197 776)
<b>Net cash flows (used in )generated from financing activities</b>		<b>( 186 382 659)</b>	<b>148 096 790</b>
<b>Decrease(Increase) in cash &amp; cash equivalents during the period</b>		<b>133 209 694</b>	<b>( 572 937 922)</b>
<b>The effect of foreign exchange difference</b>		<b>( 27 633 729)</b>	<b>13 985 470</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 30 Septmeber</b>	(19)	<b>210 135 714</b>	<b>203 522 229</b>

The notes on pages from (6) to (40) 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 September 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 19 October 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 September 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 September 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 September 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 September 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 )

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Notes to the interim consolidated financial statements for the financial period ending 30 September 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 non current assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as non current 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 it's 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 September 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 30 September 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 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 September 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 September 2017

**5 Other operating revenue**

	Financial period from 1/1/2017 to 30/9/2017	Financial period from 1/1/2016 to 30/9/2016	Financial period from 1/7/2017 to 30/9/2017	Financial period from 1/7/2016 to 30/9/2016
	L.E	L.E	L.E	L.E
Export subsidy revenue	20 494 191	11 932 532	5 135 406	1 613 667
Deferred capital gains	10 715 050	9 364 017	3 571 683	2 943 449
Capital gain	12 627 769	1 986 378	11 475 737	(616 855)
Drawback of sales tax	68 999	256 603	39 505	90 732
Impairment no longer required inventory	848 672	42 020	-	-
Increase in biological wealth due to newborn	8 480 000	9 414 750	4 351 000	5 128 500
Compensation for calves death	101 160	-	(112 661)	-
Other revenue	15 714 842	9 006 261	4 981 859	1 981 194
	<b>69 050 683</b>	<b>42 002 561</b>	<b>29 442 529</b>	<b>11 140 687</b>

**6 Sales and Distribution Expenses**

	Financial period from 1/1/2017 to 30/9/2017	Financial period from 1/1/2016 to 30/9/2016	Financial period from 1/7/2017 to 30/9/2017	Financial period from 1/7/2016 to 30/9/2016
	L.E	L.E	L.E	L.E
Advertising expenses	360 816 625	289 726 597	126 026 032	85 390 024
Salaries and Wages	165 499 463	125 921 969	52 279 802	46 843 452
Depreciation	43 285 330	36 865 386	14 377 231	13 838 162
Cars Expenses	39 388 703	28 385 150	12 942 657	13 427 417
Replacement of goods	33 850 536	32 316 002	11 522 748	12 306 119
Rent	26 617 322	23 049 306	9 015 304	8 000 317
Temporary labor contractors	10 562 810	7 754 038	4 651 924	2 780 813
Others	67 647 054	56 978 655	31 477 929	14 345 963
	<b>747 667 843</b>	<b>600 997 103</b>	<b>262 293 627</b>	<b>196 932 267</b>

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

**7 General & administrative expenses**

	Financial period from 1/1/2017 to 30/9/2017 L.E	Financial period from 1/1/2016 to 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Personnel expenses	75 747 181	80 879 089	24 068 602	24 321 672
Depreciation expense	13 303 709	13 434 093	4 663 717	4 350 900
Rent expense	7 235 694	6 228 342	2 402 673	2 696 275
Other administrative expense	46 328 741	45 705 667	18 791 597	11 365 054
	<b>142 615 325</b>	<b>146 247 191</b>	<b>49 926 589</b>	<b>42 733 901</b>

**8 Other expenses**

	Financial period from 1/1/2017 to 30/9/2017 L.E	Financial period from 1/1/2016 to 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Leasing installment	21 016 211	15 446 633	7 320 382	6 313 319
Damaged inventory	3 464 694	3 957 293	3 464 694	3 957 293
Impairment of trade and other receivables	1 867 760	1 086 116	-	1 086 116
Provision for claims	120 283	-	103 483	-
Holding Company Expenses	3 804 894	-	3 804 894	-
Other	1 594 217	3 277 895	455 247	1 558 643
	<b>31 868 059</b>	<b>23 767 937</b>	<b>15 148 700</b>	<b>12 915 371</b>

**9 Finance income and finance Expenses**

	Financial period from 1/1/2017 to 30/9/2017 L.E	Financial period from 1/1/2016 to 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Interest expense	(289 444 808)	(191 051 514)	(102 015 398)	(71 248 546)
Interest income	6 701 767	14 475 371	2 796 418	2 155 944
Foreign exchange gain/(loss)	(1 373 976)	14 199 228	(1 334 238)	3 196 462
Change in fair value	(527 820)	(388 227)	( 527 820)	-
	<b>(284 644 837)</b>	<b>(162 765 142)</b>	<b>(101 081 038)</b>	<b>(65 896 140)</b>

## 10- Segmentation reports

## 10-1 Segmentation reports for the financial ending period 30 September 2017

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments					Undistributed items L.E 30/09/2017	Elimination of consolidated transactions L.E 30/09/2017	Total L.E 30/09/2017
	Dairy sector L.E 30/09/2017	chilled sector L.E 30/09/2017	Juices sector L.E 30/09/2017	Concentrates sector L.E 30/09/2017	Agriculture sector L.E 30/09/2017			
Sales	2 100 940 569	1023 004 579	959 559 367	278 189 701	66 834 460	117 317 645	-	4 545 846 321
Sales between segments	1 737 903 039	804 616 898	776 602 121	90 906 393	145 557 761	-	(3 555 586 212)	-
Other operating income	27 082 352	8 586 680	8 084 823	19 644 243	5 652 584	-	-	69 050 682
expense	(465 891 103)	(384 623 763)	(332 422 039)	( 35 404 850)	( 24 226 007)	-	-	(1 242 567 762)
Net profit for the period								150 865 378
<u>Other Information</u>								
Depreciation	56 107 417	58 662 606	51 359 843	12 200 213	18 290 998	-	-	196 621 077
Assets	1 304 897 847	1383 106 786	1096 465 623	578 730 171	811 419 046	158 094 751	-	5 332 714 224
Liabilities	1 139 495 180	946 956 067	661 377 869	236 996 890	77 507 192	78 849	-	3 062 412 047

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

# 10- Segmentation reports

## 10-2 Segmentation reports for the financial ending period 30 September 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 30/09/2016	Cooling sector L.E 30/09/2016	Juices sector L.E 30/09/2016	Concentrates sector L.E 30/09/2016	Agriculture sector L.E 30/09/2016	Undistributed items L.E 30/09/2016	Elimination of consolidated transactions L.E 30/09/2016	Total L.E 30/09/2016
Sales	1743 741 081	923 386 529	812 116 048	87 410 585	58 848 870	70 979 981	-	3696 483 094
Sales between segments	1440 441 957	723 073 594	664 909 513	115 512 973	58 171 829	-	(3002 109 866)	-
Other operating income	13 056 753	7 431 828	7 147 478	7 555 819	17 353 361	756 400	-	53 301 640
Expenses	( 361 666 302)	( 315 180 340)	( 237 429 201)	( 7 140 412)	( 21 321 537)	( 1 164 812)	-	( 943 902 603)
Net profit for the period								168 435 448
<b>Other Information</b>								
Depreciation	48 497 729	56 303 579	44 882 643	9 482 296	14 572 086	-	-	173 738 333
Assets	1 355 517 270	1480 863 387	1132 011 508	431 022 403	805 135 641	125 229 399	-	5 329 779 608
Liabilities	998 422 748	1018 076 878	706 608 431	131 603 890	51 739 313	16 335 371	-	2 922 786 631

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

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

## 11 Investment under joint control (Equity)

Name of the investee company	Share percentage	Current assets	Non current assets	Total assets	Current liabilities	long term liabilities	Total liabilities	Revenues	Expenses	Net (loss)	Cost of investment
	%	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
September 30, 2017											
Argu Company For food Industrial	50.75	388 300	10 733 138	11 121 438	4 509 053	-	4 509 053	9 718 406	17 071 776	(7 353 370)	3 355 785
Balance as at 30 September 2017		388 300	10 733 138	11 121 438	4 509 053	-	4 509 053	9 718 406	17 071 776	( 7 353 370)	3 355 785
December 31, 2016											
Argu Company For food Industrial	50.75	17 968 798	318 000	18 286 798	4 289 985	31 050	4 321 035	7 129 984	13 164 221	(6 034 237)	7 087 625
Balance as at 31 December 2016		17 968 798	318 000	18 286 798	4 289 985	31 050	4 321 035	7 129 984	13 164 221	( 6 034 237)	7 087 625

## 12-Property, plant, and equipment (net)

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation & transport vehicles L.E.	Tools L.E.	Empty plastic containers & Pallettes L.E.	Display refg.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
<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
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	2 859 692	1 398 343	87 968 149	1 132 999	6 142 271	15 443 706	84 885	-	1 835 721	10 706 580	127 572 346
Disposals of the period	( 38 016 616)	( 2 705 053)	( 7 159 189)	( 20 288 314)	( 2 436 334)	( 1 348 429)	( 214 846)	( 402 262)	( 317 010)	( 27 639)	( 72 915 692)
Cost as at 30/9/2017	178 525 500	1 277 723 705	2 101 479 805	277 419 742	102 068 283	56 012 706	96 539 440	41 830 528	28 812 253	106 162 846	4 266 574 808
<b>Accumulated depreciation</b>											
Accumulated depreciation as at 1/1/2016	-	76 549 395	600 773 194	103 679 620	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	44 481 730	27 905 306	43 562 248	6 114 194	11 941 049	73 708 328	1 145 667 370
<b>Depreciation of the period</b>											
Depreciation of the period	-	21 311 380	111 635 922	21 462 376	7 629 235	7 645 249	13 946 583	1 558 306	1 846 588	9 585 437	196 621 076
Accumulated depreciation of disposals of the period	-	( 651 332)	( 3 241 519)	( 15 783 756)	( 27 255)	( 987 460)	( 170 656)	( 273 016)	( 162 022)	( 19 668)	( 21 316 684)
Accumulated depreciation as at 30/9/2017	-	122 785 223	828 162 828	121 739 535	52 083 710	34 563 095	57 338 175	7 399 484	13 625 615	83 274 097	1 320 971 762
Net book value as at 30/9/2017	178 525 500	1 154 938 482	1 273 316 977	155 680 207	49 984 573	21 449 611	39 201 265	34 431 044	15 186 638	22 888 749	2 945 603 046
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 161 929 600 as at 30 September 2017.

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

The land item amounted to L.E 178 525 500 on 30/9/2017 includes an amount of L.E 118 327 831 representing the not registered land thus procedures of registering the land are in progress.

**12-1 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>	

**12-2 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
Mansoureyah 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>	

**12-3 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
	<b>6 957 487</b>	<b>(1 770 814)</b>	<b>5 186 673</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.



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

#### 12-4 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

#### 12-5 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
	<b>4 852 865</b>	

#### 12-6 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
	<b>10 841 883</b>	

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

##### The Land item includes the follows:

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

#### 12-8 Land of Inmaa for live stock

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

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

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

#### 12-10 Land grants

Company management has acquired five plots of land as a governorate grant for the establishment of projects in the areas and provinces where the 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 September 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

**13 Projects under constructions**

	30/9/2017	31/12/2016
	L.E.	L.E.
Buildings and constructions in progress	243 695 005	190 198 291
Machineries under installation	104 741 600	106 043 897
Advance payments for fixed assets purchase	62 594 510	82 983 384
Wells and water pump	3 071 686	2 712 619
Furniture in progress	1 503 491	1 272 290
	<b>415 606 292</b>	<b>383 210 481</b>

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

	30/9/2017	31/12/2016
	L.E.	L.E.
Cost at Period / year beginning	13 800 318	-
Additions during the Period / year	-	13 800 318
Cost at Period / year ending	<b>13 800 318</b>	<b>13 800 318</b>
Less:		
Accumulated depreciation at Period / year beginning	(330 897)	-
Depreciation of the Period / year	(297 807)	(330 897)
Accumulated depreciation at Period / year ending	<b>(628 704)</b>	<b>(330 897)</b>
Net	<b>13 171 614</b>	<b>13 469 421</b>

- The cost is the value of fruit trees.

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

	30/9/2017	31/12/2016
	L.E.	L.E.
Land reclamation	204 162	204 162
Fruit trees	1 338 615	3 282 836
Protection trees (Kazhurana)	464 398	464 398
Palm trees	4 412	4 412
	<b>2 011 587</b>	<b>3 955 808</b>

15- Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2017	2 449	73 048 307	1 395	21 817 231	3 844	94 865 538
<u>Adding:</u>						
Addition during the period	-	-	-	-	-	-
* Transferred from biological wealth (Flock of dairy live stock - unproductive)	209	6 996 178	( 209)	(6 996 178)	-	-
Births of flock	-	-	-	-	-	-
Male	-	-	757	3 650 000	757	3 650 000
Female	-	-	681	4 830 000	681	4 830 000
** Capital cost during drying -off	-	3 980 306	-	20 343 735	-	24 324 041
	<u>2 658</u>	<u>84 024 791</u>	<u>2 624</u>	<u>43 644 788</u>	<u>5 282</u>	<u>127 669 579</u>
Biological wealth sales						
Cows	126	3 818 490			126	3 818 490
pregnant			25	403 753	25	403 753
Newborn - Female			45	1 315 914	45	1 315 914
Newborn - Male			319	1 557 035	319	1 557 035
The death of live stock losses						
Cows	39	1 161 292			39	1 161 292
Female			2	54 486	2	54 486
Male			42	501 573	42	501 573
			19	112 887	19	112 887
	<u>165</u>	<u>4 979 782</u>	<u>452</u>	<u>3 945 648</u>	<u>617</u>	<u>8 925 430</u>
Cost of flock of livestock at 30/9/2017	<u>2 493</u>	<u>79 045 009</u>	<u>2 172</u>	<u>39 699 140</u>	<u>4 665</u>	<u>118 744 149</u>
Accumulated depreciation						
Depreciation milking cows at 1/1/2016	-	6 973 056	-	-	-	6 973 056
Depreciation milking cows during the period	-	9 075 143	-	-	-	9 075 143
Accumulated depreciation of disposals of sales case	-	( 587 169)	-	-	-	( 587 169)
Accumulated depreciation of disposals of death case	-	( 189 339)	-	-	-	( 189 339)
Accumulated depreciation at 30 Septemeber 2017	-	15 271 691	-	-	-	15 271 691
Net amount of flock of livestock at 30/9/2017	<u>2 493</u>	<u>63 773 318</u>	<u>2 172</u>	<u>39 699 140</u>	<u>4 665</u>	<u>103 472 458</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 rely on in determine fair value

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## **16 Tax status**

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

#### **A. Corporate tax**

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

##### **The period from 17/1/1996 to 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 that the company accept the inspection result and all tax inspection differences were paid.

##### **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.

##### **Year 2016**

The Company submits the annual corporate tax returns for the income tax within the legal duration required by law and The Company hasn't been inspected yet.

#### **B. Salaries tax**

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

The company was inspected and the tax due was paid.

##### **Year from 2011 till 2014**

The inspection has been performed and paid .

##### **Year 2015,2016**

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 was paid.

##### **Year 2015, 2016**

The inspection is in progress .

#### **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.

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**16-2 Subsidiaries****First: Corporation tax**

<b>The Companies that enjoy the corporate tax exemption</b>	<b>Tax inspection ending date</b>
<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 was ended against the internal committee dan tax due was paid .

**Al Marwa for Food Industries**

(inspected from the beginning of operation till 31/12/2005 was performed and tax due was paid 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**

<b>Subsidiaries</b>	<b>Tax inspection ending date</b>
Egyptian Company for Dairy Products	- Inspection was performed from starting activity till 2014 and paid.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2015 and paid.
Tiba for Trading and Distributing	- Years from 2006 till 2012 was inspected and difference settlement was performed at internal committee. - And an amounted of L.E 2 000 000 was paid and some points were transferred to a specialize committee
International Company For Modern Food Industries	- Inspection was performed from starting activity till 2010 and paid , and company still preparing for inspection from years from 2011 till 2014.
The Egyptian Company For Food Industries "Egyfood"	- inspection was performed till 2012 and tax due was paid .
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.

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### Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	Inspection has been performed and paid till 31/12/2015.
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 2015.
International Company For Modern Food Industries	Inspection has been performed and paid till 31/12/2015.
The Egyptian Company for Food Industries "Egyfood"	Inspection finished from starting activity till 31/12/2015 and paid.
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	-from starting activity till 2013/2015 the inspection was performed and tax due was paid .
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 .
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

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

**17 Inventories**

	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Raw materials	354 705 075	548 743 009
Packaging & packing materials	193 824 886	372 729 078
Finished products	404 720 725	344 291 206
Spare parts & miscellaneous supplies	58 618 912	47 051 690
Goods in transit - L/C's for goods purchase	3 574 549	13 064 224
	<b>1 015 444 147</b>	<b>1 325 879 207</b>

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

	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Trade receivables	194 919 694	119 245 979
<b>Less: Impairment in trade receivables</b>	<b>(6 160 320)</b>	<b>(6 666 320)</b>
	<b>188 759 374</b>	<b>112 579 659</b>
Notes receivables	17 381 496	10 256 699
Suppliers – advance payments	20 702 787	16 360 006
Prepaid expenses	29 285 398	17 124 001
Export subsidy	35 799 190	14 782 453
Accrued revenues	2 045 155	16 955 568
Tax authority	30 511 569	33 700 962
Customs authority	9 582 659	30 393 339
Deposits with others	19 272 767	21 869 412
*Letter of credit (cash cover)	81 287 842	66 409 151
Other debit balances	27 246 533	16 538 581
	<b>461 874 770</b>	<b>356 969 831</b>
<b>Less: Impairment in other debit balances</b>	<b>(3 950 717)</b>	<b>(3 950 717)</b>
	<b>457 924 053</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.

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

**19 Cash and cash equivalents**

	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Time deposits *	189 613 676	101 493 925
Banks – current accounts	16 064 592	17 706 151
Checks under collection	11 389 740	26 268
Cash in hand	1 936 622	1 655 309
Cash in transit	36 208 157	8 709 576
	<b>255 212 787</b>	<b>129 591 229</b>
Bank over draft	(45 077 073)	(25 031 480)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>210 135 714</b>	<b>104 559 749</b>

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

**20 Share capital**

	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

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.

**20-1- 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.



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

**21 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.	132 899 011	376 774 597	509 673 608
Granted loans to Company's Group from European Bank for Reconstruction & Development	59 000 001	147 499 999	206 500 000
Granted loans to Company's Group from HSBC.	25 942 591	25 471 296	51 413 887
Granted loans to Company's Group from QNB.	32 800 000	38 800 000	71 600 000
Granted loans to Company's Group from EGBE.	30 000 000	90 000 000	120 000 000
Granted loans to Company's Group from Barclays.	25 272 748	12 636 371	37 909 119
<b>Balance at 30/9/2017</b>	<b>305 914 351</b>	<b>691 182 263</b>	<b>997 096 614</b>
<b>Balance at 31/12/2016</b>	<b>290 749 352</b>	<b>803 788 665</b>	<b>1 094 538 017</b>

**22 Banks – credit facilities**

This balance which amounted to L.E 982 027 191 as at 30/9/2017 (against L.E 1 049 803 834 as at 31/12/2016), represents the drawn down portion of the L.E. 1 891 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.

**23 Provision for claims**

Description	Balance at 1/1/2017	Provision formed during the year	Provision used during the period	Balance at 30/9/2017
	L.E	L.E	L.E	L.E.
Provision for claims	<b>9 428 008</b>	120 283	(7 436 234)	<b>2 112 057</b>

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

**24 Creditors and other credit balances**

	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Suppliers	319 644 137	399 767 037
Notes payable	115 578	438 249
Accrued expenses	97 992 164	128 199 072
PP&E' creditors	4 831 320	1 853 040
Tax authority	37 762 116	29 214 480
Income Tax for the period	9 927 513	-
Deposits from others	5 844 995	6 389 053
Sales tax installments on the imported machineries and equipment	8 985 574	10 141 121
Deferred capital gains	14 286 733	14 286 733
Due to Sodic company- current portion	7 058 779	7 599 512
Due to Geran company – current portion	-	1 046 072
Social insurance authority	3 383 269	3 709 695
Dividends payable	153 629 507	63 709
Advances from customers	7 303 309	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	8 978 630	4 151 178
	<b><u>682 053 858</u></b>	<b><u>612 868 934</u></b>

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

**25 Other Non Current liabilities**

	<b>30/9/2017</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 Sep.2017 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 8 985 574 as at 30/9/2017 (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 24).	29 547 371	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 64 374 627 and the rest will be settled over 8 equal installments starting from June 2017.	4 899 075	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 <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.	1 264 403	1 264 403
	<b>35 710 849</b>	<b>47 701 407</b>

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**26 Deferred revenues**

	30/9/2017 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 8 830 352 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 24).	88 303 516	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 141 682 507 L.E With 84 Monthly Installment started from 31 July 2015 Till 30 June 2022 With 1 689 728 L.E for each Installment, The amortization during the year ended amounted to L.E 1 884 698 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 24).	9 423 491	11 308 189
	<u>97 727 007</u>	<u>108 442 056</u>

**27 Deferred tax liabilities**

Deferred tax liability amounted to L.E 219 604 249 on 30/9/2017 is representing net book value of assets and liabilities on tax basis.

	Balance on 1/1/2017 L.E	Deferred tax as at 30 September 2017 L.E	Balance on 30/9/2017 L.E
Deferred tax liability from fixed assets	<u>206 673 187</u>	<u>12 931 062</u>	<u>219 604 249</u>

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**Recognized deferred tax assets and liabilities**

Deferred tax liabilities are representing in the following items:

	<b>Liabilities</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Fixed assets	219 604 249	206 673 187
<b>Net tax liabilities</b>	<b>219 604 249</b>	<b>206 673 187</b>

**28 Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/9/2017 shown together with this respective contribution percentage held as at the balance sheet date.

<b>Subsidiary Name</b>	<b>Contribution percentage 30/9/2017</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

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

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

- Credit risk
- Liquidity risk
- Market risk.

**Risk management framework**

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

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

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

**Credit risk**

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

**Trade and other receivables**

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

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

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

	Note	Carrying amount	
		30/9/2017	31/12/2016
		L.E.	L.E.
Trade receivables	(18)	188 759 374	112 579 659
Banks credit facilities	(22)	982 027 191	1 049 803 834
Total long term loans	(21)	997 096 614	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:

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A credit facility in a principal amount of L.E 982 027 191 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	982 027 191	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
Trade and other debit balances	2 629 391	42 594	300
Cash and cash equivalents	1 966 036	84 686	4 368
Credit facilities	(404 827)	(7 293)	-
Trade and other payables	(8 427 616)	(366 548)	( 42 371)
<b>30 September 2017</b>	<b>(4 237 016)</b>	<b>(246 561)</b>	<b>( 37 703)</b>
<b>31 December 2016</b>	<b>(12 841 589)</b>	<b>(1 409 909)</b>	<b>(94 664)</b>

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The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	9/2017	2016	9/2017	2016
USD	18.065	13.11	17.71	18.41
Euro	20.040	13.90	20.83	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	
	30/9/2017	31/12/2016
	L.E.	L.E.
USD	(7 503 755)	(23 629 074)
Euro	( 513 587)	(2 704 075)
GBP	(88 024)	(202 984)
	<b>(8 105 366)</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.

	30/9/2017	31/12/2016
	L.E.	L.E.
Total liabilities	3 062 412 048	3 203 148 562
Less: cash and cash equivalents	(255 212 787)	(129 591 229)
<b>Net debt</b>	<b>2 807 199 261</b>	<b>3 073 557 333</b>
Total equity	2 270 302 176	2 292 161 013
<b>Net debt to equity ratio</b>	<b>123.65%</b>	<b>134.09%</b>

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

### 30 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:



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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 30/9/2017 amounted to L.E. 21 016 211.
- The company paid 11 897 900 L.E as a down payment and as at 30 September 2017 amounted 10 113 215 L.E classified the current portion amounted to 1 189 790 L.E in advance payments to note (24) and the Non-current portion amounted to 8 923 425 L.E 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	<b>137 665 248</b>
Paid installment	(41 350 752)
Unpaid (57 installment by L.E 1 689 728 monthly )	<b>96 314 496</b>

**31 Contingencies**

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has given guarantees on 30/9/2017 amounting to LE 8 442 236 the covered amount L.E 2 525 398.

**32 Capital commitments**

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 47 098 975 on 30/9/2017.

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**33 Related party transactions**

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

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

**33-1 Due from related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2017	31/12/2016	30/9/2017	31/12/2016
		L.E.	L.E.	L.E.	L.E.
Argu	Current account	714 755	-	653 919	-
				<u>653 919</u>	<u>-</u>

**33-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2017	31/12/2016	30/9/2017	31/12/2016
		L.E.	L.E.	L.E.	L.E.
Argu	Current account	17 099 605	14 178 441	-	14 178 441
				<u>-</u>	<u>14 178 441</u>

**34 Goodwill**

	30/9/2017	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>

**35 New laws and legislations**

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

**36 Float exchange rates**

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

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Main Foreign Currencies	Selling	Buying
USD	14.2757	13.5277
EURO	15.8389	15.0076

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

- 37 **New issuance and amendments on the Egyptian accounting standards that is not effective yet:**  
During 2015 new modified version of the Egyptian Accounting Standards was issued that includes new accounting standards and amendments to some existing standards, to be effective for the periods starting January 2016.

The following table shows the amendments that may have significant effect on the financial statements:-

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