FROM FARM TO CONSUMER

2016

ANNUAL REPORT


YOGURT
SKUS
250+
MILK - YOGHURT - JUICE - CHEESE - BUTTER
7
MANUFACTURING FACILITIES
MILK
4,000
COWS

Contents

JUHAYNA AT **A GLANCE**

With more than three decades in the Egyptian market, Juhayna distinguished itself as a leading producer of juice and dairy products, growing to become the most popular household name in the sector across the country. Today, Juhayna is a pioneer in the Egyptian food industry with well-established brand equity and a proven track record of producing superior quality products with wide market appeal.

4.9 bn
in revenue, 18%

5,700
Employees

1983
Juhayna Established

65 K
Points of Sale

1,200+
Vans & Trucks

32
Distribution Centers

250+
SKUs

7
Manufacturing Facilities

CHAIRMAN'S **NOTE**

We are working diligently to sustain our revenue growth trajectory and profitability levels while upholding our operational standards against a backdrop of market volatility.

"Egypt's economic environment presented businesses with unprecedented challenges and tremendous uncertainty in FY2016. The weakening of the Egyptian pound on the parallel market and foreign currency shortages at the banks; a subsequent currency devaluation in the fourth quarter; the implementation of a new value-added tax (VAT) regime; higher interest rates; and the partial lifting of energy subsidies saw businesses operating in Egypt affected by an increasingly inflationary environment."

Dear Shareholders,

Egypt's economic environment presented businesses with unprecedented challenges and tremendous uncertainty in FY2016. The weakening of the Egyptian pound, a phenomenon that was prevalent throughout the year in the parallel market where businesses were forced to source foreign currency due to a shortage at banks; a subsequent currency devaluation in the fourth quarter; the implementation of a new value-added tax (VAT) regime; higher interest rates; and the partial lifting of energy subsidies saw businesses operating in Egypt affected by an increasingly inflationary environment and a decline in consumers' purchasing power.

Within this backdrop of volatility, inflationary pressures on our cost base by some 50% coupled with a product nature that allows only for the gradual pass-on of price increases to consumers, led to an overall contraction in Juhayna's profitability. Yet despite the erosion in consumers' purchasing power, we still managed to record top-line gains in FY2016 with revenues up 18% y-o-y to EGP 4.9 billion. Meanwhile, the weakening of the EGP on the parallel market prior to its float saw the company book an FX rate differential loss of EGP 260 million in addition to an FX loss of EGP 47 million as a result of post float revaluation of foreign currency denominated liabilities. Consequently, Juhayna's bottom-line declined by 80.8% y-o-y in FY16 to EGP 53.7 million.

Nonetheless, we saw this challenging period as an opportunity to push through increased efficiency and deliver on our operational targets and cost control initiatives. We are particularly proud of our ability to deliver on a number of targets throughout the year, primarily the increased reliance on domestically produced raw materials to limit foreign currency needs, as well as capitalizing gains afforded by our vertical integration strategy.

Management has also taken the strategic decision to see to completion any ongoing projects and postpone new investments especially after having undergone an aggressive expansion program during FY2016 with a total CAPEX outlay of EGP 513 million. Among our key investment efforts during the last year was the expansion of our first fully-owned dairy farm, which was established in 2015, and that now produces c.12% of the company's raw milk needs. Juhayna had also managed to secure EGP 212 million in financing packages from HSBC and QNB to finance said expansions.

Looking forward to the year ahead we are hopeful for increased stability and clarity. Today we feel that we are in a much better position to move forward in 2017 given the clarity that we have now gained on the foreign exchange front, the continuation of our ongoing incremental price increases that will eventually allow us to achieve previous margins, and the increasing reliance on locally sourced materials. These measures combined along with our decades-long experience and our talented and dedicated team of professionals will no doubt propel the company forward and create value for all our stakeholders.

Juhayna has witnessed similar troughs before and has time and again proven its ability to remain resilient in the face of economic headwinds. Our decades-long experience affords us the confidence to navigate the current environment, achieve our goals, gradually restore profitability and ultimately continue creating shareholder value.

Safwan Thabet
Chairman

2016 **IN REVIEW**

A year of change and adaptation, 2016 saw businesses re-evaluate their plans and become more efficient in the face of new challenges

New Products
Launched in 2016

NAVIGATING **VOLATILITY**

Soaring inflation and an unstable currency characterized the Egyptian economy for much of 2016, leading to shortages, cost hikes, and reduced profitability for many businesses. The food industry was no exception but a forward-looking strategy, prudent cost-cutting and a flexible approach helped Juhayna to maintain top-line growth throughout a volatile year.

2016 was the year of change and adaptation. It was the year that the Egyptian government embarked upon a bold economic reform program that is set to change the course of the Egyptian economy within the next two years. The basket of reforms, which included a free-float of the Egyptian pound, a gradual removal of energy subsidies, reform of the investment law, a reduction in government spending, the rollout of the VAT and a restructuring of the tax administration, has required businesses to re-evaluate their plans and become more efficient in the face of new challenges.

Shifting FX Regime

In March 2016, Egypt implemented the single biggest depreciation in more than a decade as the country began to ease defense of its currency in order to conserve reserves and boost competitiveness. The Central Bank of Egypt (CBE) devalued the pound by almost 13% to 8.95 EGP/USD and announced that it would be adopting a more flexible exchange-rate policy, citing a need to attract investment, end the dollar shortage and boost the economy. The benchmark EGX 30 Index surged 6.7% in response – the most since mid-2013. Experts saw the move as a shift in the exchange rate regime and a progressive step towards a managed float.

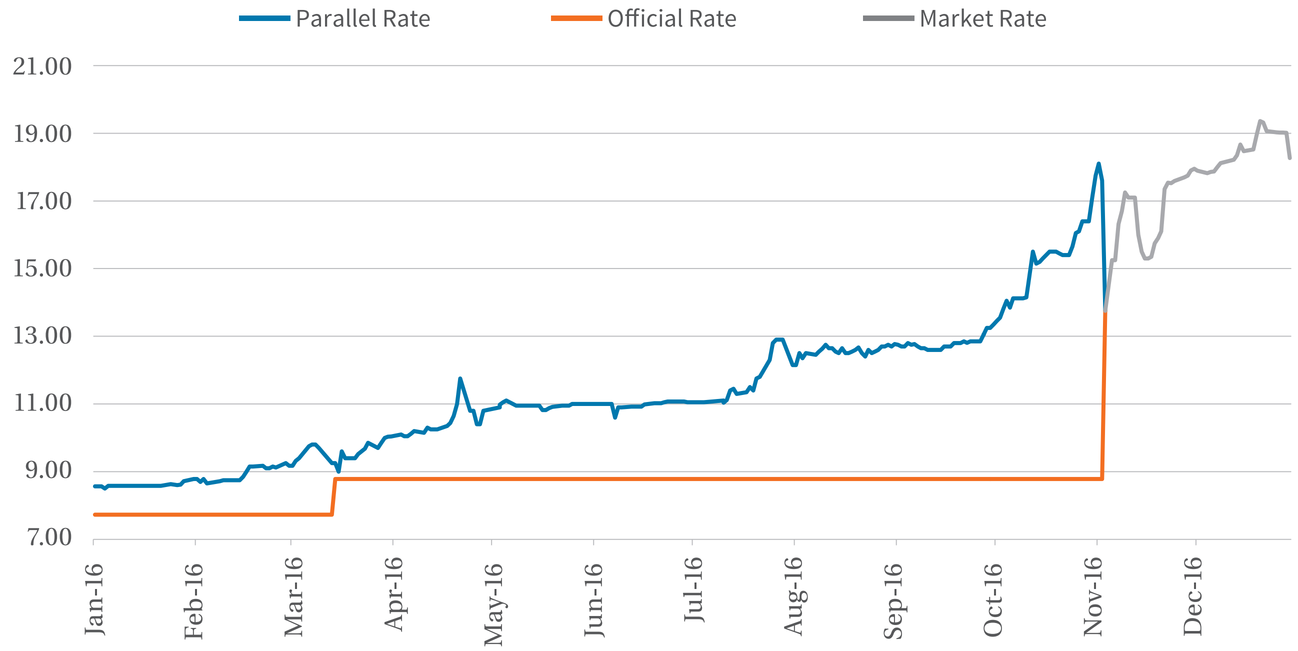
Foreign reserves at the time of the March devaluation were at about USD 16 billion, which was less than half of the level prior to the 2011 uprising and about two-thirds of the central bank's USD 25 billion target for the end of 2016. The country had begun talks with the International Monetary Fund (IMF) just days before, seeking to tackle a dollar shortage impeding economic growth. Although the devaluation was a welcome – and to many, overdue – move towards reaching a stable rate that accurately reflects the currency's strength and value, inflation was inevitable.

In May, net foreign assets dropped to a negative USD 9.4 billion, down from a surplus of USD 6.1 billion in the same month a year earlier. Annual urban consumer inflation jumped for the second month to 12.3% from 10.3% in April, leading to a 100-basis point rise in interest rates in June.

A Widening Rate Gap

By July, the parallel market rate for the US dollar had reached around 12 Egyptian pounds, 50% higher than its official rate. Fluctuations in the exchange rate and foreign currency deposit caps had cast a shadow on the import sector in an import-dependent country, threatening potential stagnation for many industries across Egypt. By the end of September, the pound fell to a record low on the black market with 13 EGP/USD on speculation that policy makers will weaken the official exchange rate for the second time. The devaluation was imminent, but timing was key to protect the country against hyperinflation, especially as the country introduced value-added-tax (VAT) and subsidy reforms.

USD:EGP Exchange Rates January - December 2016



The next couple of months saw the pound continue to devalue significantly against the US dollar in the parallel market, reaching record lows of more than 19 pounds, until the state intervened with the purpose of restoring stability to foreign currency rates. The Egyptian government began inspecting FX bureaus, suspending licenses, and toughening criminal sanctions for those found in violation of the official exchange rate. Nonetheless, prices of all goods – from basic commodities to luxury products – continued to rise, and October's urban consumer price inflation rate reached 13.6 percent. Foreign reserves stood at USD 19 billion and dollars were scarcer than ever.

On the 3rd of November, the Central Bank of Egypt took the final step with the float of the tightly-controlled Egyptian Pound while simultaneously raising lending rates in an effort to draw foreign capital back to the country and return foreign currency trading back to the formal banking sector. The central bank's decisions came after months of negotiations with the IMF over a USD 12 billion extended fund facility, seen as crucial to supporting the reform program, restoring the confidence of foreign investors and easing the crippling dollar shortage. On November 11th, the IMF board approved the three-year extended fund facility for Egypt and the CBE confirmed receipt of the first USD 2.75 billion tranche of the loan.

Economic Outlook

The IMF loan will be dispersed over several phases and will include five reviews based on four pillars, namely: significant policy adjustments that include liberating the foreign exchange system, strengthening social safety nets by easing subsidies for the rich while raising them for the poor, and transitioning to cash subsidies, promoting higher and inclusive growth, and seeking new external financing to close financing gaps in the Egyptian market.

The IMF announced its expectations for growth to rebound to 6% by 2021, similar to 2005-2010 levels, given sound implementation of the program, and for foreign direct investment to reach USD 9.4 billion this fiscal year, up from USD 6.7 last year. The prediction was in line with the Egyptian Investment Ministry's target of attracting USD 8-10 billion. Standard & Poor's revised Egypt's sovereign credit outlook to "stable" and declared it anticipated Egypt's real GDP growth to exceed 4% by 2019. Just two months after the float, foreign currency liquidity improved with the banking system recording inflows of USD 7.5-8.0 billion.

"We look forward to capturing the upside of the Egyptian Government's economic reform program"

MANAGEMENT
DISCUSSION & ANALYSIS

Juhayna's revenue growth in FY2016 was offset by inflationary pressures on the company's cost base, taking a toll on bottom-line profitability.

The effects of limited foreign currency supply, the weakening of the Egyptian Pound and its subsequent float in November 2016, the implementation of a new value-added tax (VAT) regime, higher interest rates and the partial lifting of energy subsidies left Juhayna, like all other businesses, operating in an increasingly inflationary environment with a rapid decline in consumers' purchasing power. Reactively, Juhayna's strategy was built around the gradual pass-on of cost increases to the consumer as management is well-aware of the sensitive nature of the Egyptian food sector.

Overall, the company turned an 18% y-o-y growth in revenues to EGP 4.9 billion, with contributors to revenue being weighed toward the dairy segment at 49%, followed by juice at 22% and 23% from yoghurt. Meanwhile, revenue growth was driven primarily by higher juice sales which climbed 33% y-o-y to EGP 1.1 billion, as well as an improved performance at the company's dairy segment which recorded EGP 2.4 billion in sales, up 12% y-o-y.

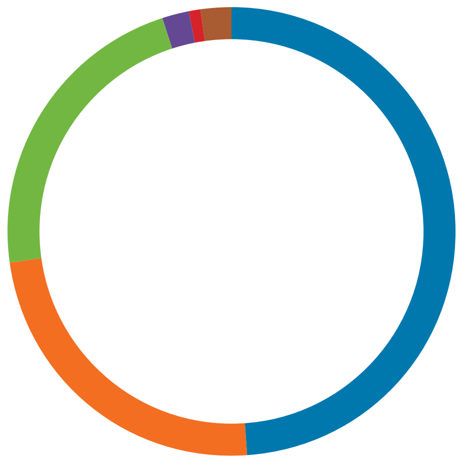
At the cost of goods sold level, inflationary pressures drove up the company's cost base by some 50%. The weakening of the EGP on the parallel market prior to its float saw the company book an FX rate differential loss of EGP 260 million in addition to an FX loss of EGP 47 million as a result of post float revaluation of foreign currency denominated liabilities. This resulted in Juhayna's bottom-line declining by 80.8% y-o-y in FY16 to EGP 53.7 million.

Heading into 2017, efforts to restore profitability will be driven by increased operational efficiency at our factories, increased reliance on locally sourced materials, better utilizing our distribution network, and observing strict cost disciplines.

Meanwhile, as Juhayna continues to manage its current operations and organize for the future amidst this challenging context, the company is preparing to reap the rewards of Egypt's economic rebound on the horizon. Managing foreign currency risk and decreasing reliance on imported materials fall in line with the company's core strategy, as well as with its backwards vertical integration efforts that have seen the company continuously find innovative paths to self-sufficiency.

Juhayna views the recent float of the Egyptian Pound — the sharpest currency devaluation in the last two years — together with the IMF package as beacons of opportunity and measures that will help accelerate the revival of the economy and restoration of investor confidence.

Revenue Breakdown by Segment FY2016



Dairy	49%
Yoghurt	24%
Juices	22%
Concentrates	2%
Agriculture	1%
ARJU	2%

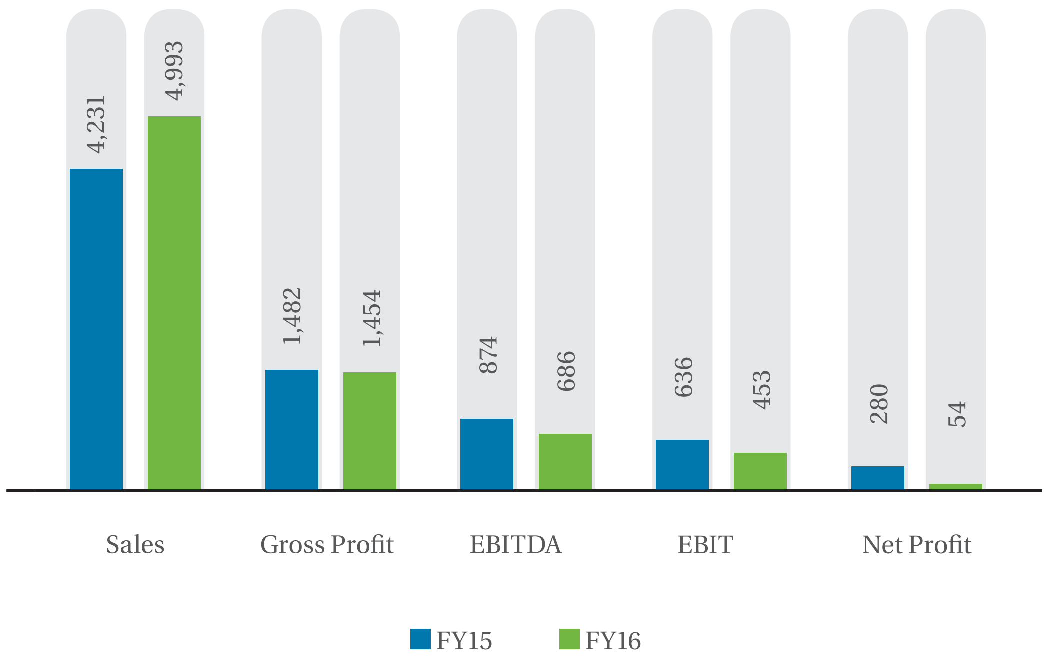
EGP MN
4,993
in revenue, up 18%

EGP MN
1,454
in gross profit, up 2%

EGP MN
453
in EBIT, down 29%

EGP MN
54
in net income, down 81%

Group Consolidated Performance



STRATEGY

Juhayna's strategic focus will see the company work to achieve higher efficiency, reducing vulnerability to outsourced materials, and managing FX risk

FORWARD-LOOKING **STRATEGY**

Against a backdrop of an exceptionally challenging year, Juhayna's forward-looking strategy will focus on streamlining operations, increasing reliance on domestic inputs, and maintaining a tight rein on expenses as the company works toward restoring profitability.

As the market leader in Egypt's juice and dairy segments, Juhayna's reactions to the country's current economic challenges define the company's outlook and set the precedent for the entire industry. The challenges faced during the year have seen Juhayna push forward to continue finding the balance between market share and profitability, developing its product ranges, and expanding geographically, while also turning greater focus to achieving higher efficiency, reducing vulnerability to outsourced materials, and managing FX risk. Our strategy rests upon six key pillars:

1

Restoring Profitability and ROIC

In the wake of extreme inflationary pressures on the company's cost base, Juhayna took the strategic decision to begin transferring cost hikes to the consumer through an increase in prices across the board. Taking into account the sensitive nature of the food sector, the company ensured the process was gradual and as of year-end 2016 average prices had increased by 35%. Management also notes that given the somewhat inelastic demand for Juhayna's products and the lack of significantly cheaper substitutes for them in the market, the company expects volumes to be relatively less affected compared to other industry segments, and for it to continue maintaining its market leading position.

2

Maintaining Market Leadership

Juhayna has taken significant strides to ensure it maintains a leadership position in the Egyptian market, a strategy it plans to sustain going forward. Through the introduction of innovative SKUs and flavors to its product lineup; a concerted effort to focus on our competitively-priced SKUs amid consumers' declining purchasing power; and through introducing new products via our joint venture with ArJu — a collaboration that has seen the company distribute Arla's products allowing it to maximize utilization of its strong distribution network — Juhayna is able to consistently stay ahead of competition. The company has always maintained a strong brand equity as ranked by global indices, a key pillar of its success over the years.

3

Penetrating New Export Markets

By the end of 2016, Juhayna was preparing to begin ramping up exports with a focus on African and neighbouring markets. To do this, the company realigned its organizational structure and invested in its export department to help both define and implement its export strategy.

4

Boosting Efficiency and Productivity

The company also plans to push through increased operational efficiencies at its factories and in its distribution network to quell expenses and maximize output and restore profitability. Investment efforts during the year saw the company add seven new filling lines to the juice, dairy, and yoghurt segments and enhance the company's logistics and distribution capabilities.

5

Localizing Raw Materials

Juhayna plans to continue to direct efforts toward sourcing its input products locally and progressing in its backwards vertical integration program, which saw the company establish its first fully-owned dairy farm in 2015 and expand it to 4,000 cows. Juhayna's farms are now producing 12% of the company's total daily raw milk needs. Having also began sourcing concentrates from Egypt, Juhayna managed to lower foreign currency denominated COGS over the year, with efforts already underway to bring it down even further.

6

Focusing on Cash Flow Management

In an effort to streamline cash flow management, the company made the strategic call to complete any ongoing projects and postpone new investments, earmarking c.EGP 400 million for completion of its expansion plan. Juhayna also managed to secure EGP 212 million in financing packages from HSBC and QNB.

LINES OF **BUSINESS**

Juhayna maintains a market leading position across its core segment, including dairy, yoghurt and packaged juice

DAIRY

SKUS
Juhayna Dairy, 0% Milk, 123 Kid's Milk, 456 Kid's Milk, Mix, Cooking Range, Bekhero, Mandisha

EGP 2,435 MN
Revenue in 2016

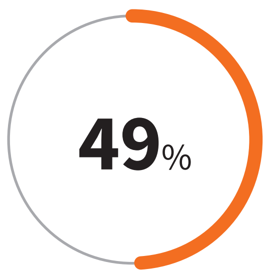
Juhayna is currently the market leader in packaged milk, dominating the dairy industry in Egypt for almost three decades. The company produces a wide variety of milk products, ranging from plain and flavored milk to speciality products for global manufacturers.

Milk production is primarily carried out through two state-of-the-art facilities located in Sixth of October City, an industrial and manufacturing hub west of Cairo. The first of these factories to be established was the Juhayna Factory, a 22,000 sqm facility that has been operational since 1987 and has since undergone a number of upgrades. Today it is specialized in the production of milk and cooking cream, featuring a fully automated production line — from pasteurization to packaging. In order to meet the growing demand for its dairy products, Juhayna acquired its second dairy facility, the El-Masreya factory in 2005. The factory is a fully automated 24,000 sqm facility.

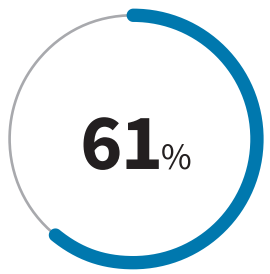
In 2016, Juhayna held average market shares of 61% for plain milk and 58% for flavored milk. Juhayna's dairy sales grew 12% y-o-y in 2016, with the segment remaining the largest contributor to the top line. Some 49% of revenues were generated by the segment, with revenue coming in at EGP 2.4 billion in 2016 compared to EGP 2.1 billion in 2015.

The sector continued to do well despite the operational and macroeconomic challenges that characterized 2016 due in part to the inelastic nature of staple dairy products. Juhayna continues to adapt its business strategy to sustain its revenue growth trajectory while balancing the sensitive nature of the products it offers.

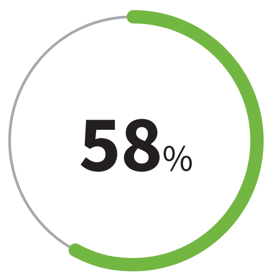
Revenue Contribution in 2016

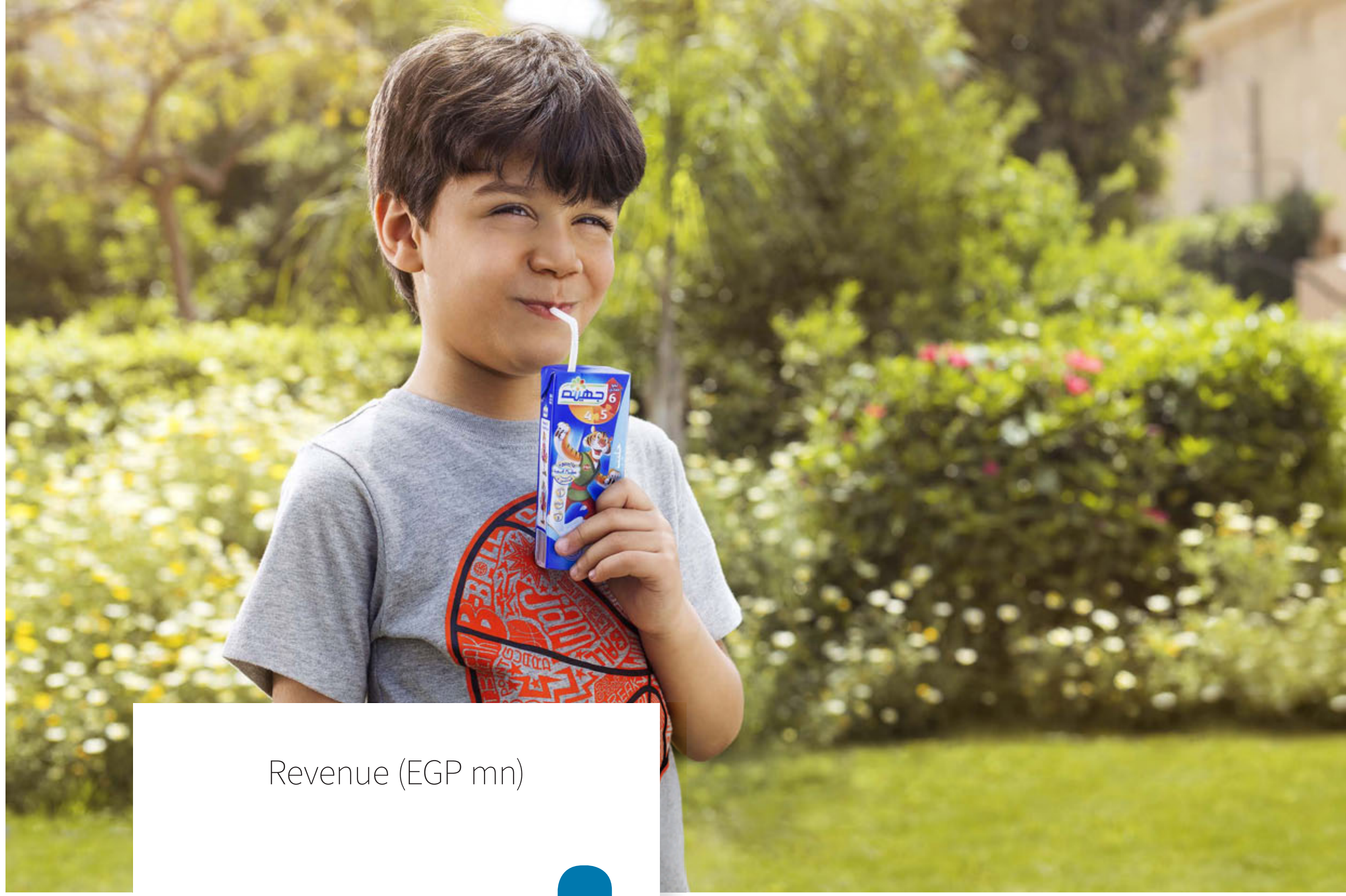


Plain Milk Market Share



Flavored Milk Market Share





To do this, the company adopted a gradual price uptick strategy to restore profitability in the prevailing inflationary environment and the severe weakening of the EGP against the USD.

More specifically, Juhayna has worked to limit its foreign currency exposure by securing its supply of imported milk powder through to year-end 2016. The company is also directing efforts toward sourcing local inputs such as raw milk from Egyptian farms. The latest development in the company's ongoing push for total vertical integration is the expansion of its dairy farm capacity. By the end of 2016, the company's farms were producing 12% of the company's total daily raw milk needs. Another way Juhayna seeks to mitigate foreign currency issues is by placing renewed emphasis on exports, aiming both to enter new markets and boost exports to existing ones.

With an increasingly inflationary environment comes declining purchasing power, which Juhayna will continue to combat with the lower-priced SKUs already in its product mix, such as Bekhero milk. In 2016, the company also launched several innovative SKUs in the segment, such as 123, 456 Kid's Milk, and Mandisha fresh milk.

Market Overview:
The Egyptian milk market is dominated by non-packaged, unprocessed milk produced by small-scale farmers, with loose milk accounting for 56.5% of the market. Ongoing awareness campaigns have led to a gradual shift in attitudes towards healthier alternatives and consumer preference for more convenient, on-the-go type products has led to a gradual but marked shift in consumption patterns in favor of packaged dairy products, which now account for 43.5% of the market. These trends coupled with growing consumption patterns — that saw dairy consumption hitting approximately 420 ktons in 2016 from 380 ktons in 2015 and 351 ktons in 2014 — makes the diary market highly attractive in Egypt.

YOGHURT

SKUS
Juhanyna Yoghurt, Zabado, Zabado Plus Oats, Rayeb, Mix Flavored Yoghurt, Mix Drinkable Yoghurt

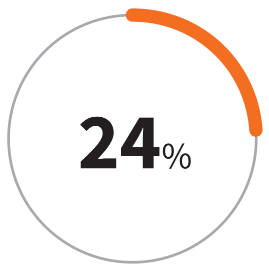
EGP 1,176 MN
Revenue in 2016

Juhayna is one of Egypt's leading producers of spoonable and drinkable yoghurt with some of the most recognizable brand names in the market such as Rayeb and Zabado. Juhayna's premium quality yoghurts are produced in two new specialized, state-of-the-art facilities, Egyfoods Assuit and Egyfoods Sixth of October and that were established in 2013 and 2014 respectively to meet local demand and ensure the highest levels of quality, hygiene, and safety.

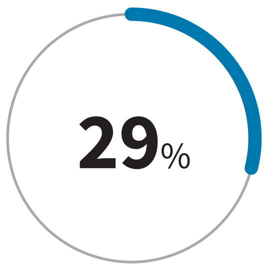
Juhayna holds a market share of 29% of the plain spoonable yoghurt market and 49% of the drinkable yoghurt market in 2016. Revenue from the segment came in at EGP 1,176 million during the year compared to EGP 1,067 million in 2015. The segment is the second-largest contributor to revenue, making up 24% of Juhayna's total revenue in 2016.

In addition to the company's efforts to restore profitability through a gradual price migration plan, Juhayna has also introduced new and innovative SKUs in the segment, such as the Zabado Plus Oats line catering to health-conscious consumers. The company also introduced Mix Drinkable Yoghurt in 2016, a lower-priced product aimed at combatting decreasing purchasing power among consumers.

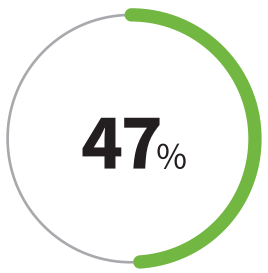
Revenue Contribution in 2016



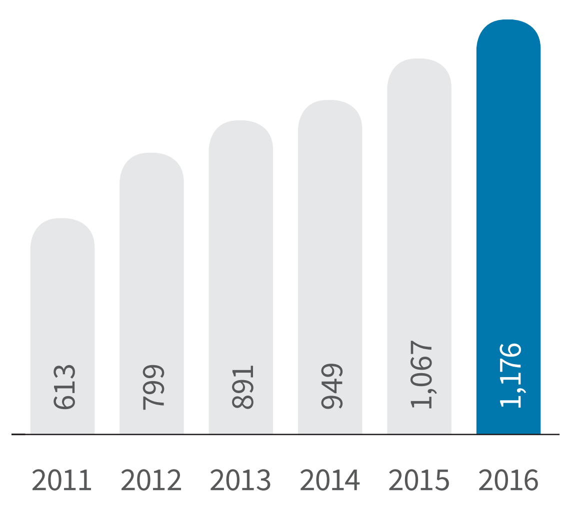
Spoonable Yoghurt Market Share



Drinkable Yoghurt Market Share



Revenue (EGP mn)



Market Overview:
As with milk, the yoghurt segment is also characterized by low per capita consumption and high potential for growth, with consumption per capita in Egypt standing at only 2 kg/year. The entrance of international brands into the market, a narrowing of the price gap between loose and packaged yoghurt, changing lifestyles and increasing health awareness all mean that the Egyptian yoghurt market witnessed a significant shift in consumer tastes to branded yoghurt. Egypt's yoghurt consumption in 2016 stood at 198 ktons compared to 180 ktons in 2015 and 165 ktons in 2014.

JUICE

SKUS
Pure, Classics, Classics Blends, Oriental, Bekhero

EGP 1,107 MN
Revenue in 2016

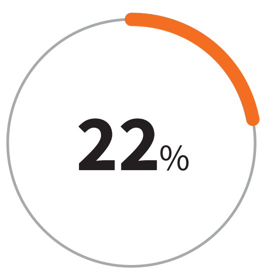
Juhayna is a market leader in the Egyptian juice sector with a wide variety of healthy premium juices and juice beverages. In a highly competitive market, Juhayna's evolving portfolio of juice brands have become household names synonymous with quality. Juhayna takes pride in using the highest-quality fresh fruits, squeezed and distilled using the best in class manufacturing technology at the award-winning Dawleya factory in Sixth of October City. Established in 2009, the 54,000 sqm facility is one of the largest manufacturing complexes in the MENA region with a high bay automated warehouse — the first of its kind in Egypt — with a storage capacity of 6,000 pallets.

Juhayna holds a 21% share of the juice market, with plans to boost this figure further as part of an overall strategy to diversify product mix. Juice revenue hit EGP 1.1 million during the year (compared to EGP 831 million in 2015), making juice Juhayna's third-largest contributor to revenue during the year at 22% of total revenue.

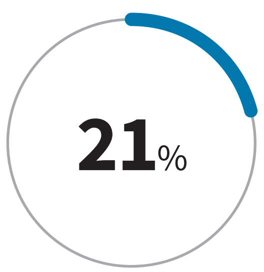
The juice segment is yet another area where Juhayna's progressive price hikes have been employed to deflect the inflationary impacts on production inputs such as, for example, the incremental increases in the price of sugar that saw the commodity reach EGP 10,000/ton in 2016. To limit the company's foreign currency exposure, Juhayna is looking to source more concentrates locally and bolster its export activity by expanding into new markets and increasing exports to markets where it already has presence.

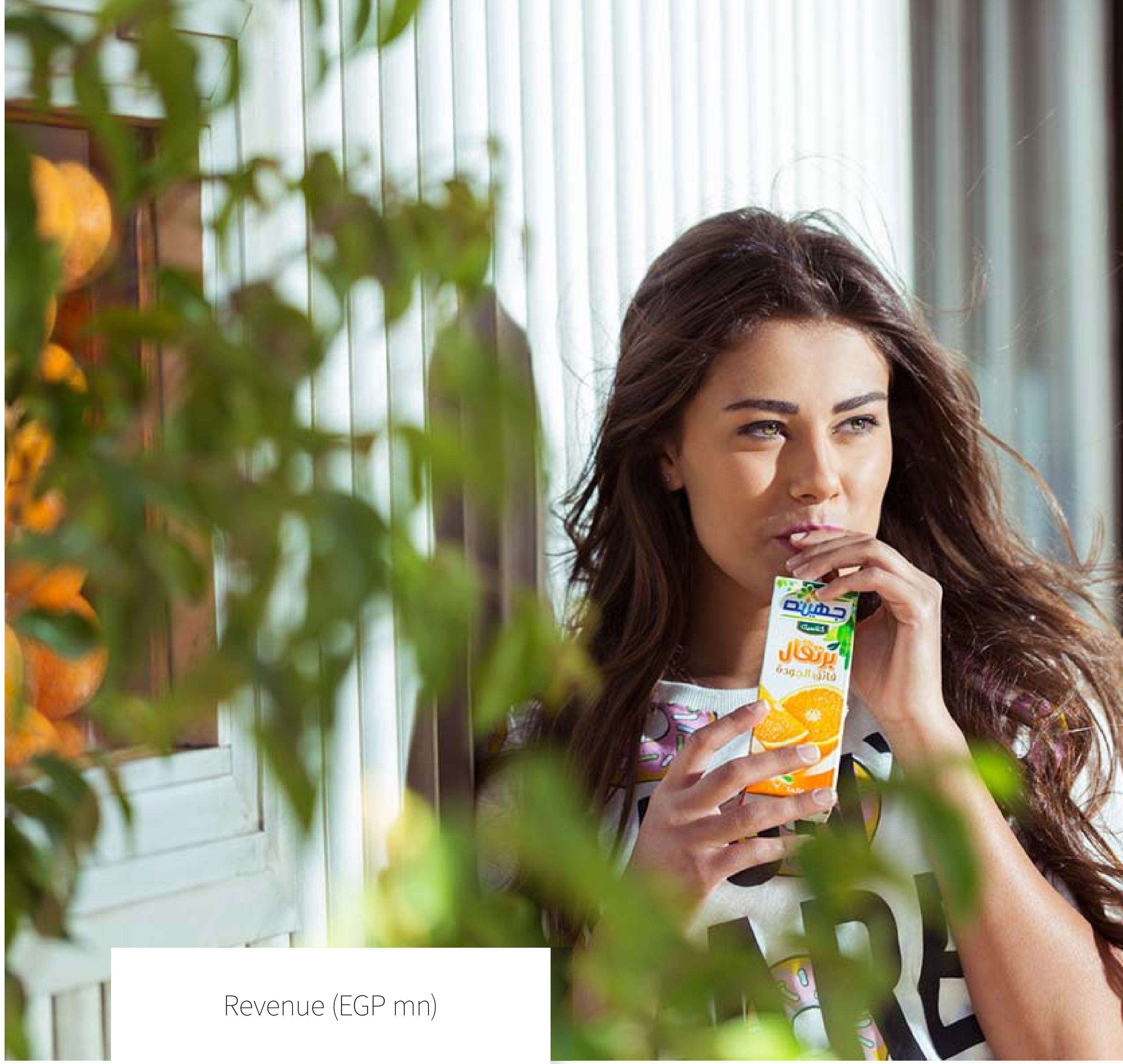
As part of efforts to continuously meet customer demand and compete in Egypt's significantly fragmented juice market, Juhayna has successfully launched a number of new and innovative products such as its Classics Blends juice line and new flavors in its popular Pure juice line.

Revenue Contribution in 2016

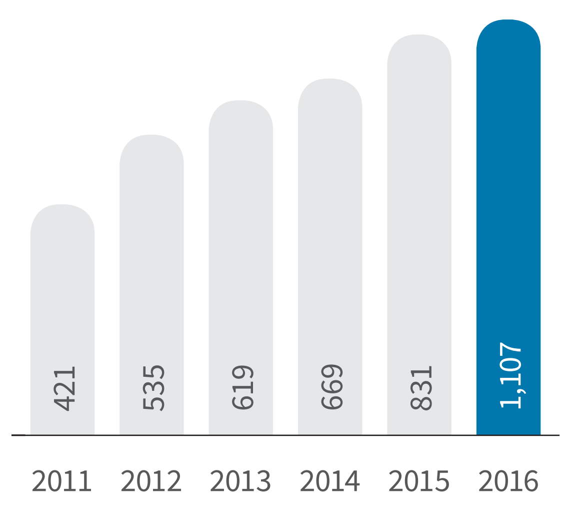


Market Share





Revenue (EGP mn)



Market Overview:
Egypt's highly-fragmented juice market includes well over 300 players. Low barriers to entry, low per capita consumption, and the prevalence of carbonated beverages means that the segment has high potential for growth. The juice market in Egypt experienced significant growth in 2016 with 810 ktons produced compared to 583,000 tons in 2015 and 517,000 tons in 2014. Increased health awareness hand-in-hand with the increasingly on-the-go nature of consumers' lifestyles have played a large part in the conversion from carbonated drinks to juice.

CONCENTRATES

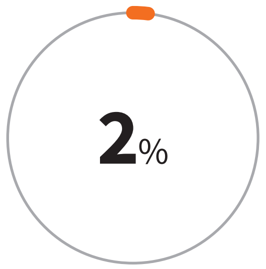
EGP 102 MN
Revenue in 2016

Juhayna's concentrates line of business is a key strategic component of the company's value chain with 75% of its concentrates production used in its own juice manufacturing operation. Concentrates is however an independent business unit that supplies a wide variety of customers ranging from private consumers to large corporations.

The production of concentrates takes place in two manufacturing facilities in Sixth of October City. The El-Marwa factory, which was acquired in 2005 is a 10,000 sqm manufacturing facility specializing in a variety of fruit pulps and concentrates. The Modern Concentrates factory was established in 2007 to produce and package citrus concentrates.

Revenue contribution hit 2% during the year, with revenues generated standing at EGP 102 million compared to EGP 140 million in 2015. Concentrates already play a significant role in Juhayna's export business, with the company looking to increase future export activity in this line of business.

Revenue Contribution in 2016



AGRICULTURE

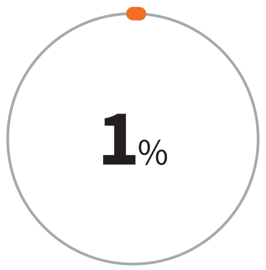
EGP 69 MN
Revenue in 2016

Juhayna's agricultural activities are centered around livestock, land reclamation, and produce farming. The company conducts its operations through Enmaa for Livestock Company and Enmaa for Reclamation and Agriculture.

Juhayna uses its cultivated produce from Enmaa for Reclamation and Agriculture, such as citruses and alfalfa, in its concentrate production activities and cow feed production, while Enmaa for Livestock Company runs the company's first fully-owned dairy farm. The 550 feddan farm includes a herd size of 4,000 cows, supplying the company with 12% of its daily raw milk needs as of year-end 2016. The farm is a strategic investment and helps to ensure supply and quality and allows Juhayna to tackle the expanding gap between milk supply and demand in Egypt, with farm supply growing at an annual rate of 2-5% and demand at an annual rate of 10-15%. In addition to our own farm, we are constantly working with third-party dairy suppliers to improve the quality of their milk and yields.

Revenue from the division came in at EGP 69 million, compared to EGP 77 million last year, with the segment contributing 1% to total revenues in 2016.

Revenue Contribution in 2016



ARJU

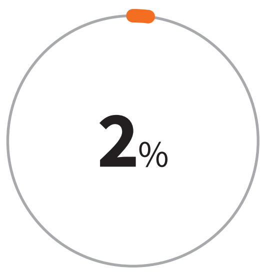
SKUS
Lurpak, Puck, Lady Bird,
Castello cheese, Dano

EGP 105 MN
Revenue in 2016

ArJu, the joint venture between Juhayna and Denmark-based Arla Foods — the largest producer of dairy products in Scandinavia — was signed in 2015 as part of Juhayna's strategy to expand and diversify its product mix through the addition of cheese, butter, and infant formula. Juhayna owns 50.75% of the joint venture company, while Arla owns 49%. Leveraging Juhayna's unparalleled nationwide distribution network, phase one of the venture saw Juhayna distribute Arla-branded products including Lurpak butter, Puck cheese, Lady Bird blue cheese and Dano powdered milk to retail chains throughout Egypt, improving the utilization of Juhayna's distribution network.

FY2016 revenues from the joint venture hit EGP 105 million, a revenue contribution of 2% for the year.

Revenue Contribution in 2016



OUR
PEOPLE

An underlying factor of Juhayna's continued success is its experienced management and world-class governance structure

EXECUTIVE **MANAGEMENT**

Safwan Thabet

Executive Chairman of
the BOD & CEO

Mr. Thabet has been the Executive Chairman of the Board of Directors and Chief Executive Officer of Juhayna since founding the Group in 1983. He has played a central role in the development of the Egyptian food sector for more than 30 years through various appointments and positions, including Member of the Board of the Federation of Egyptian Industries (FEI) and Member of the Board of the Chamber of Food Industries.

Seif El-Din Thabet

Deputy Chairman of the
BOD & CEO

Mr. Thabet was admitted to the Board of Directors in 2006. He is currently Chief Executive Officer at Juhayna, and previously worked as Operations Director and Human Resources Director. Mr. Thabet began his career at Juhayna in 2004, holding a number of managerial positions, including Sales and Marketing Manager and Project Manager. He previously held positions at German-based Muller Dairy. He was appointed as the first Plant Manager for Juhayna's Juice Factory, El Dawleya, and is currently Vice President of the Dairy Division at the Chamber of Food Industries and former Treasurer at the Food Export Council. In 2016, Mr. Thabet was appointed as Deputy Chairman of the Board of Directors.

Amr Ghazaly

General Manager of Tiba
for Trade & Distribution

Mr. Ghazaly joined Juhayna in 2011 as General Manager for its subsidiary company Tiba for Trade & Distribution. Prior to joining Juhayna, Mr. Ghazaly spent seven years at Coca-Cola Egypt as a General Manager of Sales Development and General Manager of Factories in North Upper Egypt. He was also appointed Regional Sales Manager at Coca-Cola Saudi Arabia and General Manager of the Commercial Sector at Coca-Cola Libya.

Sameh El-Hodaiby

Group Chief Financial
Officer

Mr. El Hodaiby has served as Chief Financial Officer of the Juhayna Group since 2008, having begun his tenure with the Group in 2006 as Chief Financial Officer of one of Juhayna's factories. Before joining Juhayna, he was Accounts Manager at SODIC and an Auditor at Grant Thornton in Cairo. He is a member of the Accountants and Auditors Register.

Claus Pederson

Marketing Director

Mr. Pedersen joined Juhayna in 2013 with 18 years of consumer goods marketing experience. He spent six years as Global Marketing Manager for Arla Food Ingredients, and most recently served as General Manager for Arla Foods in Vietnam, where he was responsible for setting up the company and launching a range of nutritional products for children.

Samah El-Saghier

Human Resources Director

Ms. El-Saghier joined Juhayna in January 2016 and is the company's HR Director. She is responsible for all human resource functions, including recruitment and staffing, total rewards (classification and compensation, benefits, employee engagement), the Center for Leadership Excellence, HR business partners, and payroll and information management. Prior to joining Juhayna, Ms. El-Saghier worked in the HR department at Orange for over a decade. She holds a Bachelor's degree in English Literature from Cairo University and a Master's degree in Business Administration from the Arab Academy.

Georg Reithmayer

Group Factories Director

Mr. Reithmayer began his career in 1982 at a dairy plant in Vienna, Austria. Over the years, he held many positions and enjoyed notable success as plant manager for a range of international companies specializing in the production of milk, yoghurt, and baked products. Mr. Reithmayer joined Juhayna in 2016 as Project Director with the responsibility of overseeing the successful completion of projects on a step-by-step basis. He holds a Bachelor's degree in Technologies and Economies from The Bundesanstalt Fuer Milchwirtschaft in Wolfpassing, and a Bachelor's degree in Dairy from The Niederosterreichische Landwirtschaftskammer.

BOARD OF **DIRECTORS**

Safwan Thabet

Executive Chairman of the BOD & CEO

Mr. Thabet has been the Executive Chairman of the Board of Directors and Chief Executive Officer of Juhayna since founding the Group in 1983. He has played a central role in the development of the Egyptian food sector for more than 30 years through various appointments and positions, including Member of the Board of the Federation of Egyptian Industries (FEI) and Member of the Board of the Chamber of Food Industries.

Seif El-Din Thabet

Deputy Chairman of the BOD & CEO

Mr. Thabet was admitted to the Board of Directors in 2006. He is currently Chief Executive Officer at Juhayna, and previously worked as Operations Director and Human Resources Director. Mr. Thabet began his career at Juhayna in 2004, holding a number of managerial positions, including Sales and Marketing Manager and Project Manager. He previously held positions at German-based Muller Dairy. He was appointed as the first Plant Manager for Juhayna's Juice Factory, El Dawleya, and is currently Vice President of the Dairy Division at the Chamber of Food Industries and former Treasurer at the Food Export Council. In 2016, Mr. Thabet was appointed as Deputy Chairman of the Board of Directors.

Akil Bisheer

Non-Executive Member

Mr. Bisheer has been a Non-Executive Member of the Board since 2010 and was recently appointed the Chairman of Al Enmaa for Agricultural Development & Livestock. Prior to joining Juhayna, Mr. Bisheer held top managerial positions at Telecom Egypt for over a decade, acting as Chairman and CEO. He previously worked as General Manager and Managing Director at Giza Systems Engineering and also acted as Vice Chairman of Al Ahly Computer Equipment and Vice President of Misria Computer Systems.

Heba Thabet

Executive Member

Ms. Thabet has been an Executive Member of the Board since February 2006 and is currently the Head of Business Development responsible for product innovation and development, operational development and internal communications. Prior to that Ms. Thabet handled marketing and communication projects for the company and held the title of Associate Director of External Affairs, where she was responsible for the Group's media and public relations activities. Ms. Thabet was also a marketing manager for the Juice Division and has worked in the Marketing Department for the Fresh Produce Division since joining Juhayna in 2001. She is also a member of the Business Advisory Board for SIFE Egypt, the International Public Relations Association (IPRA) and the Committee for Social Responsibility at the American Chamber of Commerce in Egypt.

Ahmed El-Abin

Non-Executive Member

Mr. El-Abin has been a Non-Executive Member of the Board since 1985. He has also been a Member of the Board of Directors of the Scientific Center of Documents and Information at Cairo University. Mr. El-Abin is the founder of the Academic Library in Cairo and Co-Founder of Mars Publishing House in Riyadh, Saudi Arabia. He was also responsible for the foreign language books department at Al-Ahram Institute.

Yasser El-Mallawany

Non-Executive Member,
Chairman of ArJu

Mr. El-Mallawany has been a Non-Executive Member of the Board since 2000. He has acted as CEO of EFG Hermes Holding Company SAE and Vice President of the Board of Trustees of the EFG Hermes Foundation. He was also appointed as the Chairman of the Board of EFG Hermes Private Equity and as a Non-Executive Chairman at ACE Insurance Company. Mr. El-Mallawany has also served as Vice Chairman of the Commercial International Investment Company (CIIC) and spent 16 years at Commercial International Bank (CIB) as General Manager of the Corporate Banking Division. He is a member of the Advisory Council of the Emerging Markets Private Equity Association (EMPEA).

Mohamed Al-Dogheim

Non-Executive Member

Mr. Al-Dogheim has been a Non-Executive Member of the Board since 1983. He is also a member of the Saudi Egyptian Business Council and the Chamber of Commerce of Al-Dawadmi Governate in Saudi Arabia. Mr. Al-Dogheim previously held a variety of positions in Saudi Arabia at the Ministry of Finance in Dammam, the Ministry of Transport and the Ministry of Islamic Affairs and Endowments in Riyadh. He also worked as a Financial Controller, Financial Director and Budget Director at the Ministry of Water and Electricity in Riyadh.

Mariam Thabet

Non-Executive Member

Ms. Thabet has been a Non-Executive Member of the Board since 2010 and currently focuses on Strategic Planning for the Group, where she works to develop production divisions at Juhayna. She previously held the title of Assistant Procurement Manager for the Group.

SUSTAINABILITY

As an industry leader, Juhayna views corporate citizenship as a duty that goes beyond the simple notion of “giving back”

CORPORATE **CITIZENSHIP**

Juhayna firmly believes that social responsibility and good corporate citizenship is an essential component of any business. As one of Egypt's leading food manufacturers we feel that it is our duty to lead by example in supporting social issues and positively impacting our industry and our society at large. From our adherence to environmental standards, energy efficiency, and waste management to the projects we undertake to empower our farmers and suppliers, our commitment goes above and beyond the simple notion of "giving back."

As we continue to grow, we remain dedicated to developing our community and supporting those most in need. Over the years, Juhayna has been an active participant in numerous community-engagement initiatives that have helped bring about meaningful change, particularly in the areas of health & nutrition, environment, industry, and corporate governance.

Health & Nutrition

Baheya for Early Detection & Breast Cancer Treatment

In 2016 Juhayna continued to be the primary sponsor of the Baheya Breast Cancer Hospital — its flagship CSR project which was initiated a year earlier as part of an overall platform dedicated to empowering Egyptian women and publically recognizing the important role that women and mothers play in Egyptian society.

For the second consecutive year Juhayna provided financial support for the hospital and all of its initiatives including funding for above-the-line ad campaigns, media visits, and a conference. The company also continued to work closely with the founders of the facility to raise awareness on breast cancer throughout the country and within the company. During the month of March 2016 Juhayna pledged to donate 1% of its dairy sales to Baheya in celebration of Egyptian Mother's Day.

Industry

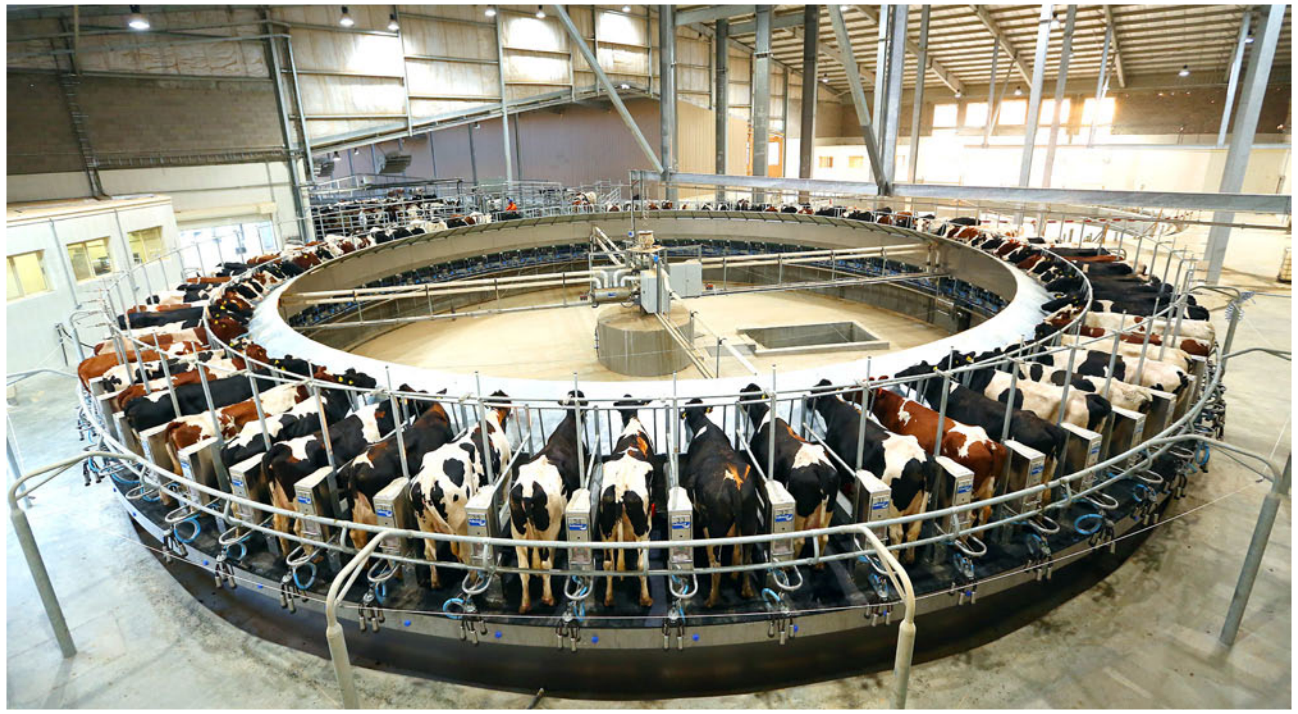
As a market pioneer in the dairy and juice industry in Egypt, Juhayna is committed to delivering high-quality, healthy, and safe products to its consumers. Over the years, we have upheld our standards and worked diligently to enhance them at every opportunity. We have invested heavily to further our ongoing research and development (R&D) efforts, which stand to benefit not only the company but also the industry as a whole by raising the bar for premium quality Egyptian manufactured products.

Developing Egypt's Dairy Farms

As part of the company's concerted effort to upgrade the Egyptian dairy industry, Juhayna has launched a new initiative to offer major technical support for small and medium-sized dairy farms in Egypt so that they are better able to produce optimal volumes of safe, hygienic milk. This EGP 10 million dairy farm upgrade project is targeting up to 100 farms nationwide, which is equivalent to 60% of Egypt's total dairy farms.

By providing farms with proper shelter and cooling systems for their dairy cows, productivity can be enhanced particularly during the summer months when milk volumes typically decrease by 30% due to high temperatures. Under this innovative program, Juhayna equips farms with modern, efficient cooling systems and helps facilitate financing by deducting the value of the cooling infrastructures from the cost of weekly milk purchases it makes from the farms.

In phase one of the program, 25 medium and small-sized farms will be developed, encompassing a total of 6,562 cows and an average daily milk volume of 122 tons. The project is considered to be the first-of-its-kind in Egypt, and will help increase daily milk production by at least 2 liters per cow in the summer, which is the equivalent of 10 extra tons of milk added to Egypt's daily supply of raw milk.



FINANCIAL **STATEMENTS**

Financial Statements | Translation from Arabic

Report on Consolidated Financial Statements

To: The shareholders of Juhayna Food Industries S.A.E

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

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

Introduction

We have audited consolidated balance sheet of Juhayna Food Industries S.A.E, as of 31 December 2016 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Cairo, 8 March 2017

Salah EL Missary
Capital Authority Controller
Register N0.(364)
KPMG Hazem Hassan

Hossam Hilal
Capital Authority Controller
Register N0.(147)
Mohamed Hilal – Grant Thornton

Consolidated financial position

As of 31 December 2016

	Note no.	31/12/2016 L.E.	31/12/2015 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(11)	3 066 250 784	2 761 272 193
Projects under construction	(12)	383 210 481	430 869 824
Plant wealth	(13-1)	13 469 421	-
Plant wealth - under preparation	(13-2)	3 955 808	14 304 029
Biological wealth	(14)	87 892 482	40 066 067
Paid under investment accounts		-	10 150 000
Investments under joint control (equity)	(10)	7 087 625	-
Other - long term assets		765 232	773 504
Other - long term - debit balances	(29)	9 815 767	-
Goodwill	(33)	97 092 890	97 092 890
Non-current assets		**3 669 540 490**	**3 354 528 507**
Current assets			
Investments held for sale		-	50 929 445
Biological assets- Existing Agriculture		17 279 535	33 021 211
Inventories	(16)	1 325 879 207	573 855 519
Trade and other receivables (net)	(17)	353 019 114	188 010 060
Cash and cash equivalents	(18)	129 591 229	794 917 810
Current assets		**1 825 769 085**	**1 640 734 045**
Total assets		**5 495 309 575**	**4 995 262 552**
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		497 245 972	467 347 006
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		478 308 360	418 147 094
Total comprehensive income for year after periodic dividends		43 524 181	264 306 933
Total equity attributable to the shareholders of the parent company		2 291 404 023	2 422 126 543
Non-controlling interest		756 990	818 776
Total equity		**2 292 161 013**	**2 422 945 319**
Non-current liabilities			
Long term loans	(20)	803 788 665	1 013 338 245
Other long term liabilities	(24)	47 701 407	69 840 935
Deferred revenues	(25)	108 442 056	15 559 653
Deferred tax liabilities	(26)	206 673 187	154 598 814
Non-current liabilities		**1 166 605 315**	**1 253 337 647**
Current liabilities			
Provisions for claims	(22)	9 428 008	11 959 876
Banks -over draft	(18)	25 031 480	32 443 129
Banks - credit facilities	(21)	1 049 803 834	637 074 206
Creditors and other credit balances	(23)	612 868 934	317 813 113
Income tax		34 483 198	72 339 921
Due to related parties	(32-1)	14 178 441	-
Long-term loans-current portion	(20)	290 749 352	247 349 341
Current liabilities		**2 036 543 247**	**1 318 979 586**
Total liabilities		**3 203 148 562**	**2 572 317 233**
Total equity and total liabilities		**5 495 309 575**	**4 995 262 552**

The notes on pages from 57 to 91 are an integral part of these consolidated financial statements.

Finance Director	Chairman
Sameh El-hodaiby	Safwan Thabet

Financial Statements | Translation from Arabic

Consolidated income statement

For the year ended 31 December 2016

	Note no.	The financial year ended 31/12/2016 L.E.	The financial year ended 31/12/2015 L.E.
Net sales		4 992 857 769	4 231 161 876
Cost of sales		(3 538 392 098)	(2 749 358 490)
Gross profit		**1 454 465 671**	**1 481 803 386**
Other income	(5)	62 488 905	18 029 288
Sales & distribution expenses		(838 838 598)	(655 110 355)
General & administrative expenses	(6)	(174 957 155)	(145 936 135)
Other expenses	(7)	(38 074 000)	(51 975 491)
Board of directors remuneration		(12 020 000)	(11 180 000)
Results from operating activities		**453 064 823**	**635 630 693**
The holding company's share in the (losses) of companies under joint control		(3 062 375)	-
Revenue of investment held for sale		5 570 557	-
Cost of the End of service		(4 819 059)	(10 670 309)
Finance income and finance costs	(8)	(302 005 092)	(174 561 177)
Profit before income tax		**148 748 854**	**450 399 207**
Taxes differences from previous years		6 272 636	230 726
Income tax expense		(36 799 512)	(72 339 921)
Investment tax		(12 495 860)	(18 595 535)
Deferred tax	(26)	(52 074 373)	(79 761 486)
Net profit for the year		**53 651 745**	**279 932 991**
Distributed as follows			
Parent Company's share in profit		53 516 967	279 829 317
Non-controling interest		134 778	103 674
		53 651 745	**279 932 991**

The notes on pages from 57 to 91 are an integral part of these consolidated financial statements.

Consolidated Statement of comprehensive income

For the year ended 31 December 2016

	The financial year ended 31/12/2016 L.E.	The financial year ended 31/12/2015 L.E.
Net profit for the year	**53 651 745**	**279 932 991**
Other comprehensive income for year after deduct tax	-	
Total other comprehensive income	**53 651 745**	**279 932 991**
Distributed as follows		
Parent Company's share in profit	53 516 967	279 829 317
Non-controlling interest	134 778	103 674
	53 651 745	**279 932 991**

The notes on pages from 57 to 91 are an integral part of these consolidated financial statements.

Financial Statements | Translation from Arabic

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve-issuance premium L.E.	Retained earnings L.E.	Total comprehensive income for the year L.E.	Non-controlling interest L.E.	Total L.E.
Balance as at 1 January 2015	**941 405 082**	**435 553 732**	**330 920 428**	**414 262 886**	**161 550 850**	**761 931**	**2 284 454 909**
Reversal of beginning balance adjustments	-	23 716 091	-	(96 220 475)	108 941 127	-	36 436 743
Dividends for 2014	-	11 755 723	-	91 487 099	(235 114 465)	-	(131 871 643)
Holding Company's share in reserves & retained earnings of subsidiaries	-	20 033 461	-	(33 765 581)	-	-	(13 732 120)
Consolidation adjustments on 31 December 2015	-	(23 712 001)	-	42 383 165	(50 899 896)	10 542	(32 218 190)
Total other comprehensive income for the year ended 31 December 2015 after periodic dividends	-	-	-	-	279 829 317	46 303	279 875 620
Balance as at 31 December 2015	**941 405 082**	**467 347 006**	**330 920 428**	**418 147 094**	**264 306 933**	**818 776**	**2 422 945 319**
Balance as at 1 January 2016	**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	-	16 286 977	-	(31 842 012)	-	-	(15 555 035)
Consolidation adjustments on 31 December 2016	-	(23 326 178)	-	67 339 492	(60 676 305)	(186 022)	(16 849 013)
Total other comprehensive income for the year ended 31 December 2016 after periodic dividends	-	-	-	-	53 516 967	134 778	53 651 745
Balance as at 31 December 2016	**941 405 082**	**497 245 972**	**330 920 428**	**478 308 360**	**43 524 181**	**756 990**	**2 292 161 013**

The notes on pages from 57 to 91 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2016

	Note no.	The Financial year ended 12/31/2016 L.E.	The Financial year ended 12/31/2015 L.E.
Cash flows from operating activities			
Net profit for the year before income tax and minority interest in profits		148 748 854	450 399 207
Adjustments for:			
PP&E' depreciation	(11)	234 493 517	204 275 085
Capital gains		(7 581 712)	(2 907 224)
Gain from the sale of avalible for sale investments		(5 570 555)	-
Impairment in PP&E		-	13 215 001
Change in Investments in equity accounted investees		(7 087 625)	-
Impairment in trade and other receivables		2 286 230	2 017 775
Reversal of impairment in trade and other receivables		(61 175)	-
Impairment in inventories		93 964	12 865 891
Reversal of Impairment in inventories	(16)	(42 021)	-
Provision for claims-formed	(22)	3 568 837	8 967 824
Financial lease installments		21 905 151	12 101 325
Amortization of animal wealth	(14)	6 652 033	673 113
Herd births		(13 397 250)	(2 889 000)
Herd capitalized expenses		(17 877 228)	(4 485 378)
losses from selling cows		2 034 701	221 403
losses from calves death		1 435 751	316 491
Foreign exchange gain		(47 189 227)	7 588 369
Credit interests	(8)	(16 558 441)	(14 264 832)
Finance interests & expenses	(8)	271 374 306	196 144 480
		577 228 110	**884 239 530**
Collected time deposits interests		16 558 441	14 211 928
Interest finance expenses paid		(269 878 275)	(195 315 621)
Changes in:			
Inventories	(16)	(752 075 631)	(61 785 884)
Biological assets- Existing Agrecul		15 741 676	(432 536)
Trade and other receivables	(17)	(177 041 604)	9 843 952
Due from related parties		-	815 558
Creditors & other credit balances	(23)	203 364 103	(38 318 543)
Due to related parties		14 178 441	
Deferred revenues		-	13 821 121
Dividends paid to employees		(25 067 584)	(22 335 874)
Provision for claims used		(6 100 705)	(5 579 168)
Net cash flows (used in)from operating activities		**(403 093 028)**	**599 164 463**
Cash flows from investing activities			
Acquisition of PP&E & projects under construction	11&12	(516 179 611)	(353 470 385)
Proceeds from sale of PP&E		31 948 558	108 257 241
Acquisition of plant and animal wealth	(14)	(35 093 982)	(34 549 913)
Proceeds from the sale of plant and animal wealth	(14)	5 298 360	
Proceeds from the sale of avalible for sale investments		56 500 000	(10 150 000)
Net cash flows (used in) generated from investing activities		**(457 526 675)**	**(289 913 057)**
Cash flows from financing activities			
Proceeds from bank credit facilities	(21)	412 729 628	(105 274 083)
Proceeds (payments) from bank loans	(20)	(166 149 569)	284 828 678
Payments in lease installments - sales and lease back	(29)	(21 905 151)	(12 101 323)
Proceeds for lease installments- sales and lease back	(29)	105 964 269	
Dividends paid to share holders		(141 210 762)	(109 535 769)
Decrease in non-controling interest		(196 563)	(46 830)
Net cash flows from financing activities		**189 231 852**	**57 870 673**
Decrease(Increase) in cash & cash equivalents during the year		**(671 387 851)**	**367 122 079**
The effect of foreign exchange difference		13 472 919	(7 563 315)
Cash & cash equivalents at 1 January		762 474 681	402 915 917
Cash & cash equivalents at 31 December	(19)	**104 559 749**	**762 474 681**

The notes on pages from 57 to 91 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2016

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 8 March 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.

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.

Financial Statements | Translation from Arabic

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.

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 tment 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.

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.

Financial Statements | Translation from Arabic

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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 finical 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)

3-8 Plant wealth

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

3-9 Biological assets

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

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

Financial Statements | Translation from Arabic

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.

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.

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), than 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 the company's offer to encourage resignations (voluntary) / left the work voluntary.

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.

5 Other operating revenue

	Financial year ended 31/12/2016 L.E	Financial year ended 31/12/2015 L.E
Export subsidy revenue	13 982 617	3 034 319
Deferred capital gains	399 820 14	1 738 584
Capital gain	7 581 712	2 907 223
Reversal of impairment of Inventories	42 021	-
Reversal of impairment of receivables	61 175	-
Drawback of sales tax	351 079	788 632
Increase in biological wealth due to newborn	13 397 250	2 889 000
Other revenue	12 252 652	6 671 530
	62 488 905	**18 029 288**

6 General & administrative expenses

	Financial year ended 31/12/2016 L.E	Financial year ended 31/12/2015 L.E
Personnel expenses	87 022 607	78 578 496
Depreciation expense	14 681 179	13 722 125
Rents expense	9 439 121	8 776 868
Other administrative expense	63 814 248	44 858 646
	174 957 155	**145 936 135**

7 Other expenses

	Financial year ended 31/12/2016 L.E	Financial year ended 31/12/2015 L.E
Financial lease installments	21 905 151	12 101 325
Impairment of fixed assets	-	13 215 001
Impairment of inventories	93 964	12 865 891
Damaged inventory	6 080 838	-
Impairment of receivables	2 286 230	2 017 775
Provision for claims	3 568 837	8 967 824
Other	4 138 980	2 807 675
	38 074 000	**51 975 491**

8 Finance income and finance costs

	Financial year ended 31/12/2016 L.E	Financial year ended 31/12/2015 L.E
Finance interest & expense	(271 374 306)	(196 144 480)
Credit interest	16 558 441	14 264 832
Net finance cost	(254 815 865)	**(181 879 648)**
Foreign exchange (loss) gains	(47 189 227)	7 588 369
Change in fair value	-	(269 898)
	(302 005 092)	**(174 561 177)**

9 Segmentation 2015

9-1 Segmentation reports for the year ended 31 December 2016

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments							
	Dairy sector L.E 12/31/2016	chilled sector L.E 12/31/2016	Juices sector L.E 12/31/2016	Concentrates sector L.E 12/31/2016	Agriculture sector L.E 12/31/2016	Undistributed items L.E 12/31/2016	Elemenation of consolidated transactions L.E 12/31/2016	Total L.E 12/31/2016
Sales	2435 227 843	1175 831 440	1106 638 797	101 549 710	68 555 861	105 054 118	-	**4 992 857 769**
Sales between segments	2031 499 075	919 889 930	910 894 277	150 616 625	117 231 801	-	(4 130 131 707)	-
Other operating income	22 712 403	9 688 562	9 688 884	47 686 972	25 604 775	2 653 963	-	**118 035 559**
expense	(558 855 222)	(449 088 717)	(370 012 426)	(11 993 300)	(30 740 336)	(3 062 375)	-	**(1 423 752 376)**
Net profit for the year								**53 651 745**
Other Information								
Depreciation	**66 035 087**	**75 651 862**	**60 274 667**	**12 699 844**	**19 832 057**	**-**	**-**	**234 493 517**
Assets	**1 393 274 418**	**1484 707 074**	**1207 560 166**	**495 765 674**	**782 568 153**	**131 434 090**	**-**	**5 495 309 575**
Liabilities	**1064 024 652**	**1034 039 835**	**853 756 775**	**169 229 451**	**67 919 393**	**14 178 456**	**-**	**3 203 148 562**

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

9- Segmentation 2016

9-2 Segmentation reports for the year ended 31 December 2015

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							
	Dairy sector L.E 12/31/2015	Cooling sector L.E 12/31/2015	Juices sector L.E 12/31/2015	Concentrates sector L.E 12/31/2015	Agriculture sector L.E 12/31/2015	Undistributed items L.E 12/31/2015	Elemenation of cosolidated transactions L.E 12/31/2015	Total L.E 12/31/2015
Sales	2183 761 752	1066 916 568	830 800 218	63 144 345	76 660 127	9 878 866	-	4231 161 876
Sales between segments	1784 471 876	880 688 590	686 801 867	99 899 252	13 730 844	-	(3465 592 429)	-
Other operating income	7 130 796	2 903 717	2 237 768	6 774 105	3 039 162	-	-	22 085 548
Expenses	(430 127 432)	(371 284 583)	(210 357 599)	(13 782 785)	(27 937 328)	-	-	(1 053 489 727)
Net profit for the year								**279 932 991**
Other Information								
Depreciation	**60 406 892**	**65 527 595**	**50 234 676**	**12 108 603**	**15 997 319**	**-**	**-**	**204 275 085**
Assets	**1 329 869 329**	**1442 944 262**	**1116 840 518**	**288 389 452**	**681 128 216**	**136 090 775**	**-**	**4 995 262 552**
Liabilities	**861 163 914**	**983 227 451**	**565 509 286**	**116 414 887**	**46 001 695**	**-**	**-**	**2 572 317 233**

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

10 Investment under joint control (Equity)

Name of the investee company	Share percentage %	Current assets L.E.	Non current assets L.E.	Total assets L.E.	Current liabilities L.E.	long term liabilities L.E.	Total liabilities L.E.	Revenues L.E.	Expenses L.E.	Net (loss) L.E.	Cost of investment L.E.
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**

Financial Statements | Translation from Arabic

11- Property, plant, and equipment (net)

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation &transport vehicles L.E.	Tools L.E.	Empty plastic containers & Paletts L.E.	Display refg.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2015	199 602 682	753 147 429	1 408 327 332	216 611 064	65 211 951	27 915 907	65 411 732	27 319 098	22 603 034	69 946 576	2 856 096 805
Additions of the year	60 057 125	436 118 850	392 237 204	39 500 624	13 328 815	6 001 924	13 814 093	3 242 499	2 158 331	7 070 726	973 530 191
Disposals of the year	(50 431 995)	(32 321 146)	(11 692 562)	(16 328 811)	(278 945)	(3 575 646)	(386 218)	(285 681)	(17 941)	(254 232)	(115 573 177)
Reclassification	-	-	(7 700)	-	-	-	-	-	7 700	-	-
Impairment in fixed assets	-	-	(9 443 133)	-	-	-	-	-	-	-	(9 443 133)
Cost as at 31/12/2015	**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)
Reversal of 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**
Accumulated depreciation											
Accumulated depreciation as at 1/1/2015	-	53 394 461	487 431 275	93 268 351	29 612 037	19 573 886	13 036 121	3 175 798	7 615 778	54 623 696	761 731 403
Depreciation of the year	-	23 935 441	119 024 843	21 232 076	7 364 794	5 925 701	14 190 614	1 426 294	2 133 654	9 041 668	204 275 085
Accumulated depreciation of disposals of the year	-	(780 507)	(5 678 630)	(11 820 807)	(245 507)	(3 538 826)	(280 433)	(90 823)	(16 227)	(216 235)	(22 667 995)
Reclassification		-	(4 294)	-	-	-	-	-	4 294	-	-
Accumulated depreciation as at 31/12/2015	**-**	**76 549 395**	**600 773 194**	**102 679 620**	**36 731 324**	**21 960 761**	**26 946 302**	**4 511 269**	**9 737 499**	**63 449 129**	**943 338 493**
Depreciation of the year	-	26 139 012	134 359 898	27 115 861	8 558 953	6 862 960	16 972 849	1 621 825	2 231 449	10 630 710	234 493 517
Accumulated depreciation of disposals of the year	-	(563 232)	(15 364 667)	(13 734 566)	(808 547)	(918 415)	(356 903)	(18 900)	(27 899)	(371 511)	(32 164 640)
Accumulated depreciation as at 31/12/2016	**-**	**102 125 175**	**719 768 425**	**116 060 915**	**44 481 730**	**27 905 306**	**43 562 248**	**6 114 194**	**11 941 049**	**73 708 328**	**1 145 667 370**
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**
Net book value as at 31/12/2015	**209 227 812**	**1 080 395 738**	**1 178 647 947**	**137 103 257**	**41 530 497**	**8 381 424**	**51 893 305**	**25 764 647**	**15 013 625**	**13 313 941**	**2 761 272 193**

* Fully depreciated assets are amounted to L.E 146 641 594 as at 31 December 2016.

Financial Statements | Translation from Arabic

The land item amounted to L.E 213 682 424 on 31/12/2016 includes an amount of L.E 142 315 935 representing the not registered land thus procedures of registering the land are in progress.

11-1 Land of Juhayna Food Industries Co.

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

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

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

11-3 Land of Egyptian Co. for Dairy Products

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

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

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

Description	Amount L.E	Instrument of possess
Pc. 112:118 m3 6th of October	11 060 593	Specification letter

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

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

11-6 Land of Modern Concentration Co.

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

11-7 Land of Inmaa for Agriculture Development & Biological wealth

The Land item includes the follows:

- Area of 2 500 Acres on Farafra zone amounted to L.E 1 250 000 with the virtue of preliminary contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation.
- Area of 7 500 Acres on Farafra zone amounted to L.E 3 750 000 with purpose – only - of cultivation with the virtue of bank cheque no. 1472844 dated September 14, 2009 for the beneficiary the head of the centre office of Farafra city. The necessary legal procedures for convey of land are in progress.

11-8 Land of Inmaa for live stock

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

11-9 Land of Inmaa for Agriculture Development

- Area of 8 364 Acres amounted to L.E 16 560 720 in the virtue of a preliminary contract from Inmaa for Agriculture Development & Biological wealth. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 2 000 Acres amounted to L.E 3 000 000 in the virtue of a contract with the seizure (Mohamad Mahrous Ahmad) dated 21 March 2013 and all the necessary legal procedures with government for legal convey of land are in progress.
- Area of 240 Acres amounted to L.E 360 000 in the virtue of a contract with the seizure (Mohamad Ali Farag) dated 21 March 2013 and all the necessary legal procedures with government for legal convey of land are in progress.

11-10 Land grants

Company management has acquired five plots of land as a governorate grant for the establishment of projects in the areas and provinces where the lands located and this is by issuing letters of guarantee by the company for the governorate with total value 2 516 750 LE, in case that the company did not obligate the conditions of acquiring these lands, the letters of guarantee will be liquidated to beneficiaries and these are the lands as follows:-

- land plots from 637 to 650 in Assuit its total area 30 000 m2 to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots number (67,68,69,75,76) in Beni suef to its total area 10.335 thousands m2 to establish a factory for the production of natural juices , dairy products , white cheese freezing & cooling vegetables , fruits , meat & fish.
- Land plot in sohag its total area 10000 m2 to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. (186,187,188 , huge area of 185) its total area 5960 m2 to establish a factory for keeping , cooling and freezing dairy products , juices and concentrates
- Land plot in Aswan – Industrial area, Al Alaki Valley. its total area 10000 m2 to establish a factory for keeping, cooling and freezing foodstuff.

12 Projects under constructions

	31/12/2016 L.E	31/12/2015 L.E.
Buildings and constructions in progress	190 198 291	195 166 563
Machineries under installation	106 043 897	126 048 539
Advance payments for fixed assets purchase	82 983 384	97 677 432
Wells and water pump	2 712 619	11 469 725
Payment for reclamation and cultivation	-	507 565
Furniture in progress	290 272 1	-
	383 210 481	**430 869 824**

13 Plant wealth

13-1 Plant wealth

	31/12/2016 L.E	31/12/2015 L.E.
Cost at year beginning	-	-
Additions during the year	13 800 318	-
Cost at year ending	**13 800 318**	**-**
Less:		
Accumulated depreciation at year beginning	-	-
Depreciation of the year	(330 897)	-
Accumulated depreciation at year ending	**(330 897)**	**-**
Net	**13 469 421**	**-**

13-2 Plant wealth – under construction

	31/12/2016 L.E	31/12/2015 L.E.
Land reclamation	204 162	514 253
Fruit trees	3 282 836	13 355 781
Protection trees (Kazhurana)	464 398	429 583
Palm trees	4 412	4 412
	3 955 808	**14 304 029**

Financial Statements | Translation from Arabic

14 Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - un productive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2016	677	17 326 170	1 150	23 413 010	1 827	**40 739 180**
Adding:						
Addition during the year	-	-	1 190	35 164 274	1 190	**35 164 274**
Transferred from bilogical wealth (Flock of dairy live stock - un productive)	1 974	59 921 097	(1 974)	(59 921 097)	-	**-**
Births of flock	-	-				
Male	-	-	1 184	5 400 500	1 184	**5 400 500**
Female	-	-	1 155	7 996 750	1 155	**7 996 750**
Capital cost during drying -off	-	1 373 061	-	16 504 167	-	**17 877 228**
	2 651	**78 620 328**	**2 705**	**28 557 604**	**5 356**	**107 177 932**
Biological wealth sales						
Cows	124	3 413 859	-	-	124	3 413 859
pregnant	-	-	5	151 408	5	151 408
Newborn - Female	-	-	9	107 207	9	107 207
Newborn - Male	-	-	1 145	5 212 500	1 145	5 212 500
The death of live stock losses						
Cows	78	2 158 162	-	-	78	2 158 162
Female	-	-	4	116 429	4	116 429
Male	-	-	106	966 329	106	966 329
	-	-	41	186 500	41	186 500
	202	**5 572 021**	**1 310**	**6 740 373**	**1 512**	**12 312 394**
Cost of flock of livestock at 31/12/2016	**2 449**	**73 048 307**	**1 395**	**21 817 231**	**3 844**	**94 865 538**
Accumelated depreciation						
Depreciation milking cows at 1/1/2016		**673 113**				**673 113**
Depreciation milking cowsduring the year	-	6 652 033	-	-	-	**6 652 033**
Accumulated depreciation of disposals of sales case	-	(235 570)	-	-	-	**(235 570)**
Accumulated depreciation of disposals of death case	-	(116 520)	-	-	-	**(116 520)**
Accumelated depreciation at 31 December 2016	-	**6 973 056**	-	-	-	**6 973 056**
Net amount of flock of livestock at 31/12/2016	**2 449**	**66 075 251**	**1 395**	**21 817 231**	**3 844**	**87 892 482**
Net amount of flock of livestock at 31/12/2015	**677**	**16 653 057**	**1 150**	**23 413 010**	**1 827**	**40 066 067**

* Calfs of flocks are measured at fair value deducted by sale cost . any increase or decrease in fair value about book value is recognzied 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 unavaliable active market that can realy on in determine fair value

15 Tax status

15-1 Juhayna Food Industries-S.A.E.(the Parent Company)

A. Corporation tax

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

The period from the beginning of operation till year 2007

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

Year 2008, 2009

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

Years from 2010 till 2013

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

Years from 2014 till 2015

The company hasn't been inspected yet.

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

B. Salaries tax

The period from the beginning of operation till year 2010

The company was inspected and the tax due is paid.

Year from 2011 till 2014

The inspection in progress.

Year 2015

The company hasn't been inspected yet.

C. Stamp tax

The period from the beginning of operation till 2014

The company was inspected and the tax due is paid.

Year 2015

The company hasn't been inspected yet.

D. Sales tax

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

Year 2015

The company hasn't been inspected yet.

E. withholding tax

The Company submits the withhold amounts within legal duration

Financial Statements | Translation from Arabic

15-2 Subsidiaries

First: Corporation tax

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

The Companies that are not exempted.

Egyptian Company for Dairy Products
(the tax inspection has been performed and paid till 2004)

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

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

Inmaa for Agriculture Development and reclamation
The company was not inspected till now

Inmaa for live stock
The company was not inspected till now

Second: Salaries tax

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

Third: Stamp tax

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

Fourth: Sales tax

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

16 Inventories

	31/12/2016 L.E	31/12/2015 L.E.
Raw materials	548 743 009	127 957 424
Packaging & packing materials	372 729 078	149 049 866
Finished products	344 291 206	235 815 296
Spare parts & miscellaneous supplies	47 051 690	36 607 968
Goods transit - L/C's for goods purchase	13 064 224	24 424 965
	1 325 879 207	**573 855 519**

17 Trade and other receivables (Net)

	31/12/2016 L.E	31/12/2015 L.E.
Trade receivables	119 245 979	73 039 953
Less: Impairment in trade receivables	(6 666 320)	(4 616 826)
	112 579 659	**68 423 127**
Notes receivables	10 256 699	14 914 666
Suppliers – advance payments	16 360 006	7 673 828
Prepaid expenses	17 124 001	8 452 123
Export subsidy	14 782 453	10 433 817
Accrued revenues	16 955 568	2 013 711
Tax authority	33 700 962	20 759 939
Customs authority	30 393 339	7 190 882
Deposits with others	21 869 412	13 101 070
Letter of credit	66 409 151	-
Other debit balances	16 538 581	38 997 614
	356 969 831	**191 960 777**
Less: Impairment in other debit balances	(3 950 717)	(3 950 717)
	353 019 114	**188 010 060**

18 Cash and cash equivalents

	31/12/2016 L.E	31/12/2015 L.E.
Time deposits *	101 493 925	723 548 920
Banks – current accounts	17 706 151	53 894 697
Checks under collection	26 268	-
Cash in hand	1 655 309	5 423 185
Cash in transit	8 709 576	12 051 008
	129 591 229	**794 917 810**
Bank over draft	(25 031 480)	(32 443 129)
Cash and cash equivalents in the statement of cash flows	**104 559 749**	**762 474 681**

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

19 Share capital

	31/12/2016 L.E	31/12/2015 L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

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

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

19-1 General reserve - issuance premium

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

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

20 Loans

Details	Long term loans – current portion L.E	Long term loans L.E	Total L.E
Granted loans to Company's Group from CIB.	127 334 011	344 829 307	472 163 318
Granted loans to Company's Group from European Bank for Reconstruction & Development	59 000 001	184 272 725	243 272 726
Granted loans to Company's Group from HSBC.	25 942 591	51 413 888	77 356 479
Granted loans to Company's Group from QNB.	23 200 000	78 000 000	101 200 000
Granted loans to Company's Group from EGBE.	30 000 000	120 000 000	150 000 000
Granted loans to Company's Group from Barclays.	25 272 749	25 272 745	50 545 494
Balance at 31/12/2016	**290 749 352**	**803 788 665**	**1094 538 017**
Balance at 31/12/2015	**247 349 341**	**1 013 338 245**	**1 260 687 586**

21 Banks – credit facilities

This balance which amounted to L.E 1 049 803 834 as at 31/12/2016 (against L.E 637 074 206 as at 31/12/2015), represents the drawn down portion of the L.E. 1 601 million (in aggregate principal) bank facilities. Interest is charged on such drawn down amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

22 Provision for claims

Description	Balance at 1/1/2016 L.E	Provision formed during the year L.E	Provision used during the period L.E	Balance at 31/12/2016 L.E.
Provision for claims	11 959 876	837 568 3	(6 100 705)	**9 428 008**

23 Creditors and other credit balances

	31/12/2016 L.E	31/12/2015 L.E.
Suppliers	399 767 037	197 599 020
Notes payable	438 249	1 833 480
Accrued expenses	128 199 072	68 142 835
PP&E' creditors	1 853 040	630 117
Tax authority	29 214 480	10 399 700
Deposits from others	6 389 053	2 667 475
Sales tax installments on the imported machineries and equipment	10 141 121	10 175 609
Deferred capital gains	14 286 733	4 251 515
Due to Sodic company- current portion	7 599 512	8 479 484
Due to Geran company – current portion	1 046 072	1 144 924
Social insurance authority	3 709 695	3 000 484
Dividends payable	63 709	2 315
Advances from customers	3 699 749	2 359 424
New Al Manya city authority	668 750	668 750
10th of Ramadan city authority- short term	1 641 484	1 781 113
Other credit balances	4 151 178	4 676 868
	612 868 934	**317 813 113**

24 Other long term liabilities

	31/12/2016 L.E	31/12/2015 L.E.
The value of sales tax installments on the imported machineries and equipment due from Jan.2018 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 10 141 121 as at 31/12/2016 (L E 10 175 609 as at 31/12/2015) are shown under the caption of creditors and other credit balances in the consolidated balance sheet (Note 23).	35 633 681	46 579 938
- The amount due to (Jeran for real state and investments Company) as a value of purchasing an administrative building according to agreed contract on 17/04/2013 amounted to L.E 8 576 400. A down payments was paid amounted to L.E 6 972 420 and the rest will be settled over 3 equal installments starting from June 2016.	-	1 046 072
- 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	10 134 573	17 734 085
53 515 594 and the rest will be settled over 12 equal installments starting from December 2016.	668 750	1 337 500
- 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, first installment starting from 16/05/2016.		3 143 340
- The amount due to (10th of Ramadan governors) as a value of a land at forth area 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 first installment starting from 25/11/2016 amounted by L.E 1 781 113 unlike central bank interest rate on accrued installments plus 0.5% administrative expense, first installment starting from 25/11/2016.	1 264 403	69 840 935
	47 701 407	**317 813 113**

Financial Statements | Translation from Arabic

25 Deferred revenues

	31/12/2016 L.E	31/12/2015 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 thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The company cancelled the contract in 2016 ,and the revenue was realized in the income statement for the year amounted to L.E 3 477 116 .	-	1 738 533
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/3/23 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 8 830 351 and the short term portion during the year ended amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 23).	97 133 867	-
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land Owned For Tiba Company With rerenting it with amount 130 165 951 L.E With 84 Monthly Installment started from 31 July 2015 Till 30 June 2022 With 1 514 357 L.E for each Installment, The amortization during the year ended amounted to L.E 2 512 931 while the short term portion amounted to L.E 3 769 396 included in the trade & other credit balances item of the consolidated balance sheet (Note 23).	11 308 189	13 821 120
	108 442 056	**15 559 653**

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 206 673 187 on 31/12/2016 is representing net book value of assets and liabilities on tax basis.

	Balance on 1/1/2016 L.E	Deferred tax as at 31/12/2016 L.E	Balance on 31/12/2016 L.E
Deferred tax liability from fixed assets	**154 598 814**	**52 074 373**	**206 673 187**

Recognized deferred tax assets and liabilities

Deferred tax liabilities are representing in the following items:

	Liabilities 31/12/2016 L.E.	31/12/2015 L.E.
Fixed assets	206 673 187	155 380 165
Deferred revenue	-	(781 351)
Net tax liabilities	**206 673 187**	**154 598 814**

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2016 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 31/12/2016	Contribution percentage 31/12/2015	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries “Egyfood”	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Live Stock	99.862 Indirect	99.964 Indirect	Egypt
Inmaa for Agriculture and improvement	99.964 Indirect	99.964 Indirect	Egypt
Companies under joint control			
Arju company for food industries	50.75 under joint control		Egypt

28 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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.

Financial Statements | Translation from Arabic

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:

		Carrying amount	
	Note	31/12/2016 L.E.	31/12/2015 L.E.
Trade receivables	(17)	112 579 659	68 423 127
Banks credit facilities	(21)	1 049 803 834	637 074 206
Total long term loans	(20)	1094 538 017	1 260 687 586

Liquidity risk

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

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

A credit facility in a principal amount of L.E 1 049 803 834 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

	Carrying amount L.E.	Contractual cash flows L.E.
Credit facilities	1 049 803 834	000 000 601 1

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

Financial Statements | Translation from Arabic

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:

Description	USD	Euro	SAR	GBP	CHF
Trade and other debit balances	1 312 343	-	-	-	-
Cash and cash equivalents	3 850 799	626 423	-	3 009	-
Credit facilities	(7 041 981)	(245 397)	-	-	-
Trade and other payables	(10 962 750)	(1 790 935)	-	(97 673)	-
31 December 2016	**(12 841 888)**	**(1 409 909)**	**-**	**(94 664)**	**-**
31 December 2015	**20 528 988**	**(1 825 409)**	**96**	**(89 975)**	**(19 423)**

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	2016/12	2015/12	2016/12	2015/12
USD	13.11	7.49	18.41	7.815
Euro	13.90	8.62	19.25	8.540
GBb	17.088	11.612	22.56	11.67

Sensitivity analysis

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 31 December 2016 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 2015.

	Profit/Loss	
	31/12/2016 L.E.	31/12/2015 L.E.
USD	(23 629 074)	16 043 396
Euro	(2 704 075)	(1 558 899)
GBP	(202 984)	(100 592)
	(26 536 133)	**14 383 905**

Given the current economic conditions faced by the Arab Republic of Egypt, the Company's management faces the market risks represented in the difficulty of foreign currency cash management declared at official prices, due to the shortage of cash in foreign currency in the official banking markets.

This has affected the Company's ability to provide its foreign currency operating needs to ensure the continuing of its operations / production process on a regular basis.

The Company's management resorted, in the context of applying exceptional policies to manage market and operation risks, to cover some of its foreign currency cash requirements with exceptional exchange rates, during the period, which differ from quoted prices in official banking markets, in light of the circumstances, after getting approval along with the related internal documents by the Company's senior management, to the best estimate of the price from its point of view.

Interest rate risk

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

Capital management

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

	31/12/2016 L.E.	31/12/2015 L.E.
Total liabilities	3 203 148 562	2 572 317 233
Less: cash and cash equivalents	(129 591 229)	(794 917 810)
Net debt	**3 073 557 333**	**1 777 399 423**
Total equity	2 292 161 013	2 422 945 319
Net debt to equity ratio	**134.09%**	**73.36%**

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

29 Financial lease contracts

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

Land lease contracts (Sale and lease back)

On 30/10/2007 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 1/1/2008. The following is a summary of the above mentioned contract:

Description	Lease value		Lease period Months	Purchase value at end of contract L.E	Monthly lease value L.E
	Contractual value L.E	Accrued interest L.E			
Contract from 1/1/2008 to 31/12/2017	73 453 985	47 559 261	120	1	1 008 444

Financial Statements | Translation from Arabic

- Juhayna for Food Industries Company acquired the above mentioned land and constructed a building thereon. Subsequently, the Company sold the land including the buildings to Segolease subject to the right of finance re-leases.

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

- The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total installments of the financial period ended 30/6/2016 amounted to L.E. 3 025 331 .

- The company during the year 2016 in agreement with QNB Al Ahli for Financial Leasing Company (Segoles company for Finance Leasing- formerly) to end the leasing contract and the restoration of the land and the buildings and construction, compared to the amount of L.E 19 159 879.

New financial lease contracts (Sale and lease back)

On 23/3/2016 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 23/3/2016 . The following is a summary of the above mentioned contract:

Description	Lease value: Contractual value L.E	Lease value: Accrued interest L.E	Lease period Months	Purchase value at end of contract L.E	Monthly lease value L.E
Contract from 24/3/2016 to 23/3/2026	274 793 655	124 296 706	120	1	6 623 067

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

- The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total installments of the financial period ended 31/12/2016 amounted to L.E. 18 879 820

- The company paid 11 897 900 L.E as a down payment and as at 31 December 2016 amounted 11 005 558 L.E classified the current portion in advance payments to note (23)and the Non-current portion amounted to 9 815 767 LE classified in the other long term debit balances

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

	L.E.
Total amount of the contract	121 848 259
Contract updated amount (increase in interest)	15 611 304
Down payment	(4 017 259)
Remaining amount	**133 442 304**
Paid installment	(26 415 648)
Unpaid (66 installment by L.E 1 621 616 monthly)	**107 026 656**

30 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has given guarantees on 31/12/2016 amounting to LE 11 194 094 the covered amount L.E 5 119 598.

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 86 942 204 on 31/12/2016.

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

32 Related party transactions

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

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

32-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions 31/12/2016 L.E.	Total value of transactions 31/12/2015 L.E.	Balance as at 31/12/2016 L.E.	Balance as at 31/12/2015 L.E.
Argu	Current account	14 178 441	-	14 178 441	-
				14 178 441	-

33 Goodwill

	31/12/2016 L.E.	31/12/2015 L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy & Juice Products	934 433 46	**934 433 46**
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	956 658 50
	97 092 890	**890 092 97**

34 Economical events

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:

Main Foreign Currencies	Selling	Buying
USD	14.2757	13.5277
Euro	15.8389	15.0076

Accordingly, the balances of the monetary assets and liabilities denominated in foreign currencies may significantly vary subsequently than its recorded values in the interim financial statements for the period ended September 30, 2016, in addition, the company's performance may be affected significantly in the subsequent periods as a result of the same resolution.

In line with the Central Bank's resolution referred to, the central bank of Egypt raised both overnight deposit & lending rates by 300 bps to reach up 14.75% and 15.75% respectively; which may affect the company's net finance costs.

35 Other events

On August 20, 2015 A Presidential Decree was issued of Law No. (96) for the year 2015 amending certain regulations of the income tax law No. (91) of 2005 and Decree No. 44 of 2014 to impose a temporary additional income tax, and this decree will be effective from the day following its publication , the following are the most significant amendment: -

1. Reduction of income tax rate to become 22.5% of the annual net profit.
2. Amendment for the imposition of temporary tax of 5%.
3. Modifying the tax on dividends.
4. Suspending the imposition of the capital tax on the output of dealing in listed securities for two years starting from 30/6/ 2015.
5. On September 7, 2016 A Presidential Decree was issued of Law No (67) for the year 2016 by issuing vat law.

36 Subsequent events

The company issued a statement clarifying that the verdict in absent against the chairman regarding case No. 653 for the year 2014 is related to him personally and not to the group that he hold shares in.

Financial Statements | Translation from Arabic

37 New Egyptian accounting standards issued.

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 from January 2016, with the knowledge that early adaption of these standards is not allowed

The following table shows the amendments that may have significant effect on the financial statements for year ended 31 December 2016 .

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) Presentation of Financial Statements	**Financial Position Statement** • 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. **Income Statement (Profit or Loss)/ Statement of Comprehensive Income** • 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 *(Income Statement)* and the other one starts with the profit or loss and presents the other comprehensive income items *(Statement of Comprehensive Income)*.	• 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. • Adding a new statement, Statement of Comprehensive Income, for the current and comparative period.

juhayna.com