FASTER CHEAPER BETTER

Our wide range of dairy, juice, and cooking products are household staples that consumers turn to for quality and value

2017 Annual Report

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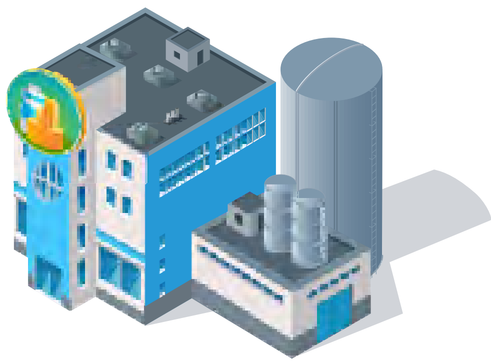
Juhayna at a Glance

With more than three decades in the Egyptian market, Juhayna has 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.

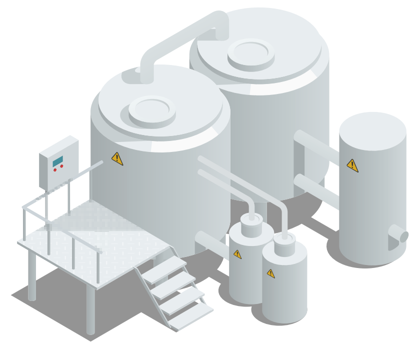
6,065 EGP MN
in revenue, 21% annual growth

5,700
employees

1983
Date of Establishment



7
Manufacturing Facilities



65K
Points of Sale

230+
SKUs

1,000
Vans & Trucks

29
Distribution Centers

Chairman's Note

Recognizing opportunity in challenging environments, Juhayna has sustained its revenue growth trajectory and restored profitability during the past year, thanks to streamlined operations and cost-cutting measures.

Dear Shareholders,

It's been a gratifying year for Juhayna, one where we faced the storm and adapted to the new economic landscape in Egypt, and in doing so showed our resilience as the industry leader. Under the guidance of its exceptional management team, Juhayna bounced back on track with another outstanding earnings performance, emerging as a leaner and more efficient organization, and setting the precedent for the whole industry. We ended the year having successfully protected Juhayna's profitability, with our top line gains reaching EGP 6 billion in FY2017, up 21% from EGP 4.9 billion in FY2016.

We started off FY2017 on the right foot, rushing to tackle some tough economic headwinds. Juhayna dealt with an increased FX rate, high inflation, rising energy costs, high levels of inventory, and higher costs of debts – all while our customers experienced a drop in their purchasing power.

6,065 EGP MN

in revenues, up 21%

Nonetheless, we saw this challenging period as an opportunity to push through increased efficiency and roll out our cost-control initiatives. Having kicked off the year with gradually passed-on cost increases, Juhayna worked on absorbing inflationary shocks to maintain its competitive edge in the market, embarking on a series of unprecedented measures to slash down expenses. Suspending any CAPEX activity for the foreseeable future, as the year unfolded Juhayna divested from unproductive assets and regulated debt levels, improving efficiency by discontinuing products with weak profitability margins and shrinking inventories.

Our cost-effective measures were also supported by our marketing strategies that helped stimulate demand and consolidate our leadership status in the market. In the beginning of FY2017, Juhayna worked diligently to rejuvenate the market through innovating and implementing various commercial and marketing initiatives to boost demand. Market share figures for Juhayna placed us among the top contenders in the dairy, yoghurt, and juice markets.

Our diligent and persistent efforts to slash down costs paid off as our margins improved steadily over the course of the year, and we wrapped up FY2017 with more than double bottom-line profitability from the previous year, with net income at EGP 198 million, a staggering 269% increase from last year.

Our 2017 success was not only limited to our robust financial performance, but also our contribution to the community. In 2017, Juhayna took a giant leap forward towards upholding global standards to its local business by joining the United Nation's Global Compact Initiative (UNGC). We have committed our strategy and culture to incorporate the UNGC's 17 Sustainable Development Goals, working towards a healthy, open, and sustainable business future.

Time and time again, Juhayna has gone through difficult chapters, but we've remained confident in our ability and longstanding track record to overcome challenging operating environments. The Egyptian market's long-term fundamentals remain promising with fast-growing demand, providing us with the opportunity to achieve our goals of boosting revenues, keeping up profitability, and ultimately continuing to create shareholder value.

Safwan Thabet
Chairman

2017

in Review

Efficiency was the cornerstone of Juhayana's 2017 strategy as it maintained its leading position in the market.

2017
in Review

Standing Strong

In 2017, Juhayna and many businesses in Egypt faced a new operating environment following the flotation of the Egyptian pound in November 2016, which led to a marked transformation in efficiency standards. The year 2017 witnessed an unprecedented hike in inflation, diminishing consumer purchasing power. The new exchange rate regime also led to a decline in the competitive advantage of local products and the import of cheap raw materials. Put to the test, Juhayna was among the companies that succeeded in overcoming these challenges and adapting to the new reality, thanks to its flexible business model and its ability to maximize efficiency while capitalizing on its strong brand equity and reputation for quality.

As a pioneer in the Egyptian food and beverage industry enjoying over three decades of on-the-ground experience, Juhayna employed prudent strategies and a highly skilled management team to grow and exemplify its resilience. The company rolled out several key cost-cutting initiatives to absorb inflationary shocks, maintain competitiveness and ultimately come out a leaner and more efficient organization.

Tightening the Belt

Owing to the government's reform measures, high inflation and rising costs of energy placed considerable strain on real incomes and weakened purchasing power. Attentive to consumer troubles, Juhayna made sure to remain competitive and hold its share of the consumer wallet even as it gradually hiked its prices. Instead of leaving its customers to shoulder the burden of higher input costs alone, Juhayna looked inside for profitability and implemented cost-cutting measures from within. During FY2017, the company delivered healthy profitability with efforts that included delisting unsuccessful SKUs, cutting down its costs and increasing efficiency while postponing expansion plans and reducing the company's debts.

The New Normal

The past period of economic challenges tested not only businesses but consumers as well, and as a result buyer behavior in Egypt underwent a massive transformation. Owing to a high inflationary environment and budget constraints, consumers sought more affordable products, eschewing premium products and effectively becoming more cautious of their spending allocation. According to the latest Nielsen findings, Egyptian customers were now more conscientious of the products they buy, making sure they get the most value and longevity out of their money, with 35% of Egyptians shopping less and 17% reducing the quantities they purchased during FY2017[1]. A significant number of buyers actively sought promotions and affordable alternatives, with 88% of respondents choosing less expensive products while 71% of Egyptian consumers saying they were actively looking for promotions, a figure that was up from 20% y-o-y[2].

Adapting quickly to this change in buyer behavior, Juhayna resumed offering lower-priced, affordable products during FY2017 and successfully maintained its position as a leader in its key markets. In addressing the new cost-cutting consumer, Juhayna also engaged in several commercial and marketing campaigns that included attractive promotions and discounts for customers, heightening consumer awareness and loyalty to the Juhayna brand.

Market Outlook

After more than a year since the launch of the economic reform program, GDP growth is on the rise, inflation is stabilizing, income levels are beginning to adjust and the Egyptian economy is recovering. Consumers are now adapting to the current environment and businesses are finding their new footing in their markets. With our strong market position in a highly competitive market, we're looking to capture the upside of Egypt's economic recovery and boost sales as we head into 2018.

[1] Nielsen, "Three Trends to Navigate Egypt's New Normal", 28-09-2017, https://bit.ly/2JyrEPi

[2] Nielsen, "Re-defining Egyptian Consumers in the Current Climate", 08-10-2017, https://bit.ly/2zLnGmZ

Management Discussion and Analysis

Overcoming the past year's challenges, Juhayna recorded revenue growth at 21% and restored bottom-line profitability levels.

Riding out a high inflationary environment with a devalued local currency, higher interest rates, and weakened consumer purchasing power, Juhayna demonstrated its resilience in the market with prudent strategies and cost-cutting resourcefulness. Aware of the sensitive nature of the Egyptian food sector, Juhayna kept to its strategy of gradually transferring cost increases to consumers while streamlining operations and driving down costs to maintain its competitive edge in the market.

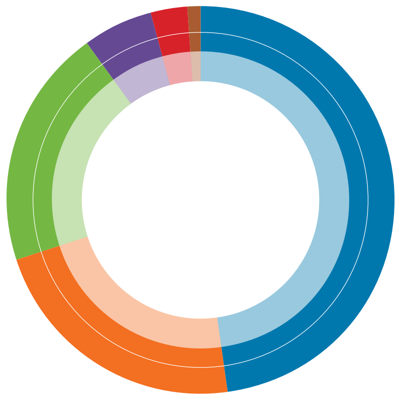
Overall, Juhayna turned a 21% y-o-y growth in revenues to EGP 6 billion, with segment contribution to revenues led by dairy at 48% of total revenue, followed by yoghurt at 22% and juice at 20%. Most notably, revenue from the concentrates segment jumped to 6% of total revenues in 2017 compared to 2% the previous year, while the company's joint venture with Arla Foods, ArJu, also recorded an increase in revenue contribution from 2% in FY2016 to 3% in FY2017.

With its cost-cutting efforts, FY2017 brought about a leaner, more efficient organization. The company's gross profit margin increased to 30%, up from 29% in FY2016, reflecting Juhayna's robust financial health and efficiency. Moreover, Juhayna's record proactive steps to cutting down superfluous expenses included minimizing inventory, reducing debts, maintaining efficient workforce levels and divesting of unsuccessful SKUs – all of which helped boost the company's bottom-line profitability by 269% y-o-y in FY2017 to EGP 198 million, with the net profit margin increasing to 3.3% compared to last year's 1.1%.

Heading into 2018, Juhayna is committed to keeping up its profitability and increasing efficiency. Moving ahead, the company will target more top-line growth by stimulating sales and maintaining its competitive edge in the market. At the same time, Juhayna will carry on trimming costs, keeping down expenses through minimizing investments, regulating debts and reducing inventory.

Having successfully navigated choppy waters, Juhayna is now anticipating the revival of the Egyptian economy and is prepared to capture the upside of Egypt's economic rebound, improving its margins and restoring investor confidence. In a market characterized by strong fundamentals and fast-recovering demand, Juhayna will continue its quick and flexible responsiveness to market dynamics and forge ahead.

Revenue Breakdown by Segment FY2017



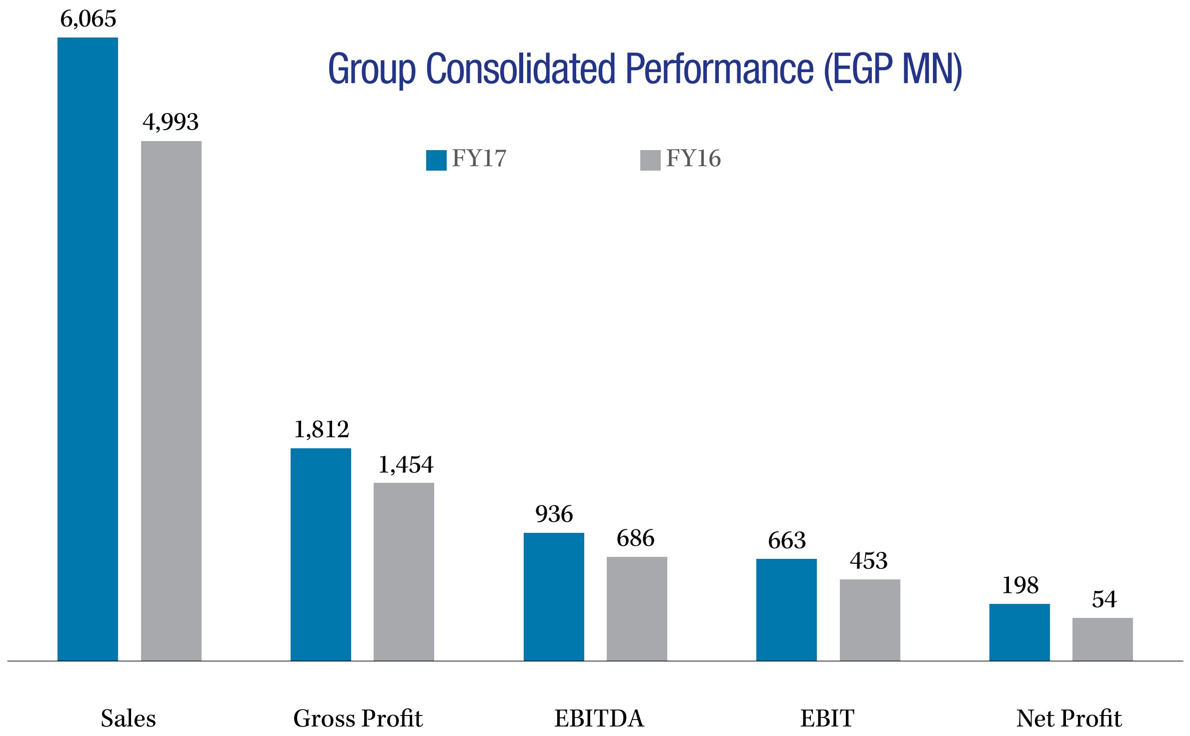
Dairy	48%
Yoghurt	22%
Juice	20%
Concentrates	6%
ARJU	3%
Agriculture	1%

6,065 EGP MN
in revenue, up 21%

1,812 EGP MN
gross profit, up 25%

663 EGP MN
EBIT, up 46%

198 EGP MN
net income, up 269%



Our Strategy

Juhayna’s strategy focused on maintaining its position at the forefront of its industry as it navigated economic challenges in 2017.

Our Strategy

Juhayna's strategy is aimed at maximizing revenues and keeping a tight rein on operating expenses while simultaneously maintaining its leading edge in the market

Efficiency is Key

In a year fraught with challenges, Juhayna maintained its position as market leader, reacting strategically and deftly to the country's economic hardships. As a vertically integrated company in Egypt with a sizeable, expansive, and diverse range of operations, Juhayna weathered the storm with dexterity and resilience, implementing measures to maximize its efficiency. Now as the Egyptian market grows, Juhayna's attention will be focused on achieving higher revenues while diligently streamlining its operations and controlling expenses to maximize shareholder value.

Top-Line Growth

Pushing revenue growth is the underlying pillar of Juhayna's forward-looking strategy. Over the course of 2017, Juhayna strategically stimulated the market through promotions and discounts to clients and consumers, encouraging increased consumption of its quality products. Looking ahead, our approach will include reviving the Juhayna brand across several product lines, as well as continuing to engage in commercial and marketing campaigns to raise consumer awareness and brand loyalty. While cost inflation and price increases over the past year have affected the company's share of consumers' wallets, Juhayna remains confident in its competitiveness in the industry, with its strong and robust brand recognition.

Maintaining Market Shares

Juhayna prides itself on having consistently maintained its position as the dominant market player in the Egyptian food industry over the years, successfully navigating several economic hurdles. In 2017, the company discontinued unsuccessful SKUs, focusing instead on its competitive and popular product lines to boost sales and maintain its position as the market frontrunner for dairy, yoghurt, and juice. Moreover, with ArJu – our strategic Danish-Egyptian venture with Arla Foods – Juhayna is dedicated to rolling out new products, making significant strides into the cheese segment as well as maximizing utilization of its distribution centers.

Improving Margins

In parallel to boosting our top-line growth, Juhayna aims to enhance its margins through maintaining a tight rein on operating expenses and maximizing efficiency in its production processes, to remain advantageously competitive in the market. In 2017, the company successfully suspended unprofitable SKUs, divested itself from unprofitable assets, maintained optimal workforce levels, and streamlined its operations to promote increased efficiency at its factories and distribution network.

Maintaining Efficient Inventory

As a major component of its strategy to maximize operational efficiency, Juhyana aims to maintain cost-effective inventory levels. Over the course of 2017, the company's efforts included trimming its slow-moving products and keeping adequate stock of products in high demand. The strategy helped control its cost of sales as well as enabled it to respond quickly to market demands. Overall, lower inventory levels provide for higher operational efficiency support margins.

Minimizing CAPEX

In 2017, Juhayna made the strategic call to suspend investment in new facilities and factories, instead allocated its CAPEX spend to maintenance and upkeep of its facilities. Overall, Juhayna's total CAPEX outlay in 2017 stood at EGP 209 million, with the company aiming to keep levels at a minimum for the medium term.

Reducing debts

Owing to the high interest rate environment and the company's strategy of minimizing CAPEX, Juhayna is gradually reducing debt levels and utilized facilities. The company is alternatively depending on increased revenues and its cash generation ability to improve its liquidity position. going forward.

Lines of Business

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 food and beverage products.

Dairy

Since its founding in 1983 as a dairy company, Juhayna has always inspired consumer confidence in the excellence of its products, a fact reflected by its leadership role in the Egyptian market.

Juhayna enjoys a comfortable lead ahead of its dairy competitors thanks to its continued product innovation and quality packaging. In 2017, Juhayna gained market shares in both plain and flavored milk markets, holding 65% and 58% respectively, as sales grew 19% y-o-y to EGP 2,891 million in 2017. The segment remained the largest contributor to the top line, accounting for 48% of total revenues.

With its advanced technologies and state-of-the-art facilities, dairy production is carried out at the El-Masreya factory in the manufacturing and industrial hub in Sixth of October City. The fully automated 24,000 sqm El-Masreya factory specializes in the production of dairy products using the industry's latest technology.

Despite macroeconomic challenges in 2017 that included a high inflationary environment and weakened purchasing power, the sector continued to grow. During the year, Juhayna focused its business strategy on sustaining sales and restoring profitability through a gradual price uptick strategy. In addition, Juhayna continued to expand its dairy farm capacity as well as secure local inputs (such as raw milk) from farms. In the face of declining purchasing power, Juhayna also focused on lower-priced SKUs added to its product mix, such as Bekhero milk.

2,891 EGP MN

revenues in 2017

Market Overview

Small-scale farmers continue to dominate the Egyptian milk market of non-packaged and unprocessed milk. Characterized by low capita consumption, consumers have been gradually shifting away from loose milk, which accounts for more than 55% of Egypt's milk market, to packaged milk. As a result, market shares for packaged milk rose to 45% in 2017, up from 43% in the previous year.

Products

- Juhayna Dairy 100% Natural
- 0% Fat Milk
- Flavored Mix Milk
- Bekhero Milk

Yoghurt

Juhayna is one of the leading producers of yoghurt and drinkable yoghurt in Egypt, with its products the most popular among consumers. A household name, Juhayna holds a market share of 32% of the plain yoghurt market and 61% of the drinkable yoghurts market.

1,335 EGP MN

revenues in 2017

Juhayna's yoghurt is produced in the Egyfoods facility in Sixth of October. Deploying the highest quality, hygiene and safety standards, Juhayna inaugurated the facility in 2014 to provide the capacity to meet local demand.

Revenues from Juhayna's yoghurt segment increased 14% y-o-y to EGP 1,335 million in 2017, compared to EGP 1,176 million in the previous year. The segment was the second-highest contributor to the company's total revenues in 2017 at 22%.

Juhayna's strategy includes boosting sales for its existing brands, such as the Zabado fruit-flavored drinkable yoghurt product line through consumer promotions and marketing activities, as well as revamping the Mix brand. Juhayna has also introduced new and exciting SKUs in the yoghurt segment, such as the Happy Kitchen range of cooking products which targets working mothers and housewives and positions the new product line as the ultimate cooking companion.

Market Overview

Egypt's yoghurt market continues to lean towards more branded products as international players enter the market and as Egyptians are becoming increasingly health conscious, reflecting the yoghurt market's significant potential for growth despite a 14% market contraction in 2017 on the back of reduced purchasing power and high inflation.

Products

- Juhayna Yoghurt
- Happy Kitchen Products
- Zabado
- Juhayna Rayeb
- Flavored Mix Yoghurt

Juice

As a market leader in the Egyptian juice sector, Juhayna is known as a first-rate juice producer in a highly competitive market. A well-recognized brand, Juhayna offers a wide variety of premium, high-quality juice beverages satisfying all consumer tastes.

1,236 EGP MN

revenues in 2017

In 2017, Juhayna held a 22% share of the total juice market in Egypt. Juhayna's juice segment saw a 12% increase in revenues y-o-y during 2017, growing to EGP 1,236 million, compared to EGP 1,107 million in 2016. The juice segment's contribution to the company's consolidated revenues stood at 20% in 2017.

Juice production is primarily carried out at the award-winning El-Dawleya factory in Sixth of October City. The 54,000-sqm facility was established in 2009 as one of the largest manufacturing complexes in the MENA region with a fully automated warehouse – the first of its kind in Egypt – and a storage capacity of 6,000 pallets.

The juice segment continued to place innovation at the core of its strategy, adding new and unique products to complement its already popular Classics Blends and Pure lines.

Juhayna's strategy for 2017 saw it combatting the inflationary impact on production inputs, passing on price increases to consumers. The company also continued its efforts to limit its foreign currency exposure, looking to source more of its concentrates locally. Juhayna's focus for its juice segment will revolve around its marketing activities, adopting strategies such as promoting products among millennials and boosting consumption to drive the segment's sales growth and achieve higher market shares.

Market Overview

With over 300 players, the juice market in Egypt is highly fragmented and competitive, with low barriers to entry. In 2017, the juice market contracted due to weak consumer purchasing power caused by high inflation rates. However, the market remains full of potential, as a growing number of health-conscious customers move away from carbonated beverages to juice products.

Products

- Pure
- Classics
- Bekhero

Concentrates

A strategic line of business, Juhayna's concentrates segment is essential to the company's value chain. The company uses 75% of its concentrates production in its juice manufacturing operation. The concentrates segment also serves as an independent business unit, supplying a multitude of customers that range from small companies to large food producers.

The concentrates production is primarily carried out at Juhayna's two facilities in Sixth of October City. The El-Marwa factory, acquired in 2007, is a 10,000-sqm manufacturing facility that specializes in a variety of fruit pulps and concentrates from both citrus and tropical fruits. The 6,000-sqm Modern Concentrates factory was established in 2005, specializing in the production and packaging of citrus concentrates.

Revenues from the concentrates segment jumped 258% to EGP 363 million in 2017 with its contribution to Juhayna's total revenue tripling to reach 6%, compared to 2% in 2016. Concentrates are also one of Juhayna's main exports, with the company looking to expand its regional and international export activity for the natural juice ingredient in the future.

363 EGP MN

revenues in 2017

Agriculture

Comprised of livestock, land reclamation, and produce farming, Juhayna's agricultural operations are run by its two subsidiaries, the Enmaa for Livestock Company and Enmaa for Reclamation and Agriculture.

Much of the produce used in Juhayna's concentrates production is from the Enmaa for Agriculture Company, grown and cultivated along with alfalfa – the latter being used for cow feed production. The Enmaa for Livestock Company runs the company's first fully-owned dairy farm, with 550 feddans hosting a herd size of 4,000 cows. A strategic investment, the farm supplied the company with 15% of its daily raw milk needs in 2017.

Going forward, Juhayna plans to continue investing in its dairy facilities even further to help tackle the expanding gap between supply and demand of milk in Egypt. As well as its own farm operations, Juhayna maintained a balanced ratio of supply from third-party dairy farms, working cooperatively to increase the farm's livestock and improve the quality of their milk and yields.

Revenue from the agriculture segment was EGP 75 million in 2017, a 9% increase from EGP 69 million in the previous year. The segment contributed 1% of Juhayna's total revenues during 2017.

75 EGP MN

revenues in 2017

ARJU

In 2015, Juhayna established a joint venture "ArJu" with Denmark-based Arla Foods – the largest dairy producer in Scandinavia. A successful collaboration, Juhayna owns 50.75% of the joint venture company, while Arla owns 49%.

ArJu is part of Juhayna's strategy to expand its product portfolio, diversifying its product mix with the addition of cheese, butter, and infant formula, as well as improving the utilization of the company's nationwide distribution network. With its longstanding knowledge and resources in the Egyptian market, Juhayna distributed Arla-branded products that included Lurpak butter, Puck cheese, Lady Bird blue cheese and Dano powdered milk to retail chains across Egypt.

165 EGP MN

revenues in 2017

In 2017, ArJu's revenues hit EGP 165 million, up 57% from EGP 105 million in 2016, and contributing to 3% of Juhayna's total revenues. Moving forward, one of Juhayna's goals is to expand its share in the cheese segment, driving growth and becoming a leader in the market.

Products

- Lurpak
- Puck
- Lady Bird
- Dano
- Castello cheese

Our People

Executive Management

Safwan Thabet

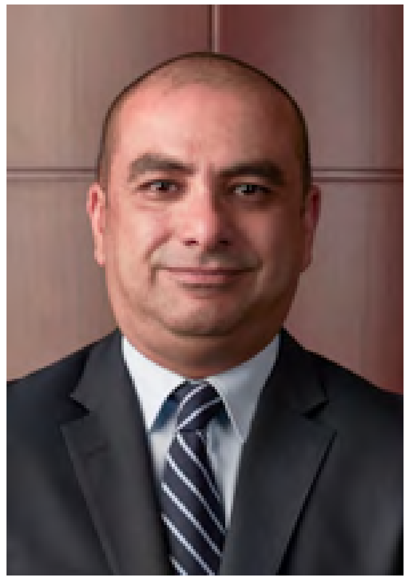
Executive Chairman of the Board & CEO

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 Board & 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.

*Mr. Ghazaly stepped down from his position on 31 December 2017

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.

Martin Lomas

Group Factories Director

Mr. Lomas first joined Juhayna in 2015 as the Plant Manager for the El-Dawleya juice factory, and is now the Group's Factories Director with over 30 years of experience. Before working at Juhayna, Mr. Lomas was Site Manager at the UK-based dairy company First Milk, and prior to that held top managerial positions at Arla Foods Plc and Coca Cola Enterprises Ltd in the UK. Mr. Lomas graduated from Worsley College with a degree in Mechanical Engineering and is qualified in IOSH Managing Safety, Intermediate HACCP, Leadership Development, and many others.

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.

Creating Shared Values

> Juhayna is committed to launching social initiatives that drive sustainable growth in its surrounding communities and develop the Egyptian food industry.

Juhayna's Creating Shared Values (CSV) Strategy

Juhayna's outward strategy is based on the principle of creating shared values (CSV) to bring about meaningful change and launch social initiatives that target developing communities and the food industry in Egypt. Juhayna modeled its CSV strategy in accordance with the United Nations Sustainable Development Goals (SDGs), which were launched in 2016 as part of the 2030 Agenda for Sustainable Development – the latter having been adopted by world leaders at a historic summit in 2015. Juhayna's CSV strategy is also in line with Egypt's economic, social and environmental goals.
And so, Juhayna began to shape its internal and external policies to achieve sustainable balance between its ambitious expansion strategy and active contribution to the sustainable of its neighboring societies. Juhayna recently joined the United Nations Global Compact (UNGC) initiative, which assists companies in implementing global sustainability practices.

Juhayna's five-pronged CSV addresses five main areas:

First Area

Industry Initiatives

Established in 1983 to specialize in the production and packaging of dairy, juices and cooking products, Juhayna's entry in the Egyptian market signaled the beginning of a number of initiatives and projects in support of the dairy and juice industries. Juhayna has undertaken several initiatives in line with its commitment to advance the Egyptian food manufacturing sector, aligning with three of the SDGs: the 8th, 9th, and 11th.

Landmark Projects:

- Improving Dairy Farms
- "Your Health is in this Box" Campaign
- Innovation Center
- Vocational Training Initiatives

Second Area

Health and Nutrition Initiatives

Juhayna is keen on launching effective initiatives to raise awareness about the importance of healthcare and good nutrition. Its efforts support the third SDG, Good Health and Wellbeing.

Landmark Projects :

- Baheya Hospital
- Shefaa Al-Orman Hospital
- Ain Shams Hospital

Third Area

Environment Initiatives

Since its inception, an integral part of Juhayna's strategy has been compliance with the most stringent environmental standards, in line with the 7th and 12th SDGs, Affordable and Clean Energy and Responsible Consumption and Production.

Landmark Projects :

- Industrial Wastewater Treatment Station
- Solar Power Station at Enmaa Farm
- Recycling Dairy and Juice Waste into Feed and Fertilizers Initiative
- MED TEST II Initiative to Improve Consumption and Production Patterns (UNIDO)

Fourth Area

Sports & Youth Initiatives

Committed to the third SDG, Good Health and Wellbeing, Juhayna has been long focused on sports and youth. The Company has sponsored several prestigious sports organizations and youth groups in beneficial activities that develop youth's skills and empower them.

Landmark Projects :

- Sponsorship of Al-Ahli club
- ENACTUS

Fifth Area

Employment and Diversity Initiatives

Juhayna's fifth target area aligns with another SDG, Gender Equality, and forms the cornerstone of its internal policies. Juhayna is an equal opportunity employer and has been a long-standing supporter of women's rights to equal pay for equal work as part of its belief in women's vital role in Egypt's economy.

Landmark Projects :

- Protocol of Cooperation with the German Agency for International Cooperation (GIZ)
- Employee Rights

External Initiatives

Industry

- Improving Dairy Farms
- "Your Health in a Box" Campaign
- Innovation Center
- Vocational Training Initiatives

Health and Nutrition

- Baheya Hospital
- Shefaa Al-Orman Hospital
- Ain Shams Hospital

Environment

- Industrial Wastewater Treatment Station
- Solar Power Station at Enmaa Farm
- Recycling Dairy and Juice Waste into Feed and Fertilizers Initiative
- MED TEST II Initiative to Improve Consumption and Production Patterns (UNIDO)

Sports and Youth

- Al-Ahli club
- ENACTUS

Internal Initiatives

Employee Rights and Diversity

- Protocol of Cooperation with the German Agency for International Cooperation (GIZ)
- Employee Rights

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Report on Consolidated Financial Statements

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

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Introduction

We have audited consolidated balance sheet of Juhayna Food Industries S.A.E, as of 31 December 2017 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 2017, 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.

Hatem Montasser
KPMG Hazem Hassan
Public Accountants & Consultancies

Hossam Hilal
Mohamed Hilal – Grant Thornton
Public Accountants & Consultancies

Cairo, 30 January 2018

Consolidated financial position

As of 31 December 2017

	Note no.	31/12/2017 L.E.	31/12/2016 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(12)	3 235 369 148	3 066 250 784
Projects under construction	(13)	94 865 930	383 210 481
Plant wealth	(14-1)	13 152 016	13 469 421
Plant wealth - under preparation	(14-2)	1 915 410	3 955 808
Biological wealth	(15)	115 273 119	87,892,482
Investments under joint control (equity)	(11)	7 194 884	7 087 625
Other - long term assets		756 960	765 232
Other - long term - debit balances	(30)	8 625 978	9 815 767
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		**3 574 246 335**	**3 669 540 490**
Current assets			
Biological assets- Existing Agriculture		8 857 367	17 279 535
Inventories	(17)	832 004 987	1 325 879 207
Trade and other receivables (net)	(18)	418 404 120	353 019 114
Cash and cash equivalents	(19)	85 736 257	129 591 229
Current assets		**1 345 002 731**	**1 825 769 085**
Total assets		**4 919 249 066**	**5 495 309 575**
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		518 993 941	497 245 972
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		336 168 619	478 308 360
Total comprehensive income for year		188 735 303	43 524 181
Total equity attributable to the shareholders of the parent company		2 316 223 373	2 291 404 023
Non-controlling interest		857 853	756 990
Total equity		**2 317 081 226**	**2 292 161 013**
Non-current liabilities			
Non Current loans	(21)	765 385 939	803 788 665
Other Non Current liabilities	(25)	30 635 840	47 701 407
Deferred revenues	(26)	94 155 323	108 442 056
Deferred tax liabilities	(27)	231 719 785	206 673 187
Non-current liabilities		1 121 896 887	1 166 605 315
Current liabilities			
Provisions for claims	**(23)**	8 298 642	9 428 008
Banks - over draft	(19)	20 663 601	25 031 480
Banks - credit facilities	(22)	518 651 701	1 049 803 834
Creditors and other credit balances	(24)	599 791 440	612 868 934
Income tax		14 561 649	34 483 198
Due to related parties	(33-1)	2 826 538	14 178 441
Non-Current loans-current portion	(21)	315 477 382	290 749 352
Current liabilities		**1 480 270 953**	**2 036 543 247**
Total liabilities		**2 602 167 840**	**3 203 148 562**
Total equity and total liabilities		**4 919 249 066**	**5 495 309 575**

The notes on pages from 53 to 89 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 2017

	Note no.	The financial year ended 31/12/2017 L.E.	The financial year ended 31/12/2016 L.E.
Net sales		6 064 769 076	4 992 857 769
Cost of sales		(4 252 374 947)	(3 538 392 098)
Gross profit		**1 812 394 129**	**1 454 465 671**
Other income	(5)	94 297 908	62 488 905
Sales & distribution expenses	(6)	(966 064 929)	(838 838 598)
General & administrative expenses	(7)	(198 890 682)	(174 957 155)
Other expenses	(8)	(64 581 499)	(38 074 000)
Board of directors remuneration		(14 235 000)	(12 020 000)
Results from operating activities		**662 919 927**	**453 064 823**
The holding company's share in the (losses) of companies under joint control		107 264	(3 062 375)
Revenue of investment held for sale		-	5 570 557
Cost of the End of service	(3-23)	(38 703 700)	(4 819 059)
Net finance income and finance (expenses)	(9)	(372 191 300)	(302 005 092)
Net profit before income tax		**252 132 191**	**148 748 854**
previous years Tax differences		-	6 272 636
Income tax		(14 561 471)	(36 799 512)
Investment tax		(14 792 330)	(12 495 860)
Deferred tax	(27)	(25 046 598)	(52 074 373)
Net profit for the year		**197 731 792**	**53 651 745**
Distributed as follows			
Parent Company's share in profit		197 481 342	53 516 967
Non-controlling interest		250 450	134 778
		197 731 792	**53 651 745**

The notes on pages from 53 to 89 are an integral part of these consolidated financial statements.

Consolidated Statement of comprehensive income

For the year ended 31 December 2017

	The financial year ended 31/12/2017 L.E.	The financial year ended 31/12/2016 L.E.
Net profit for the year	**197 731 792**	**53 651 745**
Other comprehensive income for year	-	-
Total other comprehensive income	**197 731 792**	**53 651 745**
Distributed as follows		
Parent Company's share in profit	197 481 342	53 516 967
Non-controlling interest	250 450	134 778
	197 731 792	**53 651 745**

The notes on pages from 53 to 89 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

For the year ended 31 December 2017

	Note No.	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve-issuance premium L.E.	Retained earnings L.E.	Total comprehensive income for the year L.E.	Non-controlling interest L.E.	Total L.E.
Balance as at 1 January 2016	(20-1)	**941 405 082**	**467 347 006**	**330 920 428**	**418 147 094**	**264 306 933**	**818 776**	**2 422 945 319**
Reversal of beginning balance adjustments		-	23 712 001	-	(42 383 165)	50 899 896	(10 542)	32 218 190
Dividends for 2015		-	13 226 166	-	67 046 951	(264 523 310)	-	(184 250 193)
Holding Company's share in reserves & retained earnings of subsidiaries		-	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 period 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**
Balance as at 1 January 2017		**941 405 082**	**497 245 972**	**330 920 428**	**478 308 360**	**43 524 181**	**756 990**	**2 292 161 013**
Reversal of beginning balance adjustments		-	23 326 178	-	(67 339 492)	60 676 305	186 022	16 849 013
Dividends for 2016		-	-	-	200 284 654	(200 284 654)	-	-
Holding Company's share in reserves & retained earnings of subsidiaries		-	11 737 720	-	(144 084 047)	-	-	(132 346 327)
Consolidation adjustments on 31 December 2017		-	(13 315 929)	-	(131 000 856)	87 338 129	(335 609)	(57 314 265)
Total other comprehensive income for the year ended 31 December 2017 after periodic dividends		-	-	-	-	197 481 342	250 450	197 731 792
Balance as at 31 December 2017		**941 405 082**	**518 993 941**	**330 920 428**	**336 168 619**	**188 735 303**	**857 853**	**2 317 081 226**

The notes on pages from 53 to 89 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2017

	Note no.	The Financial year ended 31/12/2017 L.E.	The Financial year ended 31/12/2016 L.E.
Cash flows from operating activities			
Net profit for the year before income tax and minority interest in profits		252 132 191	148 748 854
Adjustments for:			
PPE depreciation	(12)	263 238 569	234 493 517
Capital gain		(19 299 336)	(7 581 712)
Amortization of animal wealth	(15)	12 124 914	6 652 033
Amortization of plant wealth		397 268	-
Gain from the sale of available for sale investments		-	(5 570 555)
Change in Investments in equity accounted investees		(107 259)	(7 087 625)
Impairment in trade and other receivables		2 298 097	2 286 230
Reversal of Impairment trade and other receivables	(16)	-	(61 175)
Impairment in inventories		6 123 347	93 964
Reversal of Impairment in inventories	(17)	-	(42 021)
Provision of claims	(23)	6 370 283	3 568 837
Financial lease installments		28 745 698	21 905 151
Herd births		(13 304 500)	(13 397 250)
Herd capitalized expenses		(36 593 193)	(17 877 228)
losses from selling cows		1 223 560	2 034 701
losses from calves death		2 421 411	1 435 751
Foreign exchange gain		(3 305 305)	(47 189 227)
Credit interests	(9)	(4 742 362)	(16 558 441)
Finance interests & expenses	(9)	379 711 147	271 374 306
		877 434 530	**577 228 110**
Collected time deposits interests		4 810 007	16 558 441
Interest finance expenses paid		(367 968 256)	(269 878 275)
Changes in:			
Inventories	(17)	487 750 873	(752 075 631)
Biological assets- Existing Agrecul		11 725 484	15 741 676
Trade and other receivables	(18)	(61 370 610)	(177 041 604)
change in creditors & other credit balances	(24)	(86 407 474)	203 364 103
Due to related parties		(11 351 903)	14 178 441
Dividends paid to employees		(19 027 042)	(25 067 584)
Provision for claims used		(7 499 649)	(6 100 705)
Net cash flows generated from (used in)from operating activities		**828 095 960**	**(403 093 028)**
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(13&12)	(191 075 853)	(516 179 611)
Proceeds from sale of PPE		66 362 807	31 948 558
payment for acquisition of plant and animal wealth	(15,14)	(1 342 781)	(35 093 982)
Proceeds from the sale of plant and animal wealth	(15,14)	6 747 171	5 298 360
Proceeds from the sale of available for sale investments		-	56 500 000
Net cash flows (used in) investing activities		**(119 308 656)**	**(457 526 675)**
Cash flows from financing activities			
Proceeds from bank credit facilities	(22)	(531 152 133)	412 729 628
Payments from bank loans	(21)	(13 674 696)	(166 149 569)
Payments in lease installments - sales and lease back	(30)	(28 745 698)	(21 905 151)
Proceeds for lease installments- sales and lease back	(30)	-	105 964 269
Dividends paid to share holders		(141 210 762)	(141 210 762)
Decrease in non-controlling interest		(149 587)	(196 563)
Net cash flows (used in)generated from financing activities		**(714 932 876)**	**189 231 852**
Decrease(Increase) in cash & cash equivalents during the period		**(6 145 572)**	**(671 387 851)**
The effect of foreign exchange difference		(33 341 521)	13 472 919
Cash & cash equivalents at 1 January		104 559 749	762 474 681
Cash & cash equivalents at 31 December	(19)	**65 072 656**	**104 559 749**

The notes on pages from 53 to 89 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2017

1. Reporting the entity

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

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

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

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2. Basis of preparation

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.

The financial statements were authorized for issue by the Board of Directors on 30 January 2018.

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet.

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (Note 4-1).
- Biological assets and Agricultural crops at fair value after 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 (18) : impairment of trade and notes receivable.
- Note (23) : provisions & contingent liabilities
- Note (27) : deferred tax.

3. Significant accounting policies
The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3-1 Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in equity accounted investees (associates)
Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates is accounted for using the equity method and is recognized initially at cost. The cost of the investment include transaction costs. The consolidated financial statements include the Company's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest including any long-term interests that from part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation
Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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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 any of the above categories of financial assets. Available –for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale debt instruments, presented in fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

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.

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3-5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (note 11).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

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

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 non current assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as non current assets (plant wealth), and will be depreciated over (25 and 50) years respectively according to the nature of those assets.

3-9 Biological assets

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

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

3-10 Leases

Company is the lessee:

Leases are classified as operating leases. The costs in respect of operating leases are charged on a straight-line basis over the lease term. The value of any lease incentive received to take on an operating lease (for example, rent-free periods) is recognized as deferred income and is released over the life of the lease.

3-11 Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed.

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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.

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 resignations (voluntary) / left the work voluntary according to law (12) of 2003 and related Egyptian Laws.

If the bonus is payable for a period of more than 12 months after the date of preparation of the financial statements, they is reduced to their present value.

4. Determination of fair value

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

4-1 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4-2 Biological assets

At fair value less costs to the point of sale capability.

5. Other operating revenue

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Export subsidy revenue	27 063 392	13 982 617
Deferred capital gains	14 286 733	14 820 399
Capital gain	19 299 336	7 581 712
Reversal for impairment in inventories	-	42 021
Reversal for impairment in trade receivable	-	61 175
Drawback of sales tax	-	351 079
Increase in biological wealth due to newborn	13 304 500	13 397 250
Compensation for calves death	434 524	-
Other revenue	19 909 423	12 252 652
	94 297 908	**62 488 905**

6. Sales and distribution expenses

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Advertising expenses	453 831 337	382 530 683
Salaries and Wages	211 241 683	192 757 816
Depreciation	57 678 611	53 916 357
Cars Expenses	53 361 759	68 738 187
Replacement of goods	68 116 943	44 887 184
Rent	35 638 371	31 143 869
Temporary labor contractors	13 807 143	11 463 542
Others	72 389 082	53 400 959
	966 064 929	**838 838 598**

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7. General & administrative expenses

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Personnel expenses	98 318 905	87 022 607
Depreciation expense	17 979 368	14 681 179
Rent expense	10 053 259	9 439 121
Other administrative expense	72 539 150	63 814 248
	198 890 682	**174 957 155**

8. Other expenses

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Leasing installment	28 745 698	21 905 151
Impairment of project under construction	9 970 410	-
Impairment in inventory	6 123 347	93 964
Damaged inventory	4 445 280	6 080 838
Impairment of trade and other receivables	2 298 097	2 286 230
Provision for claims	6 370 283	3 568 837
Other	6 628 384	4 138 980
	64 581 499	**38 074 000**

9. Finance income and finance expenses

	Financial year ended 31/12/2017 L.E	Financial year ended 31/12/2016 L.E
Interest expense	(379 711 147)	(271 374 306)
Interest income	4 742 362	16 558 441
Foreign exchange gain/(loss)	3 305 305	(47 189 227)
Change in fair value	(527 820)	-
	(372 191 300)	**(302 005 092)**

10. Segmentation reports

10-1 Segmentation reports for the financial ending year 31 December 2017

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

Activity Segments

	Dairy sector L.E 31/12/2017	Chilled sector L.E 31/12/2017	Juices sector L.E 31/12/2017	Concen-trates sector L.E 31/12/2017	Agriculture sector L.E 31/12/2017	Undistrib-uted items L.E 31/12/2017	Elemenation of cosolidated transactions L.E 31/12/2017	Total L.E 31/12/2017
Sales	2 890 683 906	1334 820 362	1236 311 521	363 106 636	74 990 084	164 856 567	-	**6 064 769 076**
Sales between segments	2 394 100 752	1053 757 016	1015 472 174	179 717 542	189 636 808	-	(4832 684 292)	-
Other operating income	32 968 753	10 101 886	9 843 109	25 227 100	16 157 061	107 264		**94 405 172**
expense	(628 507 393)	(505 009 313)	(422 312 737)	(48 017 352)	(50 820 315)	-	-	**(1 654 667 110)**
Net profit for the year								**197 731 792**
Other Information								
Depreciation	**76 241 905**	**78 143 612**	**68 020 948**	**16 334 822**	**24 497 282**	-	-	**263 238 569**
Assets	**1 127 450 761**	**1253 104 454**	**1085 525 577**	**489 532 224**	**802 257 744**	**161 630 035**	-	**4 919 500 795**
Liabilities	**816 188 935**	**769 915 121**	**549 616 822**	**249 236 187**	**214 839 717**	**2 826 538**	-	**2 602 623 320**

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

10-2 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 31/12/2016	Chilled sector L.E 31/12/2016	Juices sector L.E 31/12/2016	Concentrates sector L.E 31/12/2016	Agriculture sector L.E 31/12/2016	Undistrib-uted items L.E 31/12/2016	Elemenation of cosolidated transactions L.E 31/12/2016	Total L.E 31/12/2016
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.

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11. 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, 2017											
Argu Company For food Industrial	50.75	370 300	25 302 171	25 672 471	4 509 053	-	11 495 360	21 865 702	(21 654 345)	43 520 046	7 194 884
Balance as at 31 December 2017		**370 300**	**25 302 171**	**25 672 471**	**4 509 053**	**-**	**11 495 360**	**21 865 702**	**(21 654 345)**	**43 520 046**	**7 194 884**
December 31, 2016											
Argu Company For food Industrial	50.75	17 968 798	318 000	18 286 798	4 289 985	31 050	4 321 035	7 129 984	13 164 221	(6 034 237)	7 087 625
Balance as at 31 December 2016		**17 968 798**	**318 000**	**18 286 798**	**4 289 985**	**31 050**	**4 321 035**	**7 129 984**	**13 164 221**	**(6 034 237)**	**7 087 625**

12. Property, plant, and equipment (net)

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation &transport vehicles L.E.	Tools L.E.	Empty plastic containers & 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 1/1/2016	209 227 812	1 156 945 133	1 779 421 141	239 782 877	78 261 821	30 342 185	78 839 607	30 275 916	24 751 124	76 763 070	3 704 610 686
Additions of the year	4 454 612	149 032 619	264 739 955	71 320 467	20 933 208	12 850 159	18 266 854	11 991 874	2 620 315	19 098 927	575 308 990
Disposals of the year	-	(26 947 337)	(26 431 385)	(14 528 287)	(832 683)	(1 274 915)	(437 060)	(35 000)	(77 897)	(378 092)	(70 942 656)
Impairment in fixed assets	-	-	2 941 134	-	-	-	-	-	-	-	2 941 134
Cost as at 31/12/2016	**213 682 424**	**1 279 030 415**	**2 020 670 845**	**296 575 057**	**98 362 346**	**41 917 429**	**96 669 401**	**42 232 790**	**27 293 542**	**95 483 905**	**4 211 918 154**
Additions of the year	3 145 404	257 166 367	191 327 841	1 140 060	8 179 500	17 085 384	84 883	2 306 883	2 387 889	10 939 405	493 763 616
Disposals of the year	(44 718 652)	(2 767 749)	(10 653 363)	(27 141 335)	(2 727 034)	(1 348 429)	(214 846)	(402 262)	(325 923)	(53 525)	(90 353 118)
Cost as at 31/12/2017	**172 109 176**	**1 533 429 033**	**2 201 345 323**	**270 573 782**	**103 814 812**	**57 654 384**	**96 539 438**	**44 137 411**	**29 355 508**	**106 369 785**	**4 615 328 652**
Accumulated depreciation											
Accumulated depreciation as at 1/1/2016	-	76 549 395	600 773 194	102 679 620	36 731 324	21 960 761	26 946 302	4 511 269	9 737 499	63 449 129	943 338 493
Depreciation of the year	-	26 139 012	134 359 898	27 115 861	8 558 953	6 862 960	16 972 849	1 621 825	2 231 449	10 630 710	234 493 517
Accumulated depreciation of disposals of the year	-	(563 232)	(15 364 667)	(13 734 566)	(808 547)	(918 415)	(356 903)	(18 900)	(27 899)	(371 511)	(32 164 640)
Accumulated depreciation as at 31/12/2016	**-**	**102 125 175**	**719 768 425**	**116 060 915**	**44 481 730**	**27 905 306**	**43 562 248**	**6 114 194**	**11 941 049**	**73 708 328**	**1 145 667 370**
Depreciation of the year	-	28 838 387	149 521 299	28 268 457	10 144 837	10 296 748	18 595 272	2 064 183	2 534 734	12 974 652	263 238 569
Accumulated depreciation of disposals of the year	-	(651 332)	(5 165 064)	(21 195 873)	(290 063)	(987 460)	(170 656)	(273 016)	(168 945)	(44 026)	(28 946 435)
Accumulated depreciation as at 31/12/2017	**-**	**130 312 230**	**864 124 660**	**123 133 499**	**54 336 504**	**37 214 594**	**61 986 864**	**7 905 361**	**14 306 838**	**86 638 954**	**1 379 959 504**
Net book value as at 31/12/2017	**172 109 176**	**1 403 116 803**	**1 337 220 663**	**147 440 283**	**49 478 308**	**20 439 790**	**34 552 574**	**36 232 050**	**15 048 670**	**19 730 831**	**3 235 369 148**
Net book value as at 31/12/2016	**213 682 424**	**1 176 905 240**	**1 300 902 420**	**180 514 142**	**53 880 616**	**14 012 123**	**53 107 153**	**36 118 596**	**15 352 493**	**21 775 577**	**3 066 250 784**

* Fully depreciated assets are amounted to L.E 162 889 116 as at 31 December 2017.

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The land item amounted to L.E 172 109 176 on 31/12/2017 includes an amount of L.E 115 545 831 representing the not registered land thus procedures of registering the land are in progress.

12-1 Land of Juhayna Food Industries Co.

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

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

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

12-3 Land of Egyptian Co. for Dairy Products

Description	Amount as per Egyptian Co. for Dairy & Juice Products L.E.	Adjustments of Consolidated financial statement L.E.	Amount as per Consolidated financial statement L.E.	Instrument of possess
The service axis 1,2- 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
	6 957 487	**(1 770 814)**	**5 186 673**	

* 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.

12-4 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

12-5 Land of and of Almasrya Co. (Egyfood)

Description	Amount L.E	Instrument of possess
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	

12-6 Land of Modern Concentration Co.

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

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

The Land item includes the follows:

- Area of 2 500 Acres on Farafra zone amounted to L.E 1 250 000 with the virtue of preliminary contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation.
- The amount L.E 3 750 000 was reversed that value of area of 7 500 Acres on Farafra zone with the virtue of bank cheque no. 1472844 dated September 14, 2009 for the beneficiary the head of the centre office of Farafra city.

12-8 Land of Inmaa for live stock

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

12-9 Land of Inmaa for Agriculture Development

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

12-10 Land grants

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

- 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.

13. Projects under constructions

	31/12/2017 L.E.	31/12/2016 L.E.
Buildings and constructions in progress	10 107 037	190 198 291
Machineries under installation	56 285 915	106 043 897
Advance payments for fixed assets purchase	34 879 362	82 983 384
Wells and water pump	2 060 534	2 712 619
Furniture in progress	1 503 492	1 272 290
	104 836 340	**383 210 481**
Less:		
Impairment of project under construction	(9 970 410)	-
	94 865 930	**383 210 481**

14. Plant wealth

14-1 Plant wealth

	31/12/2017 L.E.	31/12/2016 L.E.
Cost at year beginning	13 800 318	-
Additions during the year	79 863	13 800 318
Cost at year ending	**13 880 181**	**13 800 318**
Less:		
Accumulated depreciation at year beginning	(330 897)	-
Depreciation of the year	(397 268)	(330 897)
Accumulated depreciation at year ending	(728 165)	(330 897)
Net	**13 152 016**	**13 469 421**

- The cost is the value of fruit trees.

14-2 Plant wealth – under construction

	31/12/2017 L.E.	31/12/2016 L.E.
Land reclamation	141 799	204 162
Fruit trees	1 531 424	3 282 836
Protection trees (Kazhurana)	237 775	464 398
Palm trees	4 412	4 412
	1 915 410	**3 955 808**

15. Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock -unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
Amount of flock of livestock at 1-1-2017	2 449	73 048 307	1 395	21 817 231	3 844	**94 865 538**
Adding:						
Addition during the year	-	-	-	-	-	-
* Transferred from biological wealth (Flock of dairy live stock - unproductive)	**369**	**12 788 193**	**(369)**	**(12 788 193)**	-	-
Births of flock	-	-				
Male	-	-	1 154	5 514 000	1 154	**5 514 000**
Female	-	-	1 093	7 790 500	1 093	**7 790 500**
** Capital cost during drying -off	-	6 283 616	-	30 309 577	-	**36 593 193**
	2 818	**92 120 116**	**3 273**	**52 643 115**	**6 091**	**144 763 231**
Biological wealth sales						
Cows	182	5 548 613			182	5 548 613
pregnant	-	-	25	438 424	25	438 424
Newborn - Female	-	-	46	1 337 968	46	1 337 968
Newborn - Male	-	-	322	1 585 014	322	1 585 014
The death of live stock losses						
Cows	**55**	**1 705 650**			**55**	**1 705 650**
Female	-	-	3	85 566	3	85 566
Male	-	-	55	686 783	55	686 783
	-	-	34	227 564	34	227 564
	237	**7 254 263**	**485**	**4 361 319**	**722**	**11 615 582**
Cost of flock of livestock at 31/12/2017	**2 581**	**84 865 853**	**2 788**	**48 281 796**	**5 369**	**133 147 649**
Accumulated depreciation						
Depreciation milking cows at 1/1/2016	-	6 973 056	-	-	-	6 973 056
Depreciation milking cows during the year	-	12 124 914	-	-	-	12 124 914
Accumulated depreciation of disposals of sales case	-	(939 288)	-	-	-	(939 288)
Accumulated depreciation of disposals of death case	-	(284 152)	-	-	-	(284 152)
Accumulated depreciation at 31 December 2017	-	**17 874 530**	-	-	-	**17 874 530**
Net amount of flock of livestock at 31/12/2017	**2 581**	**66 991 323**	**2 788**	**48 281 796**	**5 369**	**115 273 119**
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**

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

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

*** The company management measure the cost of Flock of dairy live stock because unavailable active market that can relay on in determine fair value

16. Tax status

16-1 Holding Company

A Corporate tax

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

The period from 17/1/1996 to 2009

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

Years from 2010 till 2013

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

Years from 2014 till 2015

The company received forms (31) .(32) to inspected those years and the company require to postpone inspection on the form (26).

Year 2016

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

B Salaries tax

The period from the beginning of operation till year 2010

The company was inspected and the tax due was paid.

Year from 2011 till 2014

The inspection has been performed and paid .

Year 2015,2016

The inspection has been performed and waiting the form .

C Stamp tax

The period from the beginning of operation till 2014

The company was inspected and the tax due was paid.

Year 2015, 2016

The inspection is in progress .

D Sales tax

The tax inspection has been performed and paid till 31/12/2015.

E Withholding tax

The Company submits the withhold amounts within legal duration.

16-2 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 was ended against the internal committee dan tax due was paid.

Al Marwa for Food Industries
(inspected from the beginning of operation till 31/12/2005 was performed and tax due was paid and the company submits the annual tax returns during legal duration required by law no 91 of year 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

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Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	• Inspection was performed from starting activity till 2015 and paid.
Al-Marwa for Food industries	• Inspection was performed from starting activity till 2015 and paid.
Tiba for Trading and Distributing	• Years from 2006 till 2012 was inspected and difference settlement was performed at internal committee. • And an amounted of L.E 2 000 000 was paid and some points were transferred to a specialize committee • Company still preparing for inspection from years from 2013 till 2016.
International Company For Modern Food Industries	• Inspection was performed from starting activity till 2010 and paid, and company still preparing for inspection from years from 2011 till 2014.
The Egyptian Company For Food Industries "Egyfood"	• inspection was performed till 2012 and tax due was paid.
Modern Concentrates Industrial Company	• Inspection was performed from starting activity till 2012 and paid. • years from 2013 to 2015 under inspection.
Inmaa for Agriculture Development Co. and biological wealth	• Inspection was performed from starting activity till 2010 and paid.
Inmaa for live stock	• The company was not inspected till now.

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	• Inspection has been performed and paid till 31/12/2014.
Al-Marwa for Food Industries	• Inspection has been performed and paid till 31/12/2015.
Tiba for Trading and Distribution	• Inspection has been performed and paid till 2015.
International Company For Modern Food Industries	• Inspection has been performed and paid till 31/12/2015.
The Egyptian Company for Food Industries "Egyfood"	• Inspection finished from starting activity till 31/12/2015 and paid.
Modern Concentrates Industrial Company	• Inspection was performed from starting activity till 31/12/2013 and paid. • Years 2014,2015 under inspections.
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 inspection was performed and tax due was paid till 31/12/2015.
Al-Marwa for Food Industries	• Inspected and paid till 31/12/2015.
International Company For Modern Food Industries	• The company present sales tax return on monthly basis and inspected and paid till 2015.
The Egyptian Company For Food Industries "Egyfood"	• Inspected and paid till 2015 .and tax differences has been paid.
Modern Concentrates Industrial Company	• The company presents sales tax return on monthly basis., and was inspected from the inception till 31/12/2013 and paid and inspection differences.
Tiba for Trading and Distribution	• The company submits the sales tax return on monthly basis and was Inspected till 31/12/2015 and paid.
Inmaa for Agriculture Development Co.	• The tax inspection has been performed till 2014/8/31 and paid.

17. Inventories

	31/12/2017 L.E.	31/12/2016 L.E.
Raw materials	281 932 227	548 743 009
Packaging & packing materials	173 031 626	372 729 078
Finished products	323 028 142	344 291 206
Spare parts & miscellaneous supplies	50 764 359	47 051 690
Goods in transit - L/C's for goods purchase	3 248 633	13 064 224
	832 004 987	**1 325 879 207**

18. Trade and other receivables (Net)

	31/12/2017 L.E.	31/12/2016 L.E.
Trade receivables	184 996 537	119 245 979
Less: Impairment in trade receivables	(6 302 369)	(6 666 320)
	178 694 168	**112 579 659**
Notes receivables	30 696 548	10 256 699
Suppliers – advance payments	15 530 999	16 360 006
Prepaid expenses	21 398 571	17 124 001
Export subsidy	42 324 733	14 782 453
Accrued revenues	2 752 357	16 955 568
Tax authority	36 646 926	33 700 962
Customs authority	11 636 707	30 393 339
Deposits with others	15 407 526	21 869 412
*Letter of credit (cash cover)	58 416 489	66 409 151
Other debit balances	9 138 102	16 538 581
	422 643 126	**356 969 831**
Less: Impairment in other debit balances	(4 239 006)	(3 950 717)
	418 404 120	**353 019 114**

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

19. Cash and cash equivalents

	31/12/2017 L.E.	31/12/2016 L.E.
Time deposits *	27 068 134	101 493 925
Banks – current accounts	25 035 604	17 706 151
Checks under collection	29 836 806	26 268
Cash in hand	1 714 540	1 655 309
Cash in transit	2 081 173	8 709 576
	85 736 257	**129 591 229**
Bank over draft	(20 663 601)	(25 031 480)
Cash and cash equivalents in the statement of cash flows	**65 072 656**	**104 559 749**

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

20. Share capital

	31/12/2017 L.E.	31/12/2016 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.

20-1 General reserve - issuance premium

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

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

21. Loans

Details	Long term loans – current portion L.E	Non –current loans L.E	Total L.E
Granted loans to Company's Group from CIB.	142 462 046	489 041 917	631 503 963
Granted loans to Company's Group from European Bank for Reconstruction & Development	59 000 000	125 272 726	184 272 726
Granted loans to Company's Group from HSBC.	25 942 591	25 471 296	51 413 887
Granted loans to Company's Group from QNB.	32 800 000	35 600 000	68 400 000
Granted loans to Company's Group from EGBE.	30 000 000	90 000 000	120 000 000
Granted loans to Company's Group from Barclays.	25 272 745	-	25 272 745
Balance at 31/12/2017	**315 477 382**	**765 385 939**	**1 080 863 321**
Balance at 31/12/2016	**290 749 352**	**803 788 665**	**1 094 538 017**

22. Banks – credit facilities

This balance which amounted to L.E 518 651 701 as at 31/12/2017 (against L.E 1 049 803 834 as at 31/12/2016), represents the drawn down portion of the L.E. 1 891 billion (in aggregate principal) bank facilities. Interest is charged on such drawn down amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

23. Provision for claims

Description	Balance at 1/1/2017 L.E	Provision formed during the year L.E	Provision used during the year L.E	Balance at 31/12/2017 L.E.
Provision for claims	**9 428 008**	**6 370 283**	**(7 499 649)**	**8 298 642**

24. Creditors and other credit balances

	31/12/2017 L.E.	31/12/2016 L.E.
Suppliers	416 474 976	399 767 037
Notes payable	7 076 953	438 249
Accrued expenses	92 106 849	128 199 072
PP&E' creditors	4 216 378	1 853 040
Tax authority	30 180 570	29 214 480
Deposits from others	3 700 667	6 389 053
Sales tax installments on the imported machineries and equipment	7 990 561	10 141 121
Deferred capital gains	14 286 733	14 286 733
Due to Sodic company- current portion	6 904 405	7 599 512
Due to Geran company – current portion	-	1 046 072
Social insurance authority	3 652 206	3 709 695
Dividends payable	1 070	63 709
Advances from customers	6 133 963	3 699 749
New Al Manya city authority	-	668 750
10th of Ramadan city authority- short term	1 501 856	1 641 484
Other credit balances	5 564 253	4 151 178
	599 791 440	**612 868 934**

25. Other Non current liabilities

	31/12/2017 L.E.	31/12/2016 L.E.
The value of sales tax installments on the imported machineries and equipment due from January 2018 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 7 990 561 as at 31/12/2017 (L E 10 141 121 as at 31/12/2016) are shown under the caption of creditors and other credit balances in the consolidated balance sheet (Note 24).	27 405 672	35 633 681
The amount due to (Sodic Siac for real state and investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. A total payments paid amounted to L.E 67 050 631 and the rest will be settled over 6 equal installments starting from March 2018.	3 230 168	10 134 573
The amount due to (New Al Manya governors) as a value of store land at Alamtdad area in accordance with specification document dated 3/05/2015 amounted to L.E 2 675 000. A down payments was paid amounted to L.E 668 750 and the rest will be settled over 3 equal installments first installment starting from 16/05/2016 amounted by L.E 668 750 in addition to central bank of Egypt corridor rate & 0.5% administrative expense from receiving date till the due date. Store land at Alamtdad area was returned to New Al Manya governors during 2017.	-	668 750
The amount due to (10th of Ramadan governors) as a value of a store land of 9998 m 2 area A 4 dated 13/07/2015 amounted to L.E 6 502 910. A down payments was paid amounted to L.E 1 579 184 and the rest will be settled over 3 equal installments with central bank interest rate on accrued installments plus 0.5% administrative expense, first installment starting from 25/11/2016.	-	1 264 403
	30 635 840	**47 701 407**

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26. Deferred revenues

	31/12/2017 L.E.	31/12/2016 L.E.
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built, According to the new contract finance leasing that signed with QNB Al Ahli at thereon 3/23/2016 The 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 11 773 802 and the short term portion during the year ended amounted to L.E **11 773 802** included in the trade & other credit balances item of the balance sheet (Note 24).	85 360 065	97 133 867
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land Owned For Tiba Company With rerenting it with amount 141 682 507 L.E With 84 Monthly Installment started from 31 July 2015 Till 30 June 2022 With 1 757 339 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 2 512 931 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).	8 795 258	11 308 189
	94 155 323	**108 442 056**

27. Deferred tax liabilities

Deferred tax liability amounted to L.E 231 719 785 on 31/12/2017 is representing net book value of assets and liabilities on tax basis.

	Balance on 1/1/2017 L.E	Deferred tax as at 31 December 2017 L.E	Balance on 31/12/2017 L.E
Deferred tax liability from fixed assets	**206 673 187**	**25 046 598**	**231 719 785**

Recognized deferred tax assets and liabilities

Deferred tax liabilities are representing in the following items:

	Liabilities 31/12/2017 L.E.	Liabilities 31/12/2016 L.E.
Fixed assets	231 719 785	206 673 187
Net tax liabilities	**231 719 785**	**206 673 187**

28. Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2017 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 31/12/2017	Contribution percentage 31/12/2016	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 "Egy-food"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Live Stock	99.862 % Indirect	99.862 % Indirect	Egypt
Inmaa for Agriculture and improvement	99.964 % Indirect	99.964 % Indirect	Egypt
Companies under joint control			
Arju company for food industries	50.75 % under joint control	50.75 % under joint control	Egypt

29. Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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

Credit risk

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

Trade and other receivables

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

Credit risk

Exposure to credit risk

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

		Carrying amount	
	Note	31/12/2017	31/12/2016
		L.E.	L.E.
Trade receivables	(18)	178 694 168	112 579 659
Banks credit facilities	(22)	518 651 701	1 049 803 834
Total long term loans	(21)	1 080 863 321	1 094 538 017

Liquidity risk

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

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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 518 651 701 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

	Carrying amount	Contractual cash flows
	L.E.	L.E.
Credit facilities	518 651 701	1 891 000 000

Market risk

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

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

Currency risk

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

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

Foreign currency risk

Exposure to currency risk

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

	USD	Euro	GBP
Trade and other debit balances	3 881 024	4 508	-
Cash and cash equivalents	1 692 807	42 148	4 404
Credit facilities	(381 819)	(583)	-
Trade and other payables	(11 951 432)	(742 429)	(78 607)
31 December 2017	**(6 759 420)**	**(696 356)**	**(74 203)**
31 December 2016	**(12 841 589)**	**(1 409 909)**	**(94 664)**

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	2017	2016	2017	2016
USD	18,095	13.11	17,78	18.41
Euro	20,295	13.90	21,34	19.25

Sensitivity analysis

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 31 December 2017 would have decreased equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2016.

Effect of 10%	Profit/(Loss)	
	31/12/2017	31/12/2016
	L.E.	L.E.
USD	(12 231 171)	(23 629 074)
Euro	(1 413 254)	(2 704 075)
GBP	(178 342)	(202 984)
	(13 822 767)	**(26 536 133)**

Interest rate risk

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

Capital management

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

	31/12/2017	31/12/2016
	L.E.	L.E.
Total liabilities	2 602 623 320	3 203 148 562
Less: cash and cash equivalents	(85 736 257)	(129 591 229)
Net debt	**2 516 887 063**	**3 073 557 333**
Total equity	2 316 877 475	2 292 161 013
Net debt to equity ratio	**108.63%**	**134.09%**

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

30. Financial lease contracts

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

Financial lease contracts (Sale and lease back)

On 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 following is a summary of the above mentioned contract:

Description	Lease value		Lease period	Purchase value at end of contract	Quarterly lease value
	Contractual value	Accrued interest			
	L.E	L.E	Months	L.E	L.E
Contract from 24/3/2016 to 23/3/2026	290 466 235	127 651 718	120	1	7 422 203

- Juhayna has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.
- The monthly finance lease's instalments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total instalments of the financial period ended 31/12/2017 amounted to L.E. 28 745 698.
- The company paid 11 897 900 L.E as a down payment and as at 31 December 2017 amounted 9 815 768 L.E classified the current portion amounted to 1 189 790 L.E in advance payments to note (23) and the Non-current portion amounted to 8 625 978 LE classified in the other long term debt balances.
- The company has signed financial lease Contracts With International for financial lease (Ancolis) during 2015 that allow selling the owned Plot Of Land For Tiba Company (subsidiary) with leaseback it with an amount of L.E 137 459 563 With 84 monthly installment starting from 31 July 2015 Till 30 June 2022 With L.E For Each Installment

	L.E
Total amount of the contract	121 848 259
Contract updated amount (increase in interest)	23 890 908
Down payment	(4 017 259)
Remaining amount	**141 721 908**
Paid installment	(46 825 602)
Unpaid (54 installment by L.E 1 757 339 monthly)	**94 896 306**

31. Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has given guarantees on 31/12/2017 amounting to LE 6 233 237 the covered amount L.E 25 398.

32. Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 32 223 659 on 31/12/2017.

33. Related party transactions

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

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

33-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/12/2017 L.E.	31/12/2016 L.E.	31/12/2017 L.E.	31/12/2016 L.E.
Argu	Current account	(11 351 903)	14 178 441	2 826 538	14 178 441
				2 826 538	**14 178 441**

34. Goodwill

	31/12/2017 L.E.	31/12/2016 L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy & Juice Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	97 092 890	**97 092 890**

35. New laws and legislations

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

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36. Float exchange rates

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

	Selling	Buying
USD	14.2757	13.5277
EURO	15.8389	15.0076

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

37. New issuance and amendments on the Egyptian accounting standards that is not effective yet:

During 2015 new modified version of the Egyptian Accounting Standards was issued that includes new accounting standards and amendments to some existing standards, to be effective for the periods starting January 2016.

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

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
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.