

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim financial statements
for the financial Period ended
30 September 2017
and review report**

**KPMG Hazem Hassan
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87 Ramses St., Cairo**

Juhayna Food Industries

(An Egyptian Joint Stock Company)

**Interim separate financial statements
for the period ended 30 September 2017**

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Report on Limited Review of Separate interim Financial Statements

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

Introduction


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

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Periodic Separate Financial Statements Performed by the Independent Auditor of the Entity. A limited review of periodic separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these periodic separate financial statements.

Conclusion

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


Hatem Montasser
KPMG Hazem Hassan
Public Accountants & Consultancies


Hossam Hilal
Mohamed Hilal – Grant Thornton
Public Accountants & Consultancies

Grant Thornton - Mohamed Hilal
Public Accountants
The Egyptian Member Firm of
Grant Thornton International

Cairo, 19 October 2017
Sama AT

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate Interim Statement of financial position
As at 30 Sep 2017

Translation from Arabic

	Note no.	30/9/2017 L.E.	31/12/2016 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(12)	21 044 438	20 513 349
Investment in subsidiaries and under joint control companies	(13)	2 253 491 193	2 253 491 193
Down payment For investment	(4-13)	50 000 000	50 000 000
Projects under construction	(14)	108 570 635	103 581 596
Other long term debit balances	(28)	8 923 425	9 815 767
Total non-current assets		2 442 029 691	2 437 401 905
Current assets			
Debtors and other debit receivables (net)	(17)	14 562 751	14 624 627
Due from related parties	(1-31)	246 376 633	202 489 852
Cash and cash equivalents	(18)	153 870 908	1 962 760
Total current assets		414 810 292	219 077 239
Total assets		2 856 839 983	2 656 479 144
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		398 204 287	388 190 055
General reserve - share issuance premium	(1-19)	330 920 428	330 920 428
Retained earnings		510 862 736	493 247 432
(Deficit) total comprehensive income for the period / year		71 770 739	200 284 654
Total equity		2 253 163 272	2 354 047 651
Non-current liabilities			
Other Non- current liabilities	(24)	5 205 923	11 212 454
Deferred revenues	(25)	88 303 516	97 133 867
Deferred tax liabilities (net)	(26)	1 508 816	1 659 567
Non-current liabilities		95 018 255	110 005 888
Current liabilities			
Provisions for claims	(22)	-	3 329 621
Banks - overdraft	(18)	3 737 821	3 986 041
Banks - credit facilities	(21)	64 730 178	82 857 964
Current Income tax		-	1 961 120
Creditors and other credit balances	(23)	180 670 268	28 198 734
Due to related parties	(2-31)	259 520 189	72 092 125
Current liabilities		508 658 456	192 425 605
Total liabilities		603 676 711	302 431 493
Total equity and total liabilities		2 856 839 983	2 656 479 144

The notes on pages from (6) to (30) are an integral part of these separate interim financial statements.

Financial Manager
Hany Shaker

Chief Financial Officer
Sameh El-hodaiby

Chairman
Safwan Thabet

*Limited review report attached .

Juhayna Food Industries
(An Egyptian Joint Stock Company)
separate interim income statement
For the financial period ended 30 September 2017

Translation from Arabic

		The financial period	The financial period	The financial period	The financial period
		From 1/1/2017	From 1/1/2016	From 1/7/2017	From 1/7/2016
Note no.		To 30/9/2017	To 30/9/2016	To 30/9/2017	To 30/9/2016
		L.E.	L.E.	L.E.	L.E.
Investment revenue	(5)	91 947 700	99 964 700	-	-
Other income	(6)	11 194 223	11 427 167	3 603 451	3 605 247
General & administrative expenses	(7)	(2 485 028)	(2 407 375)	(633 517)	31 906 278
Board of Directors remunerations	(8)	-	-	-	155 000
Other expenses	(9)	(21 289 101)	(15 446 636)	(7 423 864)	(6 146 758)
Results from operating activities		79 367 794	93 537 856	(4 453 930)	29 519 767
End of service	(10)	-	-	-	400 000
Net finance (expenses) income	(11)	(3 150 421)	439 732	466 468	11 629 210
Net profit / (loss) profit before income tax		76 217 373	93 977 588	(3 987 462)	41 548 977
Income tax	(15)	-	-	65 989	-
Tax on investment revenue	(5)	(4 597 385)	(4 998 235)	-	-
Deferred tax	(26)	150 751	(1 068 592)	59 318	(394 538)
Net profit/(loss) for the period		71 770 739	87 910 761	(3 862 155)	41 154 439
Earning per share for the period (L.E /share)	(20)	0.076	0.093	(0.004)	0.044

The notes on pages from (6) to (30) are an integral part of these separate interim financial statements.

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Separate interim statement of comprehensive income

For the financial period ended 30 September 2017

	The financial period From 1/1/2017 To 30/9/2017 L.E.	The financial period From 1/1/2016 To 30/9/2016 L.E.	The financial period From 1/7/2017 To 30/9/2017 L.E.	The financial period From 1/7/2016 To 30/9/2016 L.E.
Net profit /(loss) profit for the period	71 770 739	87 910 761	(3 862 155)	41 154 439
Other comprehensive income	-	-	-	-
Surplus (Deficit) total other comprehensive income for the period	<u>71 770 739</u>	<u>87 910 761</u>	<u>(3 862 155)</u>	<u>41 154 439</u>

The notes on pages from (6) to (30) are an integral part of these separate interim financial statements.

Juhatna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of changes in equity
For the financial period ended 30 September 2017

	Note No.	Issued & paid up capital L.E.	General reserve- issuance premium L.E.	Legal reserve L.E.	Retained earnings L.E.	(Deficit) total comprehensive income L.E.	Total L.E.
Balance as at 1 January 2016	(19-1)	941 405 082	330 920 428	374 963 889	426 200 481	264 523 310	2 338 013 190
Dividends for 2015		-	-	13 226 166	67 046 951	(264 523 310)	(184 250 193)
Total comprehensive income for the financial period ended 30 september 2016		-	-	-	-	87 910 761	87 910 761
Balance as at 30 September 2016		941 405 082	330 920 428	388 190 055	493 247 432	87 910 761	2 241 673 758
Balance as at 1 January 2017		941 405 082	330 920 428	388 190 055	493 247 432	200 284 654	2 354 047 651
Closing income of 2016 in retained earnings		-	-	10 014 232	17 615 304	(200 284 654)	(172 655 118)
Total comprehensive income for the financial period ended 30 September 2017		-	-	-	-	71 770 739	71 770 739
Balance as at 30 September 2017		941 405 082	330 920 428	398 204 287	510 862 736	71 770 739	2 253 163 272

The notes on pages from (6) to (30) are an integral part of these separate interim financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of cash flows
For the financial period ended 30 September 2017

		The financial period From 1/1/2017 To 30/9/2017 L.E.	The financial period ended From 1/1/2016 To 30/9/2016 L.E.
Cash flows from operating activities			
Net profit for the period before income tax		76 217 373	93 977 588
Adjustments for:			
Fixed assets depreciation	(12)	6 423 497	4 507 761
Capital gains		-	(81 353)
provision of claim - formed		103 483	-
Financial lease installments		21 016 211	15 446 633
Foreign exchange currency		1 744 383	846 795
Credit interests		(1 133 907)	(439 732)
Finance interests & expenses		11 423 119	13 382 880
		115 794 159	127 640 572
Collected credit interest		1 133 907	439 732
Interest finance expenses paid		(11 423 119)	(13 382 880)
Changes in:			
Debtors and other receivables	(17)	954 218	(16 701 211)
Due from related parties	(1-31)	(64 766 166)	(93 902 771)
Trade payable & other credit balances	(23)	(26 555 930)	(28 080 652)
Dividends paid to employee within the period		(15 186 589)	(25 067 584)
Provision for claims used	(22)	(3 433 104)	(3 451 129)
Due to related parties	(2-31)	187 428 064	96 481 395
Net cash flows generated from operating activities		183 945 440	43 975 472
Cash flows from investing activities			
Acquisition of PPE & projects under construction		(11 943 625)	(27 451 653)
Proceeds from the profits of investments		20 879 385	94 966 465
Proceeds from sale of fixed assets		-	86 823
Payment to purchases investment in subsidiaries		-	(100 000 000)
Proceeds from cancelled investment in subsidiaries		-	99 900 000
Net cash flows generated from investing activities		8 935 760	67 501 635
Cash flows from financing activities			
(Payment) from facilities	(21)	(18 127 786)	(58 931 340)
Proceeds from sale and lease back	(25)	-	105 964 269
payments for lease installments- sale and lease back	(25)	(21 016 211)	(15 446 633)
Dividends paid to shareholders during the period		-	(141 210 762)
Net cash flows (used in) financing activities		(39 143 997)	(109 624 466)
(Decrease)/increase in cash & cash equivalents during the period		153 737 203	1 852 641
Change in foreign currency		(1 580 835)	(754 532)
Cash & cash equivalents at 1 January		(2 023 281)	(1 454 202)
Cash & cash equivalents at 30 September	(18)	150 133 087	(356 093)

The notes on pages from (6) to (30) are an integral part of these separate interim financial statements.

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Notes to the separate interim financial statements

For the financial period ended period 30 September 2017

1 Reporting the entity

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

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

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

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

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on 19 October 2017.

2-2 Basis of measurement

The separate 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.

The methods used to measure fair values are discussed further in (Note 4).

2-3 Functional and presentation currency

These financial statements are presented in Egyptian pound, which is the Company's functional currency.

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

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

2-4 Use of estimates and judgments

The preparation of 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 (3-6) : lease classification.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial statements are included in the following notes:

- Note (17) : impairment of trade and notes receivable.
- Note (22) : provisions
- Note (26) : deferred tax.

3 Significant accounting policies

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

3-1 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.

3-2 Investment

3-2-1 Investment in subsidiary companies

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

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, if no impairment loss had been recognized.

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

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

3-2-2 Investment under joint control

The companies under joint control are companies that practice a joint control on the investee company, the investments under joint control are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

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, if no impairment loss had been recognized.

3-3 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 the 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.

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.

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

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

The Company classifies non – derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at the fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Generally, trade payables are recorded at their nominal value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Capital

Authorized capital

The Company's authorized capital amounts to L.E 5 Billion.

Issued and paid up capital

The Company's issued and fully paid up capital at the beginning of the year was amounted to L.E 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) divided into 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) shares at par value L.E 1 each.

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

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

3-4 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 12).

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 capitalised 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.

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

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

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 for the current and comparative periods are as follows:

Description	Estimated useful life (Years)
Buildings & Construction	50
Transportation & Transport Vehicles	5
Tools	6.67
Office equipment & Furniture	10
Computers	3

Depreciation commences when the fixed asset is completed and made available for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3-5 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 14). No depreciation is charged until the project is completed and transferred to fixed asset

3-6 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.

3-7 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.

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

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

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.

3-8 Advantages of pensions

The company pays contributions to the General Authority for Social Insurance for the employees of the company, according to the Social Insurance Law No. (79) of 1975, According to this law, the employees and the company paid fixed subscriptions rate from the salary. The company is under no obligation to pay any further obligations other than the value of the previous mentioned subscriptions.

3-9 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.

3-10 Revenue

Revenue dividends from subsidiaries

Revenue dividends from subsidiaries is recognized when the holders of shares have the right to collection dividends.

Rental income

Rental income from other assets is recognized in other income.

3-11 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 recognised 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.

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

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

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.

3-12 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.

3-13 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.

3-14 Legal reserve

According to the Companies Law requirements and the statutes of the Company, 5% of the annual net profit shall be transferred to a legal reserve until the accumulated reserve reaches 50% of the issued share capital. The reserve is un-distributable; however, it can be used to increase the share capital or to offset losses. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

3-15 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.

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

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

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.

5 Investment revenue

	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/1/2016 To 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Egyptian Company for Dairy Products	22 997 700	41 495 850	-	-
International Company For Modern Food Industries	-	5 499 450	-	-
The Egyptian Company For "Food Industries "Egyfood	19 996 000	27 994 400	-	-
Tiba for Trading and Distributing	18 981 000	24 975 000	-	-
Al-Marwa for Food industries	29 973 000	-	-	-
	91 947 700	99 964 700	-	-
Less :				
Tax on investement revenue	(4 597 385)	(4 998 235)	-	-
	87 350 315	94 966 465	-	-

6 Other operating revenue

	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/1/2016 To 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Deferred capital gains	8 830 352	9 364 017	2 943 451	2 943 450
Capital gain	-	83 150	-	1 797
Recovery service fees	383 871	-	-	-
Revenue from rental assets to subsidiaries	1 980 000	1 980 000	660 000	660 000
	11 194 223	11 427 167	3 603 451	3 605 247

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

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

7 General & administrative expenses

	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/1/2016 To 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Personnel expenses	39 087 549	33 917 574	12 602 900	11 466 157
Depreciation expense	6 423 497	4 507 761	2 207 445	2 014 429
Other administrative expense	7 062 071	12 011 341	2 003 488	2 642 437
*Distributed to subsidiaries companies	(50 088 089)	(48 029 301)	(16 180 316)	(48 029 301)
	2 485 028	2 407 375	633 517	(31 906 278)

* The amount L.E 50 088 089 of general and administrative expenses was deducted and distributed to subsidiary companies (note 33).

8 Board of Directors remunerations

	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/1/2016 To 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Board of directors remunerations	175 000	240 000	70 000	85 000
*Distributed to subsidiary companies	(175 000)	(240 000)	(70 000)	(240 000)
	-	-	-	(155 000)

* The amount 175 000 L.E of the board of directors' remunerations was deducted and distributed to subsidiary companies (note 33).

9 Other expenses

	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/1/2016 To 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Financial lease installments	21 016 211	15 446 636	7 320 381	6 313 319
Property tax	169 407	-	-	-
Provision formed	103 483	-	103 483	-
Other expenses	-	195 593	-	29 031
*Distributed to subsidiary companies	-	(195 593)	-	(195 592)
	21 289 101	15 446 636	7 423 864	6 146 758

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

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

10 End of Service

	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/1/2016 To 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
End of service	1 380 059	400 000	-	-
*Distributed to subsidiary companies	(1 380 059)	(400 000)	-	(400 000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400 000)</u>

* The amount L.E1 380 059 of the cost of end the service was deducted and distributed to subsidiary companies (note 33).

11 Net finance income (expenses)

	Financial period From 1/1/2017 To 30/9/2017 L.E	Financial period From 1/1/2016 To 30/9/2016 L.E	Financial period from 1/7/2017 to 30/9/2017 L.E	Financial period from 1/7/2016 to 30/9/2016 L.E
Interest expense	(11 423 119)	(13 977 400)	(3 689 146)	(4 210 818)
Interest income	1 133 907	439 732	1 088 003	368 765
Foreign currency exchange	(1 744 383)	(846 795)	190 075	647 068
*Distributed to subsidiary companies	8 883 174	14 824 195	2 877 536	14 824 195
Total finance cost	<u>(3 150 421)</u>	<u>439 732</u>	<u>466 468</u>	<u>11 629 210</u>

*The amount 8 883 174 L.E of finance expenses was deducted and distributed to subsidiary companies (note 33).

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.	Office furniture & equipment		Computers L.E.	Total L.E.
						L.E.	L.E.		
Cost									
Cost as at 1/1/2016	4 339 594	1 351 499	1 160 409	5 721 826	4 359 937	2 665 249	40 473 064	60 071 578	
Additions of the year	-	19 159 880	-	-	6 435	130 246	14 750 533	34 047 094	
Disposals of the year	-	(19 159 880)	-	(96 000)	(13 327)	(10 910)	(38 610)	(19 318 727)	
Reclassification	-	-	-	-	-	-	-	-	
Cost as at 31/12/2016	4 339 594	1 351 499	1 160 409	5 625 826	4 353 045	2 784 585	55 184 987	74 799 945	
Additions of the period	-	-	-	-	-	782 378	6 172 208	6 954 586	
Cost as at 30/9/2017	4 339 594	1 351 499	1 160 409	5 625 826	4 353 045	3 566 963	61 357 195	81 754 531	
Accumulated depreciation as at 1/1/2016	-	364 272	1 160 409	3 225 838	4 349 982	2 383 547	36 588 526	48 072 574	
Depreciation of the year	-	27 030	-	900 528	3 112	65 400	5 368 082	6 364 132	
Accumulated depreciation of disposals of the year	-	-	-	(94 400)	(13 327)	(7 664)	(34 739)	(150 130)	
Accumulated depreciation as at 31/12/2016	-	391 302	1 160 409	4 031 966	4 339 767	2 441 283	41 921 869	54 286 596	
Depreciation of the period	-	20 273	-	622 829	1 862	85 053	5 693 480	6 423 497	
Accumulated depreciation as at 30/9/2017	-	411 575	1 160 409	4 654 795	4 341 629	2 526 336	47 615 349	60 710 093	
Net book value as at 30/9/2017	4 339 594	939 924	-	971 031	11 416	1 040 627	13 741 846	21 044 438	
Net book value as at 31/12/2016	4 339 594	960 197	-	1 593 860	13 278	343 302	13 263 118	20 513 349	

* Fully depreciated assets and still in use are amounted to L.E.46 021 886 as at 30 September 2017 .

* The land item amounted to L.E 4 339 594 on 30/9/2017 includes an amount of L.E.4 149 244 representing the not registered land thus procedures of registering the land are in progress.

Description	Amount L.E.	Instrument of possess
Al Manyia	2 782 000	Specification document
Marsa Allam	1 367 244	Letter Allocation
	4 149 244	

13- Investments

	Name of the investee company	Legal entity	Number of purchased shares	Participation percentage	Nominal value per share	Total Nominal value	Percentage paid	Investment cost	Impairment in the value of investment as at	Net Investment	Net Investment
										30/9/2017	31/12/2016
				%	L.E.	L.E.	%	L.E.	L.E.	L.E.	L.E.
(13-1)	<u>Investment in subsidiary companies</u>										
	Egyptian Company for Dairy Products	SAE	2 999 700	99.99	100	299 970 000	100	359 911 533	-	359 911 533	359 911 533
	International Company For Modern Food Industries	SAE	4 999 500	99.99	100	499 950 000	100	499 950 000	-	499 950 000	499 950 000
	The Egyptian Company For Food Industries "Egyfood"	SAE	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	386 893 852
	Tiba for Trading and Distributing	SAE	1 998 000	99.9	100	199 800 000	100	199 800 000	-	199 800 000	199 800 000
	Al-Marwa for Food industries	SAE	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	196 815 808
	Ennaa for Agriculture Development Co. and biological wealth	SAE	5 999 700	99.995	100	599 970 000	100	599 970 000	-	599 970 000	599 970 000
(13-2)	<u>Investment in subsidiary and under joint control companies</u>										
	Arjuu For Food Industries	SAE	1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	10 150 000
	Balance as at 30 September 2017					<u>2209 658 000</u>		<u>2253 491 193</u>	<u>-</u>	<u>2253 491 193</u>	<u>2253 491 193</u>
(13-3)	<u>Investments available for sale</u>										
	Egyptian for Trading and Marketing	SAE	1 000	0.54		100 000	100	100 000	(100 000)	-	-
	Balance as at 30 September 2017					<u>100 000</u>		<u>100 000</u>	<u>(100 000)</u>		
(13-4)	<u>Down payment for investment</u>										
	Tiba for Trading and Distributing SAE		1 000 000	99.9	100	100 000 000	50	99 900 000	-	50 000 000	50 000 000
	Balance as at 30 September 2017					<u>100 000 000</u>		<u>99 900 000</u>		<u>50 000 000</u>	<u>50 000 000</u>
*	Juhayna Food Industries is committed to contributing at least not in Tiba for Trading and Distributing company for 75% of the company's capital, according to the terms of the loan agreement between Qatar National Bank Al Ahli and Tiba for Trading and Distributing company and held until the end of the loan term.										
*	Juhayna Food Industries is committed not least its contribution to the International company for modern food industries for 75% of the company's capital, according to the terms of the loan contract signed between HSBC Bank and the International company for modern food industries until the end of the loan term.										
*	Juhayna Food Industries is committed to contributing at least not in the Egyptian Company for Dairy product 75.1% of the company's capital, according to the terms of the loan contract signed between CIB and the Egyptian Company for dairy product and until the end of the loan term.										
*	Juhayna Food Industries is committed not least its contribution in the Egyptian Company for Food Industries (Egyfood) for 75.1% of the company's capital, according to the terms of the loan agreement contract between CIB and the Egyptian Company for Food Industries (Egyfood) until the end of the loan term.										

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

14 Projects under constructions

	30/9/2017	31/12/2016
	L.E.	L.E.
Advance payments for PP&E purchase	1746832	12 415 864
Furniture in progress	1 503 492	1 272 290
Buildings and constructions in progress	105 320 311	89 893 442
	<u>108 570 635</u>	<u>103 581 596</u>

15 Income tax**Period income tax expenses**

	30/9/2017	30/9/2016
	L.E.	L.E.
Tax on investment revenue	(4 597 385)	(4 998 235)
Deferred tax	150 751	(1 068 592)
	<u>(4 446 634)</u>	<u>(6 066 827)</u>

Reconciliation of effective tax rate

	%	30/9/2017
		L.E.
Profit for the period		71 770 739
Income tax	-	
Tax difference from previous years	-	
Tax on investment revenue	4 597 385	
Deferred tax	(150 751)	
Total tax expense based on income statement		4 446 634
Profit before tax		<u>76 217 373</u>
Income tax using the Company's domestic tax rate	%22.5	17 148 909
Provisions used		(3 433 104)
Tax on revenue exempt by law		(20 688 232)
Other adjustments		11 419 061
	Zero %	<u>4 446 634</u>

16 Tax status**16-1 Corporation tax**

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

The period from the beginning of operation till year 2007

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

Year 2008, 2009

The company has estimated inspection from tax authority and its interception in legal date and re-inspected decision

The Company submits tax returns during legal duration.

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

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

Years from 2010 till 2013

The tax authority noticed the company sample (19) was estimated interception in legal date and re-inspection has been performed and paid .

Years from 2014 till 2015

The tax authority noticed the company samples (31), (32) to inspection this period and the Company present sample (26) to deferred it.

Year 2016

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

16-2 Salaries tax**The period from the beginning of operation till year 2014**

The tax inspection has been performed & the inspection results forms were received and the differences have been settled.

Year 2015, 2016

The inspection in progress.

16-3 Stamp tax**The period from the beginning of operation till 2010**

The tax inspection has been performed and paid.

The period from 2011 till 2014

The tax inspection has been performed and paid

Year 2015 till 2016

The inspection in progress.

16-4 Sales tax

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

Period from 1/1/2016 till 31/8/2016

The Company submits the annual tax returns during legal duration required.

The company has not been inspected yet.

16-5 Vat tax

The Value Added Tax (VAT) by virtue of Law No. 67 replaced the Sales Tax for the year 2016 applicable as of the day following its issuance on 7/9/2016.

16-6 Withholding tax

The company has importuned the amount that was deducted to tax authority during the legal durations.

17 Debtors and other receivables (net)

	30/9/2017	31/12/2016
	L.E.	L.E.
Suppliers – advance payments	467 322	437 198
Advanced Prepaid expenses	9 649 351	8 651 067
Letter of Grantee deposit	2 525 398	5 119 598
Customs authority	-	44 163
Deposits with others	217 708	147 708
Accrued credit interest	1 036 312	-
Other debit balances	766 660	324 893
	14 662 751	14 724 627
Less: Impairment in other debit balances	(100 000)	(100 000)
	14 562 751	14 624 627

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

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

18 Cash and cash equivalents

	30/9/2017	31/12/2016
	L.E.	L.E.
Banks – current accounts	183 715	313 020
Time deposits *	142 100 000	1 292 047
Checks under collection	11 389 740	-
Cash in hand	197 453	357 693
	153 870 908	1 962 760
Banks credit balance	(3 737 821)	(3 986 041)
Cash and cash equivalents in the statement of cash flows	150 133 087	(2 023 281)

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

19 Share capital

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

The extra ordinary general assembly meeting dated 5 February 2012 decided capital reduction by the nominal value of treasury stock amounted to L.E 20 362 521 to be amounted to L.E 706 053 811 divided into

706 053 811 shares at par value L.E 1 each. The reduction in capital and in the numbers of shares was registered in the commercial register on 23 April 2012.

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

19-1 General reserve - issuance premium

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

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

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

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

20 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year has been per share in net profit for the year is calculated using the weighted average number of shares outstanding during the period as :

	Financial period From 1/1/2017 To 30/9/2017 L.E.	Financial period From 1/1/2016 To 30/9/2016 L.E.	Financial period from 1/7/2017 to 30/9/2017 L.E.	Financial period from 1/7/2016 to 30/9/2016 L.E.
Profit/(loss) for the period	71 770 739	87 910 761	(3 862 155)	41 154 439
Deduct:				
Employees share	-	-	-	-
B.O.D share	-	-	-	-
Net attributable for shareholders share	71 770 739	87 910 761	(3 862 155)	41 154 439
Weighted average number of ordinary shares	941 405 082	941 405 082	941 405 082	941 405 082
Net profit/ (loss) attributable to ordinary shareholders	0.076	0.093	(0.004)	0.044

21 Banks – credit facilities

	30/9/2017 L.E	31/12/2016 L.E
The value of credit facilities is 51 million L.E which given from QNB with a variable interest paid monthly guarantee promissory note	49 543 897	49 919 815
The value of credit facilities is 50 million L.E which was given from HSBC with a variable interest paid monthly guarantee promissory note guarantee amounted 50 million L.E	15 186 281	32 938 149
	64 730 178	82 857 964

22 Provision for claims

Description	Balance on 1/1/2017 L.E	Provision formed L.E	Provision used L.E	Balance on 30/9/2017 L.E.
Provision for claims	3 329 621	103 483	(3 433 104)	-

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

23 Creditors and other credit balances

	30/9/2017 L.E.	31/12/2016 L.E.
Suppliers	655 667	4 941 708
Accrued expenses	317 121	769 985
Tax authority	5 826 453	794 613
Fixed assets' creditors	668 750	668 750
Deposits from others	-	936 943
Sales tax installments on the imported machineries and equipment-short term	102 283	68 075
Deferred capital gains Short term (building sales & lease back)	11 773 802	11 773 802
Due to Sodic company- current portion	7 058 779	7 599 512
Social insurance authority	190 544	188 915
Dividends payable	153 629 507	63 709
Other credit balances	447 362	392 722
	180 670 268	28 198 734

24 Other long term liabilities

	Current L.E.	Non –Current L.E.	total L.E.
- The value of sales tax installments on the imported machineries and equipment due from September 2017 till January 2021 according to the scheduling agreed upon with the Sales Tax Authority.	102 283	306 848	409 131
- 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 central bank of Egypt corridor rate & 0.5% administrative expense,	668 750	-	668 750
- 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. Total payments was paid amounted to L.E 64 374 627 and the rest will be settled over 7 equal installments starting from December 2017.	10 704 016	8 028 012	18 732 028
Less:	(3 645 237)	(3 128 937)	(6 774 174)
The Part that not consumed of the change in the present value of the obligation due to the company Sodic Siak real estate investment.			
The net present value of the obligation due to the company Sodic Siak Real Estate Investment	7 058 779	4 899 075	11 957 854
Net liability value at 30/9/2017	7 829 812	5 205 923	13 035 735
Net liability value at 31/12/2016	8 336 337	11 212 454	19 548 791

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

25 Deferred revenues

	30/9/2017 L.E	31/12/2016 L.E
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built, According to the new contract finance leasing that signed with QNB Al Ahli at thereon 23/3/2016The Company had deferred and derecognized in the income statement the gain of L.E 117 738 021 as the sale transaction was in the form of a sale and lease back within 10 years starting on March 2016 through to March 2026. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/4/2016. The amortization of gain is L.E 8 830 352 and the short term portion during the year ended amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 23).	88 303 516	97 133 867
	<u>88 303 516</u>	<u>97 133 867</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 1 508 816 on 30/9/2017 is representing amounts of net deferred tax assets and tax liabilities.

	Balance on 1/1/2017 L.E	Deferred tax from 1 st Jan to 30 September 2017 L.E	Balance on 30/9/2017 L.E
Deferred tax liability from fixed assets	<u>1 659 567</u>	<u>(150 751)</u>	<u>1 508 816</u>

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	30/9/2017 L.E	31/12/2016 L.E.
Fixed assets	1 508 816	1 659 567
Net tax liabilities	<u>1 508 816</u>	<u>1 659 567</u>

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

27 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:

	Note no	Carrying amount	
		30/9/2017	31/12/2016
		L.E.	L.E.
Banks credit facilities	(21)	64 730 178	82 857 964

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

Liquidity risk

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

The company is keeping the following credit process:

Credit facilities totalling 64 730 178 L.E. the interest is paid for the facilities as at Egyptian pound and US dollar with a variable interest rate

Liquidity risk

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

	Carrying amount L.E.	Contractual cash flows L.E.
Credit facilities	64 730 178	101 000 000

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
Other debit balances	-	-	300
Cash and cash equivalents	8 172	3 100	4 368
Trade payable & other credit balances	-	(949)	-
Credit facilities	(378 548)	-	-
30 September 2017	(370 376)	2 151	4 668
31 December 2016	18 483	1 714	(5 883)

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The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	9/2017	2016	9/2017	2016
USD	18.065	13.11	17.71	18.41
Euro	20.040	13.90	20.83	19.25

Sensitivity analysis

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 30 September 2017 would have increase (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.

10 %	Profit/Loss	
	30/9/2017	31/12/2016
	L.E.	L.E.
USD	(655 936)	34 027
Euro	4 480	3 299
GBP	11 092	(13 273)
	(640 364)	24 053

Interest rate risk

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

Capital management

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

	30/9/2017	31/12/2016
	L.E.	L.E.
Total liabilities	603 676 711	302 431 493
Less: cash and cash equivalents	(153 870 908)	(1 962 760)
Net debt	449 805 803	300 468 733
Total equity	2 253 163 272	2 354 047 651
Net debt to equity ratio	%19.96	%12.76

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

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

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

28 Financial lease contracts

The company signed a contract with QNB Al Ahli for Financial Leasing Company (Segoles Company for Finance Leasing-formerly) lease land and buildings and of system construction and leasing, as follows:

Land lease contracts (Sale and lease back)

On 23/3/2016 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 24/3/2016. The following is a summary of the above mentioned contract:

Description	Lease value		Lease period Months	Purchase value at end of contract L.E	Quarterly lease value L.E
	Contractual value	Accrued interest			
	L.E	L.E			
Contract from 24/3/2016 to 23/3/2026	292 769 162	127 651 718	120	1	7 022 935

- The Company has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 220 000 based upon the approval from the leaser's company.
- The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement. Thus, total installments of the financial year ended 30/9/2017 amounted to L.E. 21 016 211.
- The company paid 11 897 900 L.E as a down payment and as at 30 September 2017 amounted 10 113 215 L.E classified the current portion as at 1 189 790 L.E pounds in prepaid expenses to note (17) and the Non-current portion 8 923 425 LE classified in the other long term debt balances.

29 Contingencies

There are potential liabilities of the company in the form of letters of guarantee or any events arise during the ordinary activity of the company and which do not result in actual commitments.

The value of letters of guarantee issued by banks for the company and for the benefit of others in 30/9/2017 equivalent to the amount of L.E 2 545 900 was part of which covered L.E 2 525 398.

30 Capital commitment

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 4 500 000 on 30/9/2017 & an amount of LE 50 000 000 is the unpaid portion of the capital increase of Tiba company.

31 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 current year, between the Company and its related parties.

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

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

31-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2017 L.E.	31/12/2016 L.E.	30/9/2017 L.E.	31/12/2016 L.E.
International Company For Modern Food Industries	Current	2 394 684	-	1 237 282	-
El Marwa For Food Industries		-	2 086 243	-	2 128 496
Modern Concentrates Industrial Company	Current	3 533 370	1 732 840	5 277 354	1 743 983
Enmaa for Agriculture Development Co. and biological wealth	Current	38 261 241	(36 107 429)	235 534 688	197 273 447
Enmaa for reclamation and agriculture	Current	787 695	422 760 259	1 210 455	422 760
Enmaa for livestock	Current	2 195 673	921 167	3 116 839	921 166
Argo For Food Industries	Current	15	-	15	-
				246 376 633	202 489 852

31-2 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2017 L.E.	31/12/2016 L.E.	30/9/2017 L.E.	31/12/2016 L.E.
Egyptian Company for Dairy Products	Current	(113 868 233)	(11 495 716)	125 363 448	11 495 214
Tiba for Trading and Distributing	Current	(306 105)	(5 587 062)	1 270 153	2 944 048
The Egyptian Company For Food Industries "Egyfood"	Assets lease	1 980 000	2 640 000		
	Current	15 328 110	(30 413 179)	41 167 351	56 495 462
International Company For Modern Food Industries	Current	-	24 750 450	-	1 157 401
El Marwa For Food Industries		(93 847 734)		91 719 237	
				259 520 189	72 092 125

The company has a contract agreement with the Tiba for Trading and Distributing Company of (LLC) – subsidiary - company 99.9% of the rental company's administrative building and the rental with a value of 1 980 000 pounds during the fiscal year ended September 30, 2017 (the amount of 2 640 000 LE through 2016).

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

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

32 Non-cash transactions in cash flow

The exclusion of the amount of 8 830 351 pounds of change in item suppliers against the exclusion of the same amount of change in the deferred revenue as this is a non-cash transaction.

The exclusion of the amount of 6 006 531 pounds of change in item suppliers against the exclusion of the same amount of change in the long-term liability as this is a non-cash transaction.

33 Distribution some of the holding companies expenses

The company has under the decision of the board of director in its meeting 19/10/2016 to approve the distribution of their own expenses to subsidiary were taking the consolidated sales volume as a basis for the distribution of these expenses.

34 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.

35 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:

Main Foreign Currencies	Selling	Buying
USD	14.2757	13.5277
EURO	15.8389	15,0076

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

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

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

36 New issuance and amendments on the Egyptian accounting standards:

During 2015 new modified version of the Egyptian accounting standards was issued that includes new accounting standards and amendments to some existing standards, to be effective for the periods starting from January 2016, with the knowledge that early adaption of these standards is not allowed

The following table shows the amendments that may have significant effect on the financial statements on 31/12/2016.

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