

Translation from Arabic

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

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

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate periodic financial statements
for the period ended 30 June 2017

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Report on Limited Review of interim Separate 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 balance sheet of Juhayna Food Industries S.A.E, as of 30 June 2017 and the related Separate statements of income, comprehensive income, changes in equity and cash flows for the six-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 June 2017, and of its financial performance and its cash flows for the six-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, 25 July 2017



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

Translation from Arabic

	Note no.	30/6/2017 L.E.	31/12/2016 L.E.
Assets			
Non-current assets			
Property, plant and equipment (net)	(12)	23 134 466	20 513 349
Investment in subsidiaries and under joint control companies	(13-1)	2 253 491 193	2 253 491 193
Down payment For investment	(4-13)	50 000 000	50 000 000
Projects under construction	(14)	108 497 081	103 581 596
Other long term debit balances	(28)	9 220 875	9 815 767
Total non-current assets		2 444 343 615	2 437 401 905
Current assets			
Debtors and other debit receivables (net)	(17)	16 971 598	14 624 627
Due from related parties	(1-31)	252 802 286	202 489 852
Cash and cash equivalents	(18)	26 410 436	1 962 760
Total current assets		296 184 320	219 077 239
Total assets		2 740 527 935	2 656 479 144
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 year		75 632 894	200 284 654
Total equity		2 257 025 427	2 354 047 651
Non-current liabilities			
Other long term liabilities	(24)	6 912 462	11 212 454
Deferred revenues	(25)	91 246 966	97 133 867
Deferred tax liabilities (net)	(26)	1 568 134	1 659 567
Non-current liabilities		99 727 562	110 005 888
Current liabilities			
Provisions for claims	(22)	3 296 517	3 329 621
Banks - overdraft	(18)	1 332 143	3 986 041
Banks - credit facilities	(21)	70 718 155	82 857 964
Current Income tax		-	1 961 120
Creditors and other credit balances	(23)	193 315 281	28 198 734
Due to related parties	(2-31)	115 112 850	72 092 125
Current liabilities		383 774 946	192 425 605
Total liabilities		483 502 508	302 431 493
Total equity and total liabilities		2 740 527 935	2 656 479 144

The notes on pages from (6) to (29) 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 June 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 1/4/2017	From 1/1/2016
Note no.		To 30/6/2017	To 30/6/2016	To 30/6/2017	To 30/6/2016
		L.E.	L.E.	L.E.	L.E.
Investment revenue	(5)	91 947 700	99 964 700	91 947 700	-
Other income	(6)	7 590 772	7 821 920	3 603 450	3 683 253
General & administrative expenses	(7)	(1 851 511)	(34 313 653)	(799 931)	(17 049 305)
Board of Directors remunerations	(8)	-	(155 000)	-	(115 000)
Other expenses	(9)	(13 865 237)	(9 299 878)	(6 944 723)	(6 274 547)
Results from operating activities		83 821 724	64 018 089	87 806 496	(19 755 599)
End of service	(10)	-	(400 000)	-	(400 000)
Finance expenses	(11)	(3 662 793)	(11 260 445)	(1 667 990)	(4 649 103)
Finance income	(11)	45 904	70 967	34 676	26 867
(Loss) profit before income tax		80 204 835	52 428 611	86 173 182	(24 777 835)
Income tax	(15)	(65 989)	-	(65 989)	-
Tax on investment revenue	(5)	(4 597 385)	(4 998 235)	(4 597 385)	-
Deferred tax	(26)	91 433	(674 054)	57 311	5 310
Net profit/(loss) for the period		75 632 894	46 756 322	81 567 119	(24 772 525)
Earning per share for the period (L.E./share)	(20)	0.080	0.050	0.087	(0.026)

The notes on pages from (6) to (29) are an integral part of these separate interim financial statements.

Translation from arabic

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of comprehensive income
For the financial period ended 30 June 2017

	The financial period From 1/1/2017 To 30/6/2017 L.E.	The financial period From 1/1/2016 To 30/6/2017 L.E.	The financial period From 1/4/2017 To 30/6/2017 L.E.	The financial period From 1/1/2016 To 30/6/2016 L.E.
Net (loss) profit for the period	75 632 894	46 756 322	81567119	(24 772 525)
Other comprehensive income	-	-	-	-
deficit comprehensive income for the period after tax	-	-	-	-
(Deficit) total other comprehensive income for the period	<u>75 632 894</u>	<u>46 756 322</u>	<u>81 567 119</u>	<u>(24 772 525)</u>

The notes on pages from (6) to (29) are an integral part of these separate interim financial statements.

JuHayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of changes in equity
For the financial period ended 30 June 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 June 2016		-	-	-	-	46 756 322	46 756 322
Balance as at 30 June 2016		941 405 082	330 920 428	388 190 055	493 247 432	46 756 322	2 200 519 319
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)
Dividends for 2017		-	-	-	-	-	-
Deficit in comprehensive income for the financial period ended 30 June 2017		-	-	-	-	75 632 894	75 632 894
Balance as at 30 June 2017		941 405 082	330 920 428	398 204 287	510 862 736	75 632 894	2 257 025 427

The notes on pages from (6) to (29) 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 June 2017

	Note no.	The financial period From 1/1/2017 To 30/6/2017 L.E.	The financial period From 1/1/2016 To 30/6/2016 L.E.
Cash flows from operating activities			
Net profit for the period before income tax		80 204 835	52 428 611
Adjustments for:			
Fixed assets' depreciation	(12)	4 216 052	2 493 333
Capital gains		-	(81 353)
Financial lease installments		13 695 829	9 133 314
Foreign exchange currency		1 934 458	1 493 863
Credit interests		(45 904)	(70 967)
Finance interests & expenses		7 733 973	9 766 582
		107 739 243	75 163 383
Collected credit interest		45 904	70 967
Interest finance expenses paid		(7 733 973)	(6 014 625)
Changes in:			
Debtors and other receivables	(17)	(1 752 079)	(16 660 881)
Due from related parties	(1-31)	(71 191 819)	(82 259 835)
Trade payable & other credit balances	(23)	(20 991 853)	(21 058 915)
Dividends paid to employee within the period		(3 493 190)	(21 930 942)
Provision for claims used	(22)	(33 104)	(3 184 018)
Due to related parties	(2-31)	43 020 725	55 393 866
Net cash flows generated from (used in) operating activities		45 609 854	(20 481 000)
Cash flows from investing activities			
Acquisition of PP&E & projects under construction		(11 752 654)	(21 600 939)
Proceeds from the profits of investments		-	86 823
Proceeds from derecognition of investment in subsidiaries		20 879 385	94 966 465
Proceeds from sale of investment in related parties		-	(50 000 000)
payment from cancelled investment in subsidiaries		-	99 900 000
Net cash flows (used in) generated from investing activities		9 126 731	123 352 349
Cash flows from financing activities			
(Proceeds) from facilities	(21)	(12 139 809)	(56 992 866)
Proceeds from sale and lease back	(25)	-	105 964 269
payments for lease installments- sale and lease back	(25)	(13 695 829)	(9 133 314)
Dividends paid to shareholders during the period		-	(141 210 762)
Net cash flows from financing activities		(25 835 638)	(101 372 673)
(Decrease)/increase in cash & cash equivalents during the period		28 900 947	1 498 676
Change in foreign currency		(1 799 373)	(1 230 386)
Cash & cash equivalents at 1 January		(2 023 281)	(1 454 202)
Cash & cash equivalents at 30 June	(18)	25 078 293	(1 185 912)

The notes on pages from (6) to (29) 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 June 2017

1 Reporting the entity

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

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

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

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

The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on 25 July 2017.

2-2 Basis of measurement

The 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 June 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 June 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.

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

Notes to the separate interim financial statements for the financial period ending 30 June 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 June 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 June 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 June 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 June 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 30/6/2017 L.E	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Egyptian Company for Dairy Products	22 997 700	41 495 850	22 997 700	-
International Company For Modern Food Industries	-	5 499 450	-	-
The Egyptian Company For "Food Industries "Egyfood	19 996 000	27 994 400	19 996 000	-
Tiba for Trading and Distributing	18 981 000	24 975 000	18 981 000	-
Al-Marwa for Food industries	29 973 000	-	29 973 000	-
	91 947 700	99 964 700	91 947 700	-
Less :				
Tax on investement revenue	(4 597 385)	(4 998 235)	(4 597 385)	-
	87 350 315	94 966 465	87 350 315	-

6 Other operating revenue

	Financial period From 1/1/2017 To 30/6/2017 L.E	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Deferred capital gains	5 886 901	6 420 568	2 943 450	2 943 451
Capital gain	-	81 352	-	79 802
Recovery service fees	383 871	-	-	-
Revenue from rental assets to subsidiaries	1 320 000	1 320 000	660 000	660 000
	7 590 772	7 821 920	3 603 450	3 683 253

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

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

7 General & administrative expenses

	Financial period From 1/1/2017 To 30/6/2017 L.E	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Personnel expenses	26 484 649	22 451 417	13 586 253	11 407 548
Depreciation expense	4 216 052	2 493 332	2 203 895	1 354 055
Other administrative expense	5 058 583	9 368 904	2 918 226	4 287 702
*Distributed to subsidiaries companies	(33 907 773)		(17 908 443)	
	1 851 511	34 313 653	799 931	17 049 305

* The amount L.E 33 907 73 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 30/6/2017 L.E	Financial period from 1/1/2016 to 30/6/2016 L.E	Financial period from 1/1/2017 to 31/3/2017 L.E	Financial period from 1/1/2016 to 31/3/2016 L.E
Board of directors remunerations	105 000	155 000	70 000	115 000
*Distributed to subsidiary companies	(105 000)	-	(70 000)	-
	-	155 000	-	115 000

* The amount 105 000 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 30/6/2017 L.E	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Financial lease installments	13 695 829	9 133 314	6 775 315	6 107 983
Property tax	169 408	166 564	169 408	166 564
	13 865 237	9 299 878	6 944 723	6 274 547

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

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

10 Cost of end of Service

	Financial period from 1/1/2017 to 30/6/2017 L.E	Financial period from 1/1/2016 to 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Cost of end of service	1 048 533	400 000	639 148	400 000
*Distributed to subsidiary companies	(1 048 533)	-	(639 148)	-
	<u>-</u>	<u>400 000</u>	<u>-</u>	<u>400 000</u>

* The amount L.E1 048 533 of the cost of end the service was deducted and distributed to subsidiary companies (note 33).

11 Finance income and finance costs (net)

	Financial period From 1/1/2017 To 30/6/2017 L.E	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period from 1/4/2017 to 30/6/2017 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E
Interest expense	(7 733 973)	(9 766 582)	(3 847 720)	(3 751 957)
Foreign currency exchange	(1 934 458)	(1 493 863)	60 141	(897 146)
*Distributed to subsidiary companies	6 005 638		2 129 589	
Total finance cost	<u>(3 662 793)</u>	<u>(11 260 445)</u>	<u>(1 657 990)</u>	<u>(4 649 103)</u>
Interest income	45 904	70 967	34 676	26 867
Total finance cost	<u>45 904</u>	<u>70 967</u>	<u>34 676</u>	<u>26 867</u>
	<u>(3 616 889)</u>	<u>(11 189 478)</u>	<u>(1 623 314)</u>	<u>(4 622 236)</u>

The amount 6 005 638 L.E of finance expenses was deducted and distributed to subsidiary companies (note 33).

Juhayna Food Industries

Notes to the separate interim financial statements for the financial period ended 30 June 2017

Translation from Arabic

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 L.E.	Computers L.E.	Total 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	-	-	-	-	-	755 370	6 081 799	6 837 169
Cost as at 30/6/2017	4 339 594	1 351 499	1 160 409	5 625 826	4 353 045	3 539 955	61 266 786	81 637 114
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	6 364 152
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	-	13 515	-	417 872	1 242	50 006	3 733 417	4 216 052
Accumulated depreciation as at 30/6/2017	-	404 817	1 160 409	4 449 838	4 341 009	2 491 289	45 655 286	58 502 648
Net book value as at 30/6/2017	4 339 594	946 682	-	1 175 988	12 036	1 048 666	15 611 500	23 134 466
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.45 891 355 as at 30 June 2017 .

* The land item amounted to L.E 4 339 594 on 30/6/2017 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 Manyá	2 782 000	Specification document
Marsa Allam	1 367 244	Letter Allocation
	4 149 244	

Notes to the separate interim financial statements for the financial period ended 30 June 2017

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
								30/6/2017	30/6/2017	31/12/2016
				L.E.	L.E.	%	L.E.	L.E.	L.E.	L.E.
(13-1) Investment in subsidiary companies										
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
Enmaa 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) Investment in subsidiary and under joint control companies										
Aju 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 June 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) Investments available for sale										
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-
Balance as at 30 June 2017					<u>100 000</u>		<u>100 000</u>	<u>(100 000)</u>	<u>-</u>	<u>-</u>
(13-4) Down payment for investment										
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 June 2017					<u>100 000 000</u>		<u>99 900 000</u>	<u>-</u>	<u>50 000 000</u>	<u>50 000 000</u>
<p>* 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.</p> <p>* 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.</p> <p>* 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.</p> <p>* 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.</p>										

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

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

14 Projects under constructions

	30/6/2017	31/12/2016
	L.E.	L.E.
Advance payments for PP&E purchase	7 057 772	12 415 864
Furniture in progress	1 503 491	1 272 290
Buildings and constructions in progress	99 935 818	89 893 442
	108 497 081	103 581 596

15 Income tax expenses**Period tax expenses**

	30/6/2017	31/3/2016
	L.E.	L.E.
Income tax	(65 989)	
Tax on investment revenue	(4 597 385)	(4 998 235)
Deferred tax	91 433	(674 054)
	(4 571 941)	(5 672 289)

Reconciliation of effective tax rate

	%	30/6/2017
		L.E.
Profit for the year		75 602 894
Income tax		(65 989)
Tax difference from previous years		-
Tax on investment revenue		(4 597 385)
Deferred tax		91 433
Total tax expense based on income statement		4 571 941
Loss before tax		80 174 835
Income tax using the Company's domestic tax rate	%22.5	18 039 338
		-
Provisions used		(33 104)
Tax on revenue exempt by law		(20 688 232)
Other adjustments		7 253 889
	0 %	4 571 941

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.

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 June 2017

Years from 2010 till 2013

The tax authority noticed the company sample (19) was estimated interception in legal date and re-inspected decision was in progress .

Years from 2014 till 2015

The company has not been inspected yet.

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 2010

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

Year from 2011 to 2014

The inspection in progress.

Year 2015

The company has not been inspected yet.

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

The company has not been inspected yet.

16-4 Sales tax

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

16-5 Withholding tax

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

17 Trade and other receivables (net)

	30/6/2017	31/12/2016
	L.E.	L.E.
Suppliers – advance payments	2 051 824	437 198
Advanced Prepaid expenses	9 203 311	8 651 067
Letter of Grantee deposit	5 069 598	5 119 598
Customs authority	-	44 163
Deposits with others	217 708	147 708
Other debit balances	529 157	324 893
	17 071 598	14 724 627
Less: Impairment in other debit balances	(100 000)	(100 000)
	16 971 598	14 624 627

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

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

18 Cash and cash equivalents

	30/6/2017	31/12/2016
	L.E.	L.E.
Banks – current accounts	215 348	313 020
Time deposits *	243 801	1 292 047
Cash in hand	25 951 287	357 693
	26 410 436	1 962 760
Banks credit balance	(1 332 143)	(3 986 041)
Cash and cash equivalents in the statement of cash flows	25 078 293	(2 023 281)

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

19 Share capital

	30/6/2017	31/12/2016
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

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

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

Based on the decision of the Board of Directors on February 26, 2014, which included a dividend free shares from the year profits and the decision & approval of the Ordinary General Assembly and of the Company dated 27/03/2014 to increase the company's issued capital from the dividends of the financial year ended 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 June 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 30/6/2017 L.E.	Financial period From 1/1/2016 To 30/6/2016 L.E.	Financial period from 1/4/2017 to 30/6/2017 L.E.	Financial period from 1/4/2016 to 30/6/2016 L.E.
Profit/(loss) for the period	75 632 894	46 756 322	81 567 119	(24 772 525)
Deduct:				
Employees share	-	-	-	-
B.O.D share	-	-	-	-
Net attributable for shareholders share	75 632 894	46 756 322	81 567 119	(24 772 525)
Weighted average number of ordinary shares	941 405 082	941 405 082	941 405 082	941 405 082
Profit/ (loss) attributable to ordinary shareholders	0.08	0.05	0.087	(0.026)

21 Banks – credit facilities

	30/6/2017 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	50 655 668	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	20 062 487	32 938 149
	70 718 155	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 30/6/2017 L.E.
Provision for claims	3 329 621	-	(33 104)	3 296 517

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

23 Creditors and other credit balances

	30/6/2017	31/12/2016
	L.E.	L.E.
Suppliers	963 402	4 941 708
Accrued expenses	417 934	769 985
Tax authority	777 421	794 613
Income tax for period	65 989	-
Fixed assets' creditors	668 750	668 750
Deposits from others	1 389 695	936 943
Sales tax installments on the imported machineries and equipment-short term	170 358	68 075
Deferred capital gains Short term (building sales & lease back)	11 773 802	11 773 802
Due to Sodic company- current portion	7 216 634	7 599 512
Social insurance authority	203 653	188 915
Dividends payable	169 225 636	63 709
Other credit balances	442 007	392 722
	193 315 281	28 198 734

24 Other long term liabilities

	Short-term	Long-term	total
	L.E	L.E.	L.E.
- The value of sales tax installments on the imported machineries and equipment due from January 2018 till January 2021 according to the scheduling agreed upon with the Sales Tax Authority.	170 358	306 848	477 206
- 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 61 698 623 and the rest will be settled over 6 equal installments starting from June 2017.	10 704 016	10 704 016	21 408 032
Less:	(3 487 382)	(4 098 402)	(7 585 784)
The Part that not consumed of the change in the present value of the obligation due to the company Sodic Siac real estate investment.			
The net present value of the obligation due to the company Sodic Siac Real Estate Investment	7 216 634	6 605 614	13 822 248
Net liability value at 30/6/2017	8 055 742	6 912 462	14 968 204
Net liability value at 31/12/2016	8 336 337	11 212 454	19 548 791

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

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

25 Deferred revenues

	30/6/2017	31/12/2016
	L.E	L.E
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built, According to the new contract finance leasing that signed with QNB Al Ahli at thereon 23/3/2016The Company had deferred and derecognized in the income statement the gain of L.E 117 837 021 as the sale transaction was in the form of a sale and lease back within 10 years starting on March 2016 through to March 2026. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/4/2016. The amortization of gain is L.E 5 886 901 and the short term portion during the year ended amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 23).	91 246 966	97 133 867
	<u>91 246 966</u>	<u>97 133 867</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 1 568 134 on 30/6/2017 is representing amounts of net deferred tax assets and tax liabilities.

	Balance on 1/1/2017	Deferred tax from 1 st Jan to 30 June 2017	Balance on 30/6/2017
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>1 659 567</u>	<u>(91 433)</u>	<u>1 568 134</u>

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	30/6/2017	31/12/2016
		L.E.
Fixed assets	1 568 134	1 659 567
Net tax liabilities	<u>1 568 134</u>	<u>1 659 567</u>

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

Notes to the separate interim financial statements for the financial period ending 30 June 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	
		30/6/2017	31/12/2016
		L.E.	L.E.
Banks credit facilities	(21)	70 718 155	82 857 964

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

Notes to the separate interim financial statements for the financial period ending 30 June 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 70 718 155 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	70 718 155	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	70 902	-	-
Cash and cash equivalents	15 350	3 100	2 669
Trade payable & other credit balances	(82)	(1 424)	-
Credit facilities	(378 559)	(810)	-
30 June 2017	(292 389)	866	2 669
31 December 2016	18 483	1 714	(5 883)

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

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

The following significant exchange rates applied during the period:

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

Sensitivity analysis

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

	Profit/Loss	
	30/6/2017	31/12/2016
	L.E.	L.E.
10%		
USD	(530 364)	34 027
Euro	1 791	3 299
GBP	6 231	(13 273)
	(522 341)	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.

	30/6/2017	31/12/2016
	L.E.	L.E.
Total liabilities	483 502 508	302 431 493
Less: cash and cash equivalents	(26 410 436)	(1 962 760)
Net debt	457 092 072	300 468 733
Total equity	2 257 025 427	2 354 047 651
Net debt to equity ratio	%20.25	%12.76

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

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:

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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	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	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 30/6/2017 amounted to L.E. 13 695 829.
- The company paid 11 897 900 L.E as a down payment and as at 30 June 2017 amounted 10 410 663 L.E classified the current portion as at 1 189 790 L.E pounds in advance payments to note (17) and the Non-current portion 9 220 873 L.E 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 30/6/2017 equivalent to the amount of L.E 5 090 100 was part of which covered L.E 5 069 598.

30 Capital commitment

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 4 500 000 on 30/6/2017 & 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 June 2017

31-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2017	31/12/2016	30/6/2017	31/12/2016
		L.E.	L.E.	L.E.	L.E.
Tiba for Trading and Distributing		5 838 013	-		
	Current			3 758 965	-
	Assets lease	1 320 000			
International Company For Modern Food Industries		6 685 344	-	5 527 943	-
El Marwa For Food Industries	Current				
	Current	1 177 359	2 086 243	3 305 856	2 128 496
Modern Concentrates Industrial Company	Current	2 587 406	1 732 840	4 331 389	1 743 983
Enmaa for Agriculture Development Co. and biological wealth	Current	35 954 622	(36 107 429)	233 228 070	197 273 447
Enmaa for reclamation and agriculture	Current	132 419	422 760	555 179	422 760
Enmaa for livestock	Current	1 173 718	921 167	2 094 884	921 166
Argo For Food Industries					-
				252 802 286	202 489 852

31-2 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2017	31/12/2016	30/6/2017	31/12/2016
		L.E.	L.E.	L.E.	L.E.
Egyptian Company for Dairy Products	Current	(72 452 876)	(11 495 716)	83 948 090	11 495 214
Tiba for Trading and Distributing	Current	-	(5 587 062)	-	2 944 048
	Assets lease		2 640 000	-	
The Egyptian Company For Food Industries "Egyfood"	Current	25 331 072	(30 413 179)	31 164 390	56 495 462
International Company For Modern Food Industries	Current	-	24 750 450	-	1 157 401
Argo For Food Industries					
				370	
				115 112 850	72 092 125

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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 1 320 000 pounds during the fiscal year ended June 30, 2017 (the amount of 2 640 000 LE through 2016).

32 Non-cash transactions in cash flow

The exclusion of the amount of 5 886 901 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 3 688 972 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 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.