

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate interim financial statements  
for the Period ended  
30 June 2016  
and review report**

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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 interim financial statements  
for the period ended 30 June 2016**

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## **Report on Limited Review of periodic 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 2016 and the related Separate statements of income, other 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 periodic 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 periodic financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the six-month then ended in accordance with Egyptian Accounting Standards.

  
**KPMG Hazem Hassan**  
**Public Accountants and Consultants**  
**Salah EL Missary**  
**Capital Authority Controller**  
**Register NO.(364)**  
**KPMG Hazem Hassan**

  
**Hossam Hilal**  
**Capital Authority Controller**  
**Register NO.(147)**  
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**Public Accountants**  
**The Egyptian Member Firm of**  
**Grant Thornton International**

**Cairo, 31 July 2016**





**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**separate interim balance sheet**  
**As at 30 June 2016**

Translation from Arabic

	Note no.	30/6/2016 L.E.	31/12/2015 L.E.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(10)	14 503 283	11 999 004
Investment in subsidiary and under joint control companies	(11)	2 203 491 193	2 143 341 193
Under payment For investment	(4-11)	-	110 050 000
Projects under construction	(12)	96 855 334	80 257 477
<b>Total non-current assets</b>		<b>2 314 849 810</b>	<b>2 345 647 674</b>
<b>Current assets</b>			
Debitors and other debit receivables ( net )	(15)	25 176 022	8 442 669
Due from related parties	(1-29)	220 731 159	233 437 789
Cash and cash equivalents	(16)	1 592 015	1 279 865
<b>Total current assets</b>		<b>247 499 196</b>	<b>243 160 323</b>
<b>Total assets</b>		<b>2 562 349 006</b>	<b>2 588 807 997</b>
<b>Equity</b>			
Issued and paid up capital	(17)	941 405 082	941 405 082
Legal reserve		388 190 055	374 963 889
General reserve - issuance premium	(1-17)	330 920 428	330 920 428
Retained earnings		493 247 432	426 200 481
Total comprehensive income for period / year		46 756 322	264 523 310
<b>Total equity parent company</b>		<b>2 200 519 319</b>	<b>2 338 013 190</b>
<b>Non-current liabilities</b>			
Other long term liabilities	(22)	14 968 206	19 651 087
Deferred revenues	(23)	103 020 768	1 738 533
Deferred tax liabilities ( net )	(24)	990 738	316 684
<b>Non-current liabilities</b>		<b>118 979 712</b>	<b>21 706 304</b>
<b>Current liabilities</b>			
Provisions of claims	(20)	1 096 732	4 280 750
Banks - overdraft		2 777 927	2 734 067
Banks - credit facilities	(19)	98 317 628	155 310 494
Creditors and other credit balances	(21)	33 273 687	14 773 057
Due to related parties	(2-29)	107 384 001	51 990 135
<b>Current liabilities</b>		<b>242 849 975</b>	<b>229 088 503</b>
<b>Total liabilities</b>		<b>361 829 687</b>	<b>250 794 807</b>
<b>Total equity and total liabilities</b>		<b>2 562 349 006</b>	<b>2 588 807 997</b>

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 June 2016**

Translation from Arabic

		The financial period	The financial period	The financial period	The financial period
		From 1/1/2016	From 1/1/2015	From 1/4/2016	From 1/4/2015
	Note no.	To 30/6/2016	To 30/6/2015	To 30/6/2016	To 30/6/2015
		L.E.	L.E.	L.E.	L.E.
Investment revenue	(5)	99 964 700	81 970 300	-	-
Other income	(6)	7 821 920	2 825 343	3 683 253	1 365 797
General & administrative expenses	(7)	( 34 313 653)	( 28 704 183)	( 17 049 305)	( 14 546 271)
Board of Directors remunerations		( 155 000)	( 115 000)	( 115 000)	( 40 000)
Other expenses	(8)	( 9 299 878)	( 6 700 663)	( 6 274 547)	( 3 675 332)
<b>Results from operating activities</b>		<b>64 018 089</b>	<b>49 275 797</b>	<b>( 19 755 599)</b>	<b>( 16 895 806)</b>
End of service bonus		( 400 000)	( 759 819)	( 400 000)	( 759 819)
Finance expenses	(9)	( 11 260 445)	( 9 937 830)	( 4 649 103)	( 4 693 007)
Finance income	(9)	70 967	1 229	26 867	238
<b>Profit/(loss) before income tax</b>		<b>52 428 611</b>	<b>38 579 377</b>	<b>( 24 777 835)</b>	<b>( 22 348 394)</b>
Taxes differences from previous years		-	( 257 338)	-	( 356 636)
Tax on investment revenue	(5)	(4 998 235)	(4 098 515)	-	(4 098 515)
Deferred tax	(24)	( 674 054)	172 321	5 310	( 24 074)
<b>Net profit/(loss) for the period</b>		<b>46 756 322</b>	<b>34 395 845</b>	<b>( 24 772 525)</b>	<b>( 26 827 619)</b>
Per share in net profit (loss) for the period (L.E /share )	(18)	<b>0.050</b>	<b>0.037</b>	<b>(0.026)</b>	<b>(0.028)</b>

The notes on pages from (6) to (30) 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 2016**

	<b>The financial period From 1/1/2016 To 30/6/2016 L.E.</b>	<b>The financial period From 1/1/2015 To 30/6/2015 L.E.</b>	<b>The financial period From 1/4/2016 To 30/6/2016 L.E.</b>	<b>The financial period From 1/4/2015 To 30/6/2015 L.E.</b>
Net profit/(loss) for the period	46 756 322	34 395 845	(24 772 525)	(26 827 619)
Other comprehensive income	-	-	-	-
Other comprehensive income for period after tax	-	-	-	-
Total other comprehensive income/(loss)	<u>46 756 322</u>	<u>34 395 845</u>	<u>(24 772 525)</u>	<u>(26 827 619)</u>

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 changes in equity**  
**For the financial period ended 30 June 2016**

	Issued & paid up capital L.E.	General reserve- issuance premium L.E.	Legal reserve L.E.	Retained earnings L.E.	Net Profit L.E.	Total L.E.
<b>Balance as at 1 January 2015</b>	<b>941 405 082</b>	<b>330 920 428</b>	<b>363 208 166</b>	<b>343 210 457</b>	<b>235 114 465</b>	<b>2 213 858 598</b>
Dividends for 2014	-	-	11 755 723	91 487 099	(235 114 465)	( 131 871 643)
*Adjustments	-	-	-	(8 497 075)	-	( 8 497 075)
Total comprehensive income for the financial period ended 30 June 2015	-	-	-	-	34 395 845	34 395 845
<b>Balance as at 30 June 2015</b>	<b>941 405 082</b>	<b>330 920 428</b>	<b>374 963 889</b>	<b>426 200 481</b>	<b>34 395 845</b>	<b>2 107 885 725</b>
<b>Balance as at 1 January 2016</b>	<b>941 405 082</b>	<b>330 920 428</b>	<b>374 963 889</b>	<b>426 200 481</b>	<b>264 523 310</b>	<b>2 338 013 190</b>
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
<b>Balance as at 30 June 2016</b>	<b>941 405 082</b>	<b>330 920 428</b>	<b>388 190 055</b>	<b>493 247 432</b>	<b>46 756 322</b>	<b>2 200 519 319</b>

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 June 2016**

	Note no.	The financial period ended From 1/1/2016 To 30/6/2016 L.E.	The financial period ended From 1/1/2015 To 30/6/2015 L.E.
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax		52 428 611	38 579 377
<b>Adjustments for:</b>			
Fixed assets' depreciation	(10)	2 493 333	3 144 811
Capital gains		( 81 353)	( 271 151)
provision of claim - formed		-	650 000
Financial lease installments		9 133 314	6 050 662
Foreign exchange currency		1 493 863	114 052
Credit interests		( 70 967)	( 1 229)
Finance interests & expenses		9 766 582	9 823 778
		<u>75 163 383</u>	<u>58 090 300</u>
Collected credit interest		70 967	1 229
Interest finance expenses paid		(6 014 625)	(9 823 778)
<b>Changes in:</b>			
Debitors and other receivables (net)	(15)	(16 660 881)	( 68 714 662)
Due from related parties	(1-29)	(82 259 835)	( 78 879 619)
Trade payable & other credit balances	(21)	(21 058 915)	( 9 524 139)
Dividends paid to employee within the period		(21 930 942)	( 19 427 497)
Provision for claims used	(20)	(3 184 018)	( 1 000 000)
Due to related parties	(2-29)	55 393 866	160 977 224
<b>Net cash flows (used in)/ generated from operating activities</b>		<u>( 20 481 000)</u>	<u>31 699 058</u>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets & projects under construction		(21 600 939)	(1 903 165)
Proceeds from sale of fixed assets		86 823	271 767
Acquisition projects under construction		-	(3 842 773)
Proceeds from the profits of investments		94 966 465	77 871 785
(Amounts paid for investment in related parties)		(50 000 000)	-
Proceeds from cancellation of investment in subsidiaries		99 900 000	-
<b>Net cash flows generated from investing activities</b>		<u>123 352 349</u>	<u>72 397 614</u>
<b>Cash flows from financing activities</b>			
Proceeds (payments) from facilities	(19)	(56 992 866)	48 665 677
Proceeds (payments) from bank loans		-	(37 200 000)
Proceeds form lease installments- sale and lease back	(23)	105 964 269	-
payments for lease installments- sale and lease back	(23)	(9 133 314)	(6 050 662)
Dividends paid to shareholders within the period		(141 210 762)	(109 535 769)
<b>Net cash flows (used in) financing activities</b>		<u>( 101 372 673)</u>	<u>( 104 120 754)</u>
<b>Increase /decrease in cash &amp; cash equivalents during the period</b>		<u>1 498 676</u>	<u>( 24 082)</u>
Foreign exchange currency		(1 230 386)	( 115 628)
<b>Cash &amp; cash equivalents at 1 January</b>		<u>(1 454 202)</u>	<u>467 346</u>
<b>Cash &amp; cash equivalents at 30 June</b>	(16)	<u>( 1 185 912)</u>	<u>327 636</u>

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 30 June 2016**

**1 Reporting the entity**

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

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

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

The Company is considered a holding Company.

**The Company's purpose**

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

**Registration in the Stock Exchange**

The Company is listed in the Egyptian Stock Exchanges.

**2 Basis of preparation**

**2-1 Statement of compliance**

The 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 31 July 2016.

**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 period ended 30 June 2016

## 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 (15) : impairment of trade and notes receivable.
- Note (20) : provisions
- Note (24) : 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 period ended 30 June 2016

**3-2-1 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 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.

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.



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

Notes to the separate interim financial statements for the period ended 30 June 2016

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 10).

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 period ended 30 June 2016

### 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 12). 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 period ended 30 June 2016

**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 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.

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.



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

Notes to the separate interim financial statements for the period ended 30 June 2016

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

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

**4 Determination of fair value**

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

**4-1 Non-derivative financial liabilities**

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

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

Notes to the separate interim financial statements for the period ended 30 June 2016

**5 Investment revenue**

	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period From 1/1/2015 To 30/6/2015 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E	Financial period from to 1/4/2015 30/6/2015 L.E
Egyptian Company for Dairy Products	41 495 850	29 997 000	-	-
International Company For Modern Food Industries	5 499 450	16 998 300	-	-
The Egyptian Company For "Food Industries "Egyfood	27 994 400	9 998 000	-	-
Tiba for Trading and Distributing	24 975 000	4 995 000	-	-
Al-Marwa for Food industries	-	19 982 000	-	-
	<b>99 964 700</b>	<b>81 970 300</b>	-	-
<b>Less :</b>				
Tax on investement revenue	(4 998 235)	(4 098 515)	-	(4 098 515)
	<b>94 966 465</b>	<b>77 871 785</b>	-	<b>(4 098 515)</b>

**6 Other operating revenue**

	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period From 1/1/2015 To 30/6/2015 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E
Deferred capital gains	6 420 568	869 292	2 943 451	434 584
Capital gain	81 352	271 151	79 802	271 151
Recovery service fees	-	364 900	-	62
Revenue from rental assets to subsidiaries	1 320 000	1 320 000	660 000	660 000
	<b>7 821 920</b>	<b>2 825 343</b>	<b>3 683 253</b>	<b>1 365 797</b>

**7 General & administrative expenses**

	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period From 1/1/2015 To 30/6/2015 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E
Personnel expenses	22 451 417	19 298 114	11 407 548	9 734 876
Depreciation expense	2 493 332	3 144 811	1 354 055	1 636 580
Other administrative expense	9 368 904	6 261 258	4 287 702	3 174 815
	<b>34 313 653</b>	<b>28 704 183</b>	<b>17 049 305</b>	<b>14 546 271</b>



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

Notes to the separate interim financial statements for the period ended 30 June 2016

**8 Other expenses**

	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period From 1/1/2015 To 30/6/2015 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E
Financial lease installments	9 133 314	6 050 663	6 107 983	3 025 332
Provision for claims- formed	-	650 000	-	650 000
Property tax	166 564	-	166 564	-
	<u>9 299 878</u>	<u>6 700 663</u>	<u>6 274 547</u>	<u>3 675 332</u>

**9 Finance income and finance costs (net)**

	Financial period From 1/1/2016 To 30/6/2016 L.E	Financial period From 1/1/2015 To 30/6/2015 L.E	Financial period from 1/4/2016 to 30/6/2016 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E
Interest expense	(9 766 582)	(9 823 778)	(3 751 957)	(4 678 509)
Foreign currency exchange	(1 493 863)	(114 052)	(897 146)	(14 498)
<b>Total finance cost</b>	<u>(11 260 445)</u>	<u>(9 937 830)</u>	<u>(4 649 103)</u>	<u>(4 693 007)</u>
Interest income	70 967	1 229	26 867	238
<b>Total finance cost</b>	<u>70 967</u>	<u>1 229</u>	<u>26 867</u>	<u>238</u>
	<u>(11 189 478)</u>	<u>(9 936 601)</u>	<u>(4 622 236)</u>	<u>(4 692 769)</u>



## 10-Property, plant, and equipment

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.
<b>Cost</b>								
Cost as at 1/1/2015	1 557 594	1 351 499	1 168 109	6 354 141	4 359 937	2 620 949	38 069 564	55 481 793
Additions of the year	2 782 000	-	-	225 000	-	36 600	2 409 000	5 452 600
Disposals of the year	-	-	-	(857 315)	-	-	(5 500)	( 862 815)
Reclassification	-	-	( 7 700)	-	-	7 700	-	-
<b>Cost as at 31/12/2015</b>	<b>4 339 594</b>	<b>1 351 499</b>	<b>1 160 409</b>	<b>5 721 826</b>	<b>4 359 937</b>	<b>2 665 249</b>	<b>40 473 064</b>	<b>60 071 578</b>
Additions of the period	-	19 159 880	-	-	-	93 203	4 909 880	24 162 963
Disposals of the period	-	(19 159 880)	-	(96 000)	-	(5 349)	(38 610)	( 19 299 839)
<b>Cost as at 30/6/2016</b>	<b>4 339 594</b>	<b>1 351 499</b>	<b>1 160 409</b>	<b>5 625 826</b>	<b>4 359 937</b>	<b>2 753 103</b>	<b>45 344 334</b>	<b>64 934 702</b>
<b>Accumulated depreciation</b>								
Accumulated depreciation as at 1/1/2015	-	337 242	977 855	2 980 161	4 346 510	2 301 959	32 083 582	43 027 309
Depreciation of the year	-	27 030	186 848	1 013 892	3 472	77 294	4 509 828	5 818 364
Accumulated depreciation of disposals of the year	-	-	-	(768 215)	-	-	(4 884)	( 773 099)
Reclassification	-	-	(4 294)	-	-	4 294	-	-
<b>Accumulated depreciation as at 31/12/2015</b>	<b>-</b>	<b>364 272</b>	<b>1 160 409</b>	<b>3 225 838</b>	<b>4 349 982</b>	<b>2 383 547</b>	<b>36 588 526</b>	<b>48 072 574</b>
Depreciation of the period	-	13 515	-	459 064	1 736	31 617	1 987 401	2 493 333
Accumulated depreciation of disposals of the period	-	-	-	(94 400)	-	(5 349)	(34 739)	( 134 488)
<b>Accumulated depreciation as at 30/6/2016</b>	<b>-</b>	<b>377 787</b>	<b>1 160 409</b>	<b>3 590 502</b>	<b>4 351 718</b>	<b>2 409 815</b>	<b>38 541 188</b>	<b>50 431 419</b>
Net book value as at 30/6/2016	4 339 594	973 712	-	2 035 324	8 219	343 288	6 803 146	14 503 283
Net book value as at 31/12/2015	4 339 594	987 227	-	2 495 988	9 955	281 702	3 884 538	11 999 004

\* Fully depreciated assets and still in use are amounted to L.E.39 852 325 as at 30 June 2016 .

\* The land item amounted to L.E 4 339 594 on 30/6/2016 includes an amount of L.E4 149 244 representing the not registered land thus procedures of registering the land are in progress.

Description	Amount L.E	Instrument of possess Specification document Letter Allocation
Al Many	2 782 000	
Marsa Aliam	1 367 244	
	<b>4 149 244</b>	

## 11- 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
			%	L.E.	L.E.	%	L.E.	L.E.	30/6/2016	31/12/2015
(11-1) <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
Inmaa for Agriculture Development Co. and biological wealth	SAE	5 499 700	99.995	100	549 970 000	100	549 970 000	-	549 970 000	499 970 000
(11-2) <u>Investment in subsidiary and under joint control companies</u>										
Argu For Food Industries	SAE	1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	-
Balance as at 30 June 2016					2159 658 000		2203 491 193	-	2203 491 193	2143 341 193
(11-3) <u>Investments available for sale</u>										
Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-
Balance as at 30 June 2016					100 000		100 000	(100 000)	-	-
(11-4) <u>Under payment for investment</u>										
Tiba for Trading and Distributing SAE		999 000	99.9	100	99 900 000	100	99 900 000	-	-	99 900 000
Argu for food industries		1 015 000	50.75	10	10 150 000	100	10 150 000	-	-	10 150 000
Balance as at 30 June 2016					110 050 000		110 050 000	-	-	110 050 000

- \* 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.



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

Notes to the separate interim financial statements for the period ended 30 June 2016

**12 Projects under constructions**

	30/6/2016	31/12/2015
	L.E.	L.E.
Advance payments for fixed assets purchase	26 996 449	11 209 194
Buildings and constructions in progress	69 858 885	69 048 283
	<u>96 855 334</u>	<u>80 257 477</u>

**13 Income tax expenses****Period tax expenses**

	30/6/2016	30/6/2015
	L.E.	L.E.
Adjustment for pervious years	-	(257 338)
Tax on investment revenue	(4 998 235)	(4 098 515)
Deferred tax	(674 054)	172 321
	<u>(5 672 289)</u>	<u>(4 183 532)</u>

**Reconciliation of effective tax rate**

	%	30/6/2016
		L.E.
Profit for the period		46 756 322
Tax on investment revenue		4 998 235
Deferred tax		674 054
Total tax expense		<u>5 672 289</u>
Profit before tax		<u>52 428 611</u>
Income tax using the Company's domestic tax rate	22.5%	11 796 437
Provisions used		(716 404)
Tax on revenue exempt by law		(20 861 396)
Other adjustments		15 453 652
	10.8%	<u>5 672 289</u>

**14 Tax status****14-1 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 2006**

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

**Year 2007**

The tax inspection is currently being ended against the internal committee.

**Year 2008, 2009**

The company has estimated inspection from tax authority.

The Company submits tax returns during legal duration.

**Years from 2010 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.



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

Notes to the separate interim financial statements for the period ended 30 June 2016

**14-2 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 2015**

The company has not been inspected yet .

**14-3 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 the inspection results forms were not received till now

**Year 2015**

The company has not been inspected yet .

**14-4 Sales tax**

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

**Year 2015**

The company has not been inspected yet .

**14-5 Withholding tax**

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

**15 Trade and other receivables ( net )****30/6/2016****31/12/2015****L.E.****L.E.**

Tax authority	-	856 447
Suppliers – advance payments	783 302	578 850
Advanced Prepaid expenses	18 599 454	843 996
Letter of Grantee deposit	5 094 200	5 050 000
Customs authority	4 047	6 157
Deposits with others	129 708	129 708
Other debit balances	665 220	1 077 511
	<b>25 276 022</b>	<b>8 542 669</b>

Less: Impairment in other debit balances

(100 000)

(100 000)

**25 176 022****8 442 669**

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

Notes to the separate interim financial statements for the period ended 30 June 2016

**16 Cash and cash equivalents**

	<b>30/6/2016</b>	<b>31/12/2015</b>
	<b>L.E.</b>	<b>L.E.</b>
Banks – current accounts	912 440	466 440
Time deposits *	443 978	586 125
Cash in hand	235 597	227 300
	<b>1 592 015</b>	<b>1 279 865</b>
Banks credit balance	(2 777 927)	(2 734 067)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>(1 185 912)</b>	<b>(1 454 202)</b>

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

**17 Share capital**

	<b>30/6/2016</b>	<b>31/12/2015</b>
	<b>L.E.</b>	<b>L.E.</b>
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

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

Based on the decision of the Board of Directors on February 26, 2014, which included a dividend free shares from the year profits and the decision & approval of the Ordinary General Assembly and of the Company dated 27/03/2014 to increase the company's issued capital from the dividends of the financial year ended 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.

**17-1 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 period 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 period ended 30 June 2016

**18 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 year as :

	Financial period From 1/1/2016 To 30/6/2016 L.E.	Financial period From 1/1/2015 To 30/6/2015 L.E.	Financial period from 1/4/2016 to 30/6/2016 L.E.	Financial period from 1/4/2015 to 30/6/2015 L.E.
Profit/(loss) for the period	46 756 322	34 395 845	(24 772 525)	(26 827 619)
Deduct:				
Employees share	-	-	-	-
B.O.D share	-	-	-	-
Net attributable for shareholders share	46 756 322	34 395 845	(24 772 525)	(26 827 619)
Weighted average number of ordinary shares	941 405 082	941 405 082	941 405 082	941 405 082
<b>Profit/ (loss) attributable to ordinary shareholders</b>	<b>0.05</b>	<b>0.037</b>	<b>(0.026)</b>	<b>(0.028)</b>

**19 Banks – credit facilities**

	30/6/2016 L.E	31/12/2015 L.E
The value of credit facilities is 10 million L.E which given from credit Agricole-Egypty with a variable interest paid monthly guarantee promissory note	-	9 220 393
The value of credit facilities is 50million L.E which given from QNB with a variable interest paid monthly guarantee promissory note	52 054 264	47 010 287
The value of credit facilities is L.E 100 million L.E & 6 million dollar which given from HSBC with a variable interest paid monthly guarante promissory note guarantee amounted 100 L.E million	46 263 364	99 079 814
<b>Total</b>	<b>98 317 628</b>	<b>155 310 494</b>



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

Notes to the separate interim financial statements for the period ended 30 June 2016

**20 Provision for claims**

Description	Balance on 1/1/2016	Provision formed during the period	Provision used during the period	Balance on 30/6/2016
	L.E	L.E	L.E	L.E.
Provision for claims	<u>4 280 750</u>	<u>-</u>	<u>(3 184 018)</u>	<u>1 096 732</u>

**21 Creditors and other credit balances**

	30/6/2016	31/12/2015
	L.E.	L.E.
Suppliers	7 607 860	2 719 188
Accrued expenses	341 555	536 890
Tax authority	206 701	107 467
Fixed assets' creditors	1 337 500	668 750
Deposits from others	22 039	22 039
Sales tax installments on the imported machineries and equipment-short term	170 356	85 995
Deferred capital gains Short term (building sales & lease back)	11 773 802	1 738 584
Due to Sodic company- current portion	8 057 312	8 479 484
Social insurance authority	175 315	140 582
Dividends payable	3 200 351	2 315
Other credit balances	380 896	271 763
	<u>33 273 687</u>	<u>14 773 057</u>

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

Notes to the separate interim financial statements for the period ended 30 June 2016

**22 Other long term liabilities**

	<b>Short-term</b>	<b>Long-term</b>	<b>total</b>
	<b>L.E</b>	<b>L.E.</b>	<b>L.E.</b>
- The value of sales tax installments on the imported machineries and equipment due from January 2017 till January 2021 according to the scheduling agreed upon with the Sales Tax Authority.	170 356	477 208	647 564
- The amount due to (New Al Many 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,	1 337 500	668 750	2 006 250
- 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 50 762 082 and the rest will be settled over 12 equal installments starting from September 2016.	10 936 541	21 408 032	32 344 573
<b>Less:</b>	(2 879 229)	(7 585 784)	(10 465 013)
The Part that not consumed of the change in the present value of the obligation due to the company Sodic Siak real estate investment.			
<b>The net present value of the obligation due to the company Sodic Siak Real Estate Investment</b>	<b>8 057 312</b>	<b>13 822 248</b>	<b>21 879 560</b>
<b>Net liability value at 30/6/2016</b>	<b>9 565 168</b>	<b>14 968 206</b>	<b>24 533 374</b>
<b>Net liability value at 31/12/2015</b>	<b>9 234 229</b>	<b>19 651 087</b>	<b>28 885 316</b>



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

Notes to the separate interim financial statements for the period ended 30 June 2016

**23 Deferred revenues**

	30/6/2016 L.E	31/12/2015 L.E
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the income statement as the sale transaction was in the form of a sale and lease back within 10 years starting on January 2008 through to December 2017. The company cancelled the contract in 2016 ,and the revenue was realized in the income statement for the period amounted to L.E 3 477 116 .	-	1 738 533
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built, According to the new contract finance leasing that signed with QNB Al Ahli at thereon 23/3/2016The Company had deferred and derecognized in the income statement the gain of L.E 117 837 120 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 2 943 450 and the short term portion during the period ended amounted to L.E 11 773 802 included in the trade & other credit balances item of the balance sheet (Note 21).	103 020 768	-
	<u>103 020 768</u>	<u>1 738 533</u>

**24 Deferred tax liabilities**

Deferred tax liability amounted to L.E 990 738 on 30/6/2016 is representing amounts of net deferred tax assets and tax liabilities.

	Balance on 1/1/2016  L.E	Deferred tax from 1 <sup>st</sup> Jan to 30 June 2016  L.E	Balance on 30/6/2016  L.E
Deferred tax liability from fixed assets	<u>316 684</u>	<u>674 054</u>	<u>990 738</u>

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

Notes to the separate interim financial statements for the period ended 30 June 2016

### Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	30/6/2016	31/12/2015
	L.E.	L.E.
Fixed assets	990 738	1 099 035
Deferred revenue	-	(782 351)
<b>Net tax liabilities</b>	<b>990 738</b>	<b>316 684</b>

## 25 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.



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Notes to the separate interim financial statements for the period ended 30 June 2016

**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	
		30/6/2016	31/12/2015
		L.E.	L.E.
Banks credit facilities	(19)	98 317 628	155 310 494

**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.

**Liquidity risk**

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

	Carrying amount	Contractual cash flows
	L.E.	L.E.
Credit facilities	98 317 628	160 000 000

**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.

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

Notes to the separate interim financial statements for the period ended 30 June 2016

**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	SAR
Cash and cash equivalents	145 811	4 683	1 696	-
Credit facilities	(298 118)	-	-	-
<b>30 June 2016</b>	<b>(152 307)</b>	<b>4 683</b>	<b>1 696</b>	<b>-</b>
<b>31 December 2015</b>	<b>( 292 970)</b>	<b>3 095</b>	<b>(5 390)</b>	<b>96</b>

The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	6/2016	12/2015	6/2016	12/2015
USD	8.337	7.49	8.86	7.815
Euro	9.18	8.62	9.82	8.540

**Sensitivity analysis**

A weakening of the Egyptian Pound, as indicated above, against the USD and Euro at 30 June 2016 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 2015.

	Profit/Loss	
	30/6/2016	31/12/2015
	L.E.	L.E.
USD	(134 944)	(228 956)
Euro	4 599	2 643
GBP	2 006	(6 026)
	<b>(128 339)</b>	<b>(232 339)</b>

**Interest rate risk**

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



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**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.

	30/6/2016	31/12/2015
	L.E.	L.E.
Total liabilities	361 829 687	250 794 807
Less: cash and cash equivalents	(1 592 015)	(1 279 865)
<b>Net debt</b>	<b>360 237 672</b>	<b>249 512 943</b>
Total equity	2 200 519 319	2 338 013 190
<b>Net debt to equity ratio</b>	<b>%16.37</b>	<b>%10.67</b>

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

**26 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 30/10/2007 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m<sup>2</sup>. The contract terms became effective starting 23/3/2016. The following is a summary of the above mentioned contract:

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

Juhayna for Food Industries Company acquired the above mentioned land and constructed a building thereon. Subsequently, the Company sold the land including the buildings to QNB Al Ahli for Financial Leasing Company (Segoles company for Finance Leasing-formerly ) subject to the right of finance re-leases.

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

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

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Notes to the separate interim financial statements for the period ended 30 June 2016

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

#### **New financial lease contracts (Sale and lease back)**

On 23/3/2016 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m<sup>2</sup>. The contract terms became effective starting 23/3/2016 . The following is a summary of the above mentioned contract:

Description	Lease value		Lease period Months	Purchase value at end of contract L.E	Monthly lease value L.E
	Contractual value L.E	Accrued interest L.E			
contract from 24/3/2016 to 23/3/2026	244 319 300	107 421 401	120	1	5 810 535

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

The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total installments of the financial period ended 30/6/2016 amounted to L.E. 6 107 983 .

#### **27 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 30/6/2016 equivalent to the amount of L.E 5 140 100 was part of which covered L.E 5 094 200.

#### **28 Capital commitment**

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 4 500 000 on 30/6/2016 & an amount of LE 99 981 600 is the unpaid portion of the capital increase of the Egyptian Food of Industries company "Egyfood".

#### **29 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 period ended 30 June 2016

**29-1 Due from related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2016	31/12/2015	30/6/2016	31/12/2015
		L.E.	L.E.	L.E.	L.E.
The Egyptian Company For Dairy products		-	2 214 039	-	501
El Marwa For Food Industries	Current	741 629	541 770	783 883	42 254
Tiba for Trading and Distributing	Current	-	(1 043 554)	-	3 014
Modern Concentrates Industrial Company	Asset lease		2 640 000		
Inmaa for Agriculture Development Co. and biological wealth	Current	5 061	11 135	16 203	11 143
	Current	(13 632 155)	112 907 759	219 748 723	233 380 877
	Bank transfer	91 175	-	91 175	-
Inmaa for livestock	Current	91 175	-	91 175	-
				<b>220 731 159</b>	<b>233 437 789</b>

**29-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2016	31/12/2015	30/6/2016	31/12/2015
		L.E.	L.E.	L.E.	L.E.
El Marwa For Food Industries	Current	-	-	-	-
Egyptian Company for Dairy Products	Current	46 034 066	-	46 033 565	-
Tiba for Trading and Distributing	Current	16 198 596	-	14 875 583	-
	Assets lease	(1 320 000)	-	-	-
The Egyptian Company For Food Industries "Egyfood"	Current	(12 696 191)	23 586 734	13 211 660	26 082 284
International Company For Modern Food Industries	Current	7 180 910	24 347 072	33 263 193	25 907 851
				<b>107 384 001</b>	<b>51 990 135</b>

- 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 period ended June 30, 2016 (the amount of 2 640 000 LE through 2015).

**30 Non-cash transactions in cash flow**

The exclusion of the amount of 4 682 034 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 4 682 881 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.

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

Notes to the separate interim financial statements for the period ended 30 June 2016

The exclusion of the amount of 10 150 000 pounds of change in item paid under investment against the exclusion of the same amount of change in the investment in subsidiaries companies as this is a non-cash transaction.

**31 Other events**

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

1. Reduction of income tax rate to become 22.5% of the annual net profit.
2. Amendment for the imposition of temporary tax of 5%.
3. Modifying the tax on dividends.

Suspending the imposition of the capital tax on the output of dealing in listed securities for two years starting from 17/5 / 2015.

**32 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 periodic financial statements when applied.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<u>EAS (1)</u> Presentation of Financial Statements	<p><u>Financial Position Statement</u></p> <ul style="list-style-type: none"> <li>The Standard does not require to present the working capital, also the F/S references model issuance 2006 excluded the presentation of working capital.</li> <li>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.</li> </ul> <p><u>Income Statement (Profit or Loss)/Statement of Comprehensive Income</u></p> <p>The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (<i>Income Statement</i>) and the other one starts with the profit or loss and presents the other comprehensive income items (<i>Statement of Comprehensive Income</i>).</p>	<ul style="list-style-type: none"> <li>Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard.</li> <li>Adding a new statement, <i>Statement of Comprehensive Income</i>, for the current and comparative period.</li> </ul>