

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate interim financial statements  
For the period ended  
30 September 2015  
and Limited 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 & Consultancies  
A member of Grant Thornton international  
87 Ramses St., Cairo – Egypt**

**Juhayna Food Industries**

**(An Egyptian Joint Stock Company)**

**Separate interim financial statements  
for the period ended 30 September 2015**

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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***

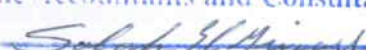
We have performed a limited review for the accompanying separate balance sheet of Juhayna Food Industries S.A.E, as of 30 September 2015 and the related separate statements of income, changes in equity and cash flows for the nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim separate financial statements based on our limited review.

### ***Scope of Limited Review***

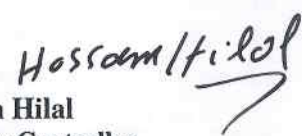
We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Separate Financial Statements Performed by the Independent Auditor of the Entity. A limited review of interim Separate financial statements consists of making inquiries, primarily 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 interim separate financial statements.

### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 September 2015, and of its financial performance and its cash flows for the nine-month then ended in accordance with Egyptian Accounting Standards.

**KPMG Hazem Hassan**  
**Public Accountants and Consultants**  
⑦ 

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

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

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

**Cairo, 15 Oct 2015**





**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**separate interim balance sheet**  
**As at 30 September 2015**

Translation from Arabic

	Note no.	30/9/2015 L.E.	31/12/2014 L.E.
<b>Assets</b>			
Property, plant and equipment	(11)	9 818 562	12 454 484
Investment in subsidiary companies	(12)	2 093 344 193	2 093 344 193
Under payment For investment	(12-3)	99 900 000	99 900 000
Projects under construction	(13)	77 481 450	69 574 901
<b>Non-current assets</b>		<b>2 280 544 205</b>	<b>2 275 273 578</b>
Debitors and other debit receivables ( net )	(16)	7 574 747	30 752 069
Due from related parties	(29-1)	226 444 641	120 473 126
Cash and cash equivalents	(17)	1 427 994	516 545
<b>Current assets</b>		<b>235 447 382</b>	<b>151 741 740</b>
<b>Current liabilities</b>			
Provisions of claims	(21)	4 800 273	6 901 031
Banks - overdraft		1 407 955	52 798
Banks - credit facilities	(20)	160 774 764	112 844 593
Long-term loans-current portion	-	-	37 200 000
Income tax	-	-	933 715
Creditors and other credit balances	(22)	13 734 569	15 776 906
Due to related parties	(29-2)	224 202 138	8 362 815
<b>Current liabilities</b>		<b>404 919 699</b>	<b>182 071 858</b>
<b>(Net current liabilities)</b>		<b>( 169 472 317 )</b>	<b>( 30 330 118 )</b>
<b>Total invested funds</b>		<b>2 111 071 888</b>	<b>2 244 943 460</b>
<b>These investments are financed as follows:</b>			
<b>Equity</b>			
Issued and paid up capital	(18)	941 405 082	941 405 082
Legal reserve		374 963 889	363 208 166
General reserve - issuance premium	(18-1)	330 920 428	330 920 428
Retained earnings		426 200 481	343 210 457
Net profit for the period / year		14 768 145	235 114 465
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 088 258 025</b>	<b>2 213 858 598</b>
<b>Non-current liabilities</b>			
Other long term liabilities	(23)	20 363 216	26 981 376
Deferred revenues	(24)	2 173 178	3 477 116
Deferred tax liabilities ( net )	(25)	277 469	626 370
<b>Non-current liabilities</b>		<b>22 813 863</b>	<b>31 084 862</b>
<b>Shareholders' equity and non current liabilities</b>		<b>2 111 071 888</b>	<b>2 244 943 460</b>

The notes on pages from (5) to (29) are an integral part of these separate interim financial statements.

Financial Manager  
Hany Shaker

Finance Director  
Sameh El-hodaiby

Chairman  
Safwan Thabet

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**separate interim income statement**  
**For the financial period ended 30 September 2015**

Translation from Arabic

		The financial Period from 1/1/2015 to 30/9/2015 L.E.	The financial Period from 1/1/2014 to 30/9/2014 L.E.	The financial Period from 1/7/2015 to 30/9/2015	The financial Period from 1/7/2014 to 30/9/2014 L.E.
	Note no.				
Sales		-	173 490 041	-	-
Cost of sales	(5)	-	( 145 451 659)	-	-
<b>Gross profit</b>		-	<b>28 038 382</b>	-	-
Other income	(6)	<b>3 919 989</b>	15 809 881	1 094 646	2 076 595
General & administrative expenses	(7)	(41 527 790)	(55 823 698)	(12 823 607)	(19 898 376)
Board of Directors remunerations		( 190 000)	( 310 000)	( 75 000)	( 70 000)
Other expenses	(8)	(9 745 993)	(9 638 282)	(3 045 330)	(3 025 932)
<b>Results from operating activities</b>		<b>(47 543 794)</b>	<b>( 21 923 717)</b>	<b>(14 849 291)</b>	<b>( 20 917 713)</b>
Investment revenue	(9)	81 970 300	119 956 000	-	-
End of service bonus	(8-1)	( 759 819)	(4 325 489)	-	( 535 935)
Finance expenses	(10)	( 14 893 050)	( 24 973 904)	(4 955 220)	( 4 221 070)
Finance income	(10)	1 460	4 586 721	231	946 754
<b>Profit before income tax</b>		<b>18 775 097</b>	<b>73 319 611</b>	<b>(19 804 280)</b>	<b>( 24 727 964)</b>
Income tax expence	(14)	-	-	-	3 477 289
Taxes differences from previous years		( 257 338)	496 750	-	-
Tax on investement revenue	(9)	(4 098 515)	-	-	-
Deferred tax	(25)	348 901	11 624 518	176 580	1 068 501
<b>Net profit for the period after tax</b>		<b>14 768 145</b>	<b>85 440 879</b>	<b>( 19 627 700)</b>	<b>( 20 182 174)</b>
<b>Earnings Per share in net profit for the period ( pound /share )</b>	(19)	<b>0.016</b>	<b>0.091</b>	<b>(0.021)</b>	<b>(0.021)</b>

The notes on pages from (5) 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 September 2015**

	Issued & paid up capital L.E.	General reserve- issuance premium L.E.	Legal reserve L.E.	Retained earnings L.E.	Retained Net profit 2013 L.E.	Net Profit L.E.	Total L.E.
Balance as at 1 January 2014	706 053 811	330 920 428	363 208 166	323 885 022	-	304 169 677	2 028 237 104
Dividends for 2013	-	-	-	19 325 435	235 351 271	(304 169 677)	( 49 492 971)
Capital increase through declaration of bonus shares	235 351 271	-	-	-	(235 351 271)	-	-
Net profit for the financial period ended 30 September 2014	-	-	-	-	-	85 440 879	85 440 879
<b>Balance as at 30 September 2014</b>	<b>941 405 082</b>	<b>330 920 428</b>	<b>363 208 166</b>	<b>343 210 457</b>	<b>-</b>	<b>85 440 879</b>	<b>2 064 185 012</b>
Balance as at 1 January 2015	941 405 082	330 920 428	363 208 166	343 210 457	-	235 114 465	2 213 858 598
Dividends for 2014	-	-	11 755 723	91 487 099	-	(235 114 465)	( 131 871 643)
* Adjustment	-	-	-	(8 497 075)	-	-	( 8 497 075)
Net profit for the financial period ended 30 September 2015	-	-	-	-	-	14 768 145	14 768 145
<b>Balance as at 30 September 2015</b>	<b>941 405 082</b>	<b>330 920 428</b>	<b>374 963 889</b>	<b>426 200 481</b>	<b>-</b>	<b>14 768 145</b>	<b>2 088 258 025</b>

\* This adjustment represent the value of tax on investment revenue from subsidiary companies during 2014 .

The notes on pages from (5) 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 2015**

		<b>The Financial period From 1/1/2015 To 30/9/2015</b>	<b>The Financial period From 1/1/2014 To 30/9/2014</b>
	<b>Note no.</b>	<b>L.E.</b>	<b>L.E.</b>
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax		18 775 097	73 319 611
<b>Adjustments for:</b>			
Fixed assets' depreciation	(11)	4 733 912	9 261 014
Capital gains		( 271 151)	(10 147 929)
provision of claim - formed		650 000	-
Financial lease installments		9 075 993	9 075 993
Credit interests		( 1 480)	(3 380 230)
Finance interests & expenses		14 639 586	24 973 904
		47 601 957	103 102 363
Collected credit interest		1 480	3 380 230
Interest finance expenses paid		(14 639 586)	(24 973 904)
<b>Changes in:</b>			
Inventories		-	212 230 612
Trade and other receivables		(63 195 137)	(103 006 438)
Due from related parties		(105 971 515)	(38 832 983)
Trade payable & other credit balances		(15 254 003)	(68 201 341)
Dividends paid to employee within the period		( 22 335 874)	(30 405 825)
Provision for claims used		( 2 750 758)	( 869 418)
Due to related parties		215 839 323	69 275 721
<b>Net cash flows from operating activities</b>		<b>39 295 887</b>	<b>121 699 017</b>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets		(2 098 606)	( 668 653)
Proceeds from sale of fixed assets		271 767	59 707 236
Acquisition projects under construction		(7 906 549)	-
Proceeds from the profits of investments		77 871 785	119 956 000
Payments for investments in Subsidaies		-	(199 890 000)
<b>Net cash flows from investing activities (used in )</b>		<b>68 138 397</b>	<b>( 20 895 417)</b>
<b>Cash flows from financing activities</b>			
(payments) Proceeds from bank credit facilities		47 930 171	(187 748 821)
(payments) from bank loans		(37 200 000)	(72 725 606)
payments for lease installments- sale and lease back		(9 075 993)	(9 075 993)
Dividends paid to shareholders within the period		(109 535 769)	-
<b>Net cash flows (used in) financing activities</b>		<b>( 107 881 591)</b>	<b>( 269 550 420)</b>
<b>Increase (Decrease) in cash &amp; cash equivalents during the Period</b>		<b>( 447 307)</b>	<b>( 168 746 820)</b>
<b>Cash &amp; cash equivalents at 1 January</b>		<b>467 346</b>	<b>169 512 653</b>
<b>Cash &amp; cash equivalents at 30 September</b>	(17)	<b>20 039</b>	<b>765 833</b>

The notes on pages from (5) 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 30 September 2015**

**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 15 Oct 2015.

**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.

**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.



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

Notes to the separate interim financial statements for the period ended 30 September 2015

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 (16) : impairment of trade and notes receivable.
- Note (21) : provisions
- Note (25) : 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 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.

#### 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.

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

Notes to the separate interim financial statements for the period ended 30 September 2015

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.

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.



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

Notes to the separate interim financial statements for the period ended 30 September 2015

## **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 11).

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

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

### **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.



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

Notes to the separate interim financial statements for the period ended 30 September 2015

**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 13). 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 Inventories**

Inventories of raw materials, supplies, packaging & packing materials and spare parts are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

The inventory of work in process is measured at the lower of cost, which is determined based on the lower of the cost last process the work in process reached, or net realizable value.

Finished production is measured at the lower of manufacturing cost or net realizable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

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

Notes to the separate interim financial statements for the period ended 30 September 2015

### **3-8 Impairment**

#### **Non –derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or cash – generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **3-9 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.

### **3-10 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.

### **3-11 Revenue**

#### **Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.



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

Notes to the separate interim financial statements for the period ended 30 September 2015

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

**3-12 Rental income**

Rental income from other assets is recognized in other income.

**3-13 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.

**3-14 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.

**3-15 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.



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

Notes to the separate interim financial statements for the period ended 30 September 2015

**3-16 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.

**3-17 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.

**5 Cost of sales**

	Financial period from 1/1/2015 to 30/9/2015	Financial period to 1/1/2014from 30/9/2014	Financial period from 1/7/2015 to 30/9/2015	Financial period from 1/7/2014 to 30/9/2014
	L.E	L.E	L.E	L.E
Raw materials and commodities	-	111 882 261	-	-
Manufacturing salary & wages	-	3 207 247	-	-
Manufacturing expenses	-	6 849 511	-	-
Depreciation manufacturing assets	-	3 909 489	-	-
Cost of finished goods available for sale	-	<b>125 848 508</b>	-	-
Add /(Less)	-	-	-	-
Change in inventory	-	19 603 151	-	-
	-	<b>145 451 659</b>	-	-

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

Notes to the separate interim financial statements for the period ended 30 September 2015

**6 Other operating revenue**

	Financial period from 1/1/2015 to 30/9/2015 L.E	Financial period from 1/1/2014 to 30/9/2014 L.E	Financial period from 1/7/2015 to 30/9/2015 L.E	Financial period from to 1/7/2014 30/9/2014 L.E
Deferred capital gains	1 303 938	1 303 938	434 646	434 646
Capital gain	271 151	10 147 929	-	-
Recovery service fees	364 900	-	-	-
Revenue from rental assets to subsidiaries	1 980 000	3 180 000	660 000	660 000
Scrap sales & others	-	1 178 014	-	981 949
	<b>3 919 989</b>	<b>15 809 881</b>	<b>1 094 646</b>	<b>2 076 595</b>

**7 General & administrative expenses**

	Financial period from 1/1/2015 to 30/9/2015 L.E	Financial period from 1/1/2014 to 30/9/2014 L.E	Financial period from 1/7/2015 to 30/9/2015 L.E	Financial period from 1/7/2014 to 30/9/2014 L.E
Personnel expenses	28 909 002	34 379 439	9 610 888	11 248 638
Depreciation expense	4 733 914	5 351 525	1 589 103	1 709 756
Rents expense	38 148	1 002 363	19 018	169 409
Other administrative expense	7 846 726	15 090 371	1 604 598	6 770 573
	<b>41 527 790</b>	<b>55 823 698</b>	<b>12 823 607</b>	<b>19 898 376</b>

**8 Other expenses**

	Financial period from 1/1/2015 to 30/9/2015 L.E	Financial period from 1/1/2014 to 30/9/2014 L.E	Financial period from 1/7/2015 to 30/9/2015 L.E	Financial period from 1/7/2014 to 30/9/2014 L.E
Financial lease installments	9 095 993	9 075 993	3 025 330	3 025 330
Provision for claims-formed	650 000	-	-	-
Capital losses	-	562 289	-	602
	<b>9 745 993</b>	<b>9 638 282</b>	<b>3 675 330</b>	<b>3 025 932</b>



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

Notes to the separate interim financial statements for the period ended 30 September 2015

## 9 Investment revenue

	Financial period from 1/1/2015 to 30/9/2015	Financial period from 1/1/2014 to 30/9/2014	Financial period from 1/7/2015 to 30/9/2015	Financial period from 1/7/2014 to 30/9/2014
	L.E	L.E	L.E	L.E
Egyptian company for dairy products	29 997 000	19 998 000	-	-
International company for modern industries	16 998 300	34 996 500	-	-
The Egyptian Company For Food Industries "Egyfood"	9 998 000	29 994 000	-	-
Tiba for Trading and Distributing	4 995 000	9 990 000	-	-
Al Marwa for Food Industries	19 982 000	24 977 500	-	-
	<b>81 970 300</b>	<b>119 956 000</b>	-	-
<b>Deduct:</b>				
Tax 5%	<b>(4 098 515)</b>	-	-	-
	<b>77 871 785</b>	-	-	-

## 10 Finance income and finance costs (net)

	Financial period from 1/1/2015 to 30/9/2015	Financial period from 1/1/2014 to 30/9/2014	Financial period from 1/7/2015 to 30/9/2015	Financial period from 1/7/2014 to 30/9/2014
	L.E	L.E	L.E	L.E
Interest expense	(14 639 586)	(24 973 904)	(4 815 808)	(4 221 070)
Foreign exchange gain	(253 464)	-	(139 412)	-
<b>Total finance cost</b>	<b>(14 893 050)</b>	<b>(24 973 904)</b>	<b>(4 955 220)</b>	<b>(4 221 070)</b>
Interest income	1 460	3 380 230	231	996 782
Foreign exchange gain	-	1 206 491	-	(50 028)
<b>Total finance cost</b>	<b>1 460</b>	<b>4 586 721</b>	<b>231</b>	<b>946 754</b>
	<b>(14 891 590)</b>	<b>20 387 183</b>	<b>(4 954 989)</b>	<b>(3 274 316)</b>



## 11-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 1/1/2014	6 744 267	50 761 899	213 146 978	6 657 879	7 923 302	4 796 288	39 074 426	329 105 039
Additions of the year	-	192 000	178 378	1 488 362	63 412	35 057	315 888	2 273 097
Disposals of the year	(5 186 673)	(49 602 400)	(212 157 247)	(1 792 100)	(3 626 777)	(2 210 396)	(1 320 750)	(275 896 343)
Cost as at 31/12/2014	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 period	-	-	-	225 000	-	28 600	1 845 006	2 098 606
Disposals of the period	-	-	-	(659 315)	-	-	(5 500)	(664 815)
Reclassification	-	-	(7 700)	-	-	7 700	-	-
Cost as at 30/9/2015	1 557 594	1 351 499	1 160 409	5 919 826	4 359 937	2 649 549	39 909 070	56 915 584
<b>Accumulated depreciation</b>								
Accumulated depreciation as at 1/1/2014	-	7 465 182	155 965 394	3 752 745	5 992 918	2 981 069	27 550 872	203 708 180
Depreciation of the year	-	283 255	3 679 857	805 406	118 284	153 765	5 833 520	10 874 087
Accumulated depreciation of disposals of the year	-	(7 411 195)	(158 667 396)	(1 577 990)	(1 764 692)	(832 875)	(1 300 810)	(171 554 958)
Accumulated depreciation as at 31/12/2014	-	337 242	977 855	2 980 161	4 346 510	2 301 959	32 083 582	43 027 309
Depreciation of the period	-	20 273	186 848	762 761	2 603	60 440	3 700 987	4 733 912
Accumulated depreciation of disposals of the period	-	-	-	(659 315)	-	-	(4 884)	(664 199)
Reclassification	-	-	(4 294)	-	-	4 294	-	-
Accumulated depreciation as at 30/9/2015	-	357 515	1 160 409	3 083 607	4 349 113	2 366 693	35 779 685	47 097 022
Net book value as at 30/9/2015	1 557 594	993 984	-	2 836 219	10 824	290 556	4 129 385	9 818 562
Net book value as at 31/12/2014	1 557 594	1 014 257	190 254	3 373 980	13 427	318 990	5 985 982	12 454 484

\* Fully depreciated assets are amounted to L.E.37 512 012 as at 30 September 2015.

\* The land item amounted to L.E 1 557 594 on 30/9/2015 includes an amount of L.E 1 367 244 representing the not registered land thus procedures of registering the land are in progress.

Description	Amount L.E.	Instrument of possess
Marsa Allam	1 367 244	Letter Allocation
	<u>1 367 244</u>	

12- 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.	30/6/2015 L.E.	%	L.E.	30/9/2015 L.E.	30/9/2015 L.E.	31/12/2014 L.E.
<b>Investment in subsidiary companies</b>									
Egyptian Company for Dairy Products	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	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"	499 908	99.98	1 000	499 908 000	80	386 893 852	-	386 893 852	386 893 852
Tiba for Trading and Distributing	1 998 000	99.9	100	199 800 000	100	199 800 000	-	199 800 000	199 800 000
Al-Marwa for Food industries	9 991 000	99.91	10	99 910 000	100	196 815 808	-	196 815 808	196 815 808
Innaa for Agriculture Development Co. and biological wealth	4 999 700	99.994	100	499 970 000	90	449 973 000	-	449 973 000	449 973 000
Balance as at 30 September 2015				<b>2 099 508 000</b>		<b>2 093 344 193</b>	<b>-</b>	<b>2 093 344 193</b>	<b>2 093 344 193</b>

(12-2) Investments available for sale

Egyptian for Trading and Marketing	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-
Balance as at 30 September 2015				<b>100 000</b>		<b>100 000</b>	<b>(100 000)</b>	<b>-</b>	<b>-</b>

(12-3) Under payment for investment

Tiba for Trading and Distributing SAE	999 000	99.9	100	99 900 000	100	99 900 000	-	99 900 000	99 900 000
Balance as at 30 September 2015				<b>99 900 000</b>		<b>99 900 000</b>	<b>-</b>	<b>99 900 000</b>	<b>99 900 000</b>

- \* 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 September 2015

**13 Projects under constructions**

	30/9/2015	31/12/2014
	L.E.	L.E.
Advance payments for fixed assets purchase	8 558 1467	651 618
Buildings and constructions in progress	68 923 283	68 923 283
	<u>77 481 450</u>	<u>69 574 901</u>

**14 Income tax expenses**

## Period tax expenses

	30/9/2015	31/9/2014
	L.E.	L.E.
Current tax expense	-	-
Adjustment for prior years	(257 338)	496 750
Deferred tax	348 901	11 624 518
	<u>91 563</u>	<u>11 121 268</u>

**Reconciliation of effective tax rate**

	%	30/9/2015
		L.E.
Profit for the period		14 768 145
Total income tax expense		-
Profit excluding income tax		<u>14 768 145</u>
Income tax using the Company's domestic tax rate	-	-
Non-deductible expenses	-	-

**15 Tax status****15-1 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 2005**

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

**Year 2006, 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 2014**

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 September 2015

## 15-2 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 tax inspection is not made till now.

## 15-3 Stamp tax

### The period from the beginning of operation till 31/7/2006

The tax inspection has been performed and paid.

### From 1/8/2006 till 2010

Inspected and working for the inspection results.

### The period from 2011 till 2014

The company has prepared to inspection

## 15-4 Sales tax

The tax inspection has been performed and paid till 31/12/2012

## 15-5 Withholding tax

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

## 16 Trade and other receivables ( net )

	30/9/2015	31/12/2014
	L.E.	L.E.
Notes receivables	-	14 000 000
Tax authority	-	9 527 372
Suppliers – advance payments	431 460	505 096
Advanced Prepaid expenses	905 427	1 077 218
Letter of Grantee deposit	5 053 599	5 053 599
Customs authority	6 597	-
Deposits with others	205 858	248 547
Other debit balances	1 071 806	440 237
	<b>7 674 747</b>	<b>30 852 069</b>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<b>7 574 747</b>	<b>30 752 069</b>

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

Notes to the separate interim financial statements for the period ended 30 September 2015

**17 Cash and cash equivalents**

	30/9/2015	31/12/2014
	L.E.	L.E.
Banks – current accounts	808 264	360 867
Banks –deposits	429 825	–
Cash on hand	189 905	155 678
	<u>1 427 994</u>	<u>516 545</u>
Bank over draft	(1 407 955)	(52 798)
<b>Cash and cash equivalents in the statement of cash flows</b>	<u><b>20 039</b></u>	<u><b>463 747</b></u>

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

**18 Share capital**

	30/9/2015	31/12/2014
	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 December 31, 2013, which amounting to L.E. 235 351 271 equal to 33.33% of the company's issued capital as free shares deduction from the profit for the year ended December 31, 2013 by distributing one free share for each shareholder holds five shares of the company's shares. This increase has been recorded in the commercial register on 29/5/2014.

**18-1 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 September 2015

**19 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 1/1/2015 to 30/9/2015 L.E.	Financial period from 1/1/2014 to 30/9/2014 L.E.	Financial period from 1/7/2015 to 30/9/2015 L.E.	Financial period from 1/7/2014 to 30/9/2014 L.E.
Profit for the period	14 768 145	85 440 879	(19 627 700)	(20 182 174)
Deduct:				
Employees share	-	-	-	-
B.O.D share	-	-	-	-
Net attributable for shareholders share	14 768 145	85 440 879	(19 627 700)	(20 182 174)
Weighted average number of ordinary shares	941 405 082	941 405 082	941 405 082	941 405 082
<b>Earning per share</b>	<b>0.016</b>	<b>0.091</b>	<b>(0.021)</b>	<b>(0.021)</b>

**20 Banks – credit facilities**

	30/9/2015 L.E	31/12/2014 L.E
The value of credit facilities is 10 million L.E which given from credit Agricole-Egypty with a variable interest paid monthly & promissory note is the guarantee	9 153 960	9 151 224
The value of credit facilities is 50 million L.E which given from QNB with a variable interest paid monthly & promissory note is the guarantee	51 098 956	46 351 620
The value of credit facilities is 100 million L.E given from HSBC with a variable interest paid monthly & promissory note is the guarantee send to the bank with a value of 100 million L.E	100 52 1848	57 341 749
<b>Total</b>	<b>160 774 764</b>	<b>112 844 593</b>

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

Notes to the separate interim financial statements for the period ended 30 September 2015

**21 Provision for claims**

	Balance on 1/1/2015	Provision formed during the period	Provision used during the year	Balance on 30/9/2015
Description	L.E	L.E	L.E	L.E.
Provision for claims	<u>6 901 031</u>	<u>650 000</u>	<u>(2 750 758)</u>	<u>4 800 273</u>

**22 Creditors and other credit balances**

	30/6/2015	31/12/2014
	L.E.	L.E.
Suppliers	1 767 605	2 059 646
Notes payable	-	110 592
Accrued expenses	318 359	856 535
Tax authority	570 791	739 083
Fixed assets' creditors	-	66 650
Deposits from others	22 039	22 039
Sales tax installments on the imported machineries and equipment ( current portion )	188 278	530 728
Deferred capital gains short term (building sales lease back )	1 738 584	1 738 584
Due to Sodic company- current portion	8 669 618	9 266 082
Social insurance authority	134 309	119 232
Dividends payable	2 315	11 143
Other credit balances	322 671	256 592
	<u>13 734 569</u>	<u>15 776 906</u>



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

Notes to the separate interim financial statements for the period ended 30 September 2015

**23 Other long term liabilities**

	Short-term L.E	Long-term L.E.	total L.E.
- The value of sales tax installments on the imported machineries and equipment due from June 2016 till January 2021 according to the scheduling agreed upon with the Sales Tax Authority.	188 278	579 502	767 780
- The amount due to (Sodic Siac for real state and investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. A down payments was paid amounted to L.E 34 241 007 and the rest will be settled over 20 equal installments starting from December 2014.	11 014 050	29 591 061	40 605 111
<b>Less:</b> The Part that not consumed of the change in the present value of the obligation due to the company Sodic Siac real estate investment.	(2 344 432)	(9 807 347)	(12 151 779)
<b>The net present value of the obligation due to the company Sodic Siac Real Estate Investment</b>	8 669 618	19 783 714	28 453 332
<b>Net liability value at 30/9/2015</b>	8 857 896	20 363 216	29 191 112
<b>Net liability value at 31/12/2014</b>	9 796 809	26 981 376	36 778 185

**24 Deferred revenues**

The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/1/2008. The amortization during the period ended amounted to L.E 1 303 938 while the short term portion amounted to L.E 1 738 584 included in the trade & other credit balances item of the consolidated balance sheet (Note 22).

30/9/2015 L.E.	31/12/2014 L.E.
2 173 178	3 477 116
<b>2 173 178</b>	<b>3 477 116</b>

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

Notes to the separate interim financial statements for the period ended 30 September 2015

**25 Deferred tax liabilities**

Deferred tax liability amounted to L.E 277 469 on 30/9/2015 is representing amounts of net deferred tax assets and tax liabilities.

	Balance on 1/1/2015	Deferred tax from 1 <sup>st</sup> Jan to 30 September 2015	Balance on 30/9/2015
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>626 370</u>	<u>(348 901)</u>	<u>277 469</u>

**Recognized deferred tax assets and liabilities**

Deferred tax assets are representing in the following items:

	Liabilities	
	30/9/2015	31/12/2014
	L.E.	L.E.
Fixed assets	1 157 615	2 191 086
Deferred revenue	(880 146)	(1 564 716)
<b>Net tax liabilities</b>	<u>277 469</u>	<u>626 370</u>

**26 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.



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

Notes to the separate interim financial statements for the period ended 30 September 2015

**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	Carrying amount	
		30/9/2015	31/12/2014
		L.E.	L.E.
Banks credit facilities	(20)	160 774 764	112 844 593
Total short term loans		-	37 200 000

**Liquidity risk**

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

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

A credit facility in a principal amount of L.E 160 774 764 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

**Liquidity risk**

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

	Carrying amount	Contractual cash flows
	L.E.	L.E.
Credit facilities	160 774 764	165 000 000

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Notes to the separate interim financial statements for the period ended 30 September 2015

**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	SAR
Cash and cash equivalents	123 799	3 118	390	96
Trade and other debit balances	(143 803)	-	(5 780)	-
Credit facilities	(460 089)	-	-	-
<b>30 September 2015</b>	<b>(480 093)</b>	<b>3 118</b>	<b>(5 390)</b>	<b>96</b>
<b>31 December 2014</b>	<b>(524 868)</b>	<b>2 924</b>	<b>(2 501)</b>	<b>96</b>

The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	9/2015	12/2014	9/2015	12/2014
USD	7.49	7.065	7.810	7.165
Euro	8.74	9.142	8.780	8.695

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

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

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



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**Interest rate risk**

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

**Capital management**

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

	30/9/2015	31/12/2014
	L.E.	L.E.
Total liabilities	427 733 562	213 156 720
Less: cash and cash equivalents	(1 427 994)	(5 570 144)
<b>Net debt</b>	<b>426 305 568</b>	<b>207 586 576</b>
Total equity	2 088 258 025	2 213 858 598
<b>Net debt to equity ratio</b>	<b>%20.41</b>	<b>%9.38</b>

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

**27 Financial lease contracts**

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

**Land lease contracts (Sale with the right of 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 1/1/2008. The following is a summary of the above mentioned contract:

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

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

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

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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 30/9/2015 amounted to L.E. 9 095 993.

**28 Contingencies**

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

The value of letters of guarantee issued by banks for the company and for the benefit of others in 30/9/2015 equivalent to the amount of 5 143 700 pounds was part of which covered 5 053 599 pounds.

**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.

**29-1 Due from related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2015	31/12/2014	30/9/2015	31/12/2014
		L.E.	L.E.	L.E.	L.E.
El Marwa For Food Industries	Current	506 051	-	6 535	-
Modern Concentrates Industrial Company	current	8 030	8	8 038	8
Inmaa for Agriculture Development Co. and biological wealth	Current	105 956 951	34 768	226 430 068	120 473 118
	Bank transfer	-	1 001 004		
				<b>226 444 641</b>	<b>120 473 126</b>



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Notes to the separate interim financial statements for the period ended 30 September 2015

**29-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2015	31/12/2014	30/9/2015	31/12/2014
		L.E.	L.E.	L.E.	L.E.
Al-Marwa for Food industries	current	-	469 895	-	449 517
Egyptian Company for Dairy Products	current	111 372 377	2 982 790	113 585 914	2 213 537
Tiba for Trading and Distributing	Bank transfer	-	(276 608 339)		
	Current	16 796 193	7 974 247	16 409 625	1 593 432
	Sales	-	(173 490 040)		
	collection	-	198 897 538		
	assets lease	(1 980 000)	(2 640 000)		
The Egyptian Company For Food Industries "Egyfood"	current	23 261 901	(4 635 300)	25 757 451	2 495 550
	Lease	-	1 200 000		
International Company For Modern Food Industries	Current	66 888 370	1 560 650	68 449 149	1 560 779
				<b>224 202 138</b>	<b>8 362 815</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 1 980 000 pounds during the financial period ended September 30, 2015 (the amount of 2 640 000 LE through 2014).
- Transactions listed above are made in the same principles for dealing with others.

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

- The exclusion of the amount of 1 303 938 pounds of change in item suppliers against the exclusion of the same amount of change in the deferred revenue as this is a non-cash transaction.
- The exclusion of the amount of 6 618 160 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.

**31 Political and economical events**

The Arab Republic of Egypt has encountered certain events that have a significant impact on the economic sectors in general, a matter which may lead to a substantial decline in the economic activities in the foreseeable future.

Therefore, there is a possibility that the above mentioned events will have a significant impact on the Company's assets, liabilities, their recoverable/settlement amounts and the results of operations in the foreseeable future.

At the present, it is not possible to quantify the effect on the Company's assets and liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected extent and the time frame, when these events and their consequences, are expected to be finished.

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On July 9, 2015, the Minister of Investment issues a decision No. (110) for the year 2015 by issuing new Egyptian Accounting Standards to replace the accounting standards issued by Ministerial Decree No. (642) of 2006, that works out as of January 2016 and applies to companies that financial year starts in or after this date, and the company's management is currently studying the impact of applying of these new standards on its financial statements to be issued for the financial periods in which these new standards will applied.

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.