

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Separate financial statements  
For the year ended  
31 December 2015  
And auditors' report**

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**Juhayna Food Industries**

**(An Egyptian Joint Stock Company)**

**Separate financial statements  
for the year ended ٣١ December 2015**

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***Auditors' report***

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

***Introduction***

We audited separate balance sheet of Juhayna Food Industries S.A.E, as of 31 December 2015 and the related separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Financial Statements***

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.


### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juhayna Food Industries Company as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

### *Report on Other Legal and Regulatory Requirements*

The company maintains proper books of account which include all that's is required law & the status of the company & the financial statement are in agreement thereto, the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account

 **KPMG** *Salah EL Missary*  
Public Accountants and Consultants  
⑦ **Salah EL Missary**  
Capital Authority Controller  
Register N0.(364)  
**KPMG Hazem Hassan**

 **Grant Thornton** *H.K.*  
Public Accountants  
The Egyptian Member Firm of  
Grant Thornton International  
**Hossam Hilal**  
Capital Authority Controller  
Register N0.(147)  
**Mohamed Hilal – Grant Thornton**

**Cairo, 21 January 2016**



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**separate balance sheet**  
**As at 31 December 2015**

Translation from Arabic

	Note no.	31/12/2015 L.E.	31/12/2014 L.E.
<b>Assets</b>			
Property, plant and equipment	(11)	11 999 004	12 454 484
Investment in subsidiary companies	(12)	2 143 341 193	2 093 344 193
Under payment For investment	(12-3)	110 050 000	99 900 000
Projects under construction	(13)	80 257 477	69 574 901
<b>Non-current assets</b>		<b>2 345 647 674</b>	<b>2 275 273 578</b>
<b>Current assets</b>			
Debitors and other debit receivables ( net )	(16)	8 442 669	30 752 069
Due from related parties	(29-1)	233 437 789	120 473 126
Cash and cash equivalents	(17)	1 279 865	516 545
<b>Current assets</b>		<b>243 160 323</b>	<b>151 741 740</b>
<b>Current liabilities</b>			
Provisions of claims	(21)	4 280 750	6 901 031
Banks - overdraft		2 734 067	52 798
Banks - credit facilities	(20)	155 310 494	112 844 593
Long-term loans-current portion		-	37 200 000
Income tax		-	933 715
Creditors and other credit balances	(22)	14 773 057	15 776 906
Due to related parties	(29-2)	51 990 135	8 362 815
<b>Current liabilities</b>		<b>229 088 503</b>	<b>182 071 858</b>
<b>Working capital</b>		<b>14 071 820</b>	<b>( 30 330 118 )</b>
<b>Total invested funds</b>		<b>2 359 719 494</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 year		264 523 310	235 114 465
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 338 013 190</b>	<b>2 213 858 598</b>
<b>Non-current liabilities</b>			
Other long term liabilities	(23)	19 651 087	26 981 376
Deferred revenues	(24)	1 738 533	3 477 116
Deferred tax liabilities ( net )	(25)	316 684	626 370
<b>Non-current liabilities</b>		<b>21 706 304</b>	<b>31 084 862</b>
<b>Shareholders' equity and non current liabilities</b>		<b>2 359 719 494</b>	<b>2 244 943 460</b>

The notes on pages from (6) to (32) are an integral part of these separate financial statements.

Financial Manager  
Hany Shaker

Finance Director  
Sameh El-hodaiby

Chairman  
Safwan Thabet

\*Audit report attached.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**separate income statement**

Translation from Arabic

For the financial year ended 31 December 2015

	Note no.	The financial year ended 31/12/2015 L.E.	The financial year ended 31/12/2014 L.E.
Sales		-	173 490 041
Cost of sales	(5)	-	( 145 451 659)
<b>Gross profit</b>		-	<b>28 038 382</b>
Other income	(6)	5 053 534	20 329 906
General & administrative expenses	(7)	( 55 212 331)	( 70 611 285)
Board of Directors remunerations		( 295 000)	( 390 000)
Other expenses	(8)	( 12 751 325)	( 12 663 614)
<b>Results from operating activities</b>		<b>( 63 205 122)</b>	<b>( 35 296 611)</b>
Investment revenue	(9)	366 913 200	289 897 500
End of service bonus	(8-1)	( 759 819)	( 4 325 489)
Finance expenses	(10)	( 20 142 929)	( 30 921 823)
Finance income	(10)	11 292	4 418 850
<b>Profit before income tax</b>		<b>282 816 622</b>	<b>223 772 427</b>
Income tax expence	(14)	-	( 933 715)
Taxes differences from previous years		( 257 338)	496 750
Tax on investement revenue	(9)	(18 345 660)	-
Deferred tax	(25)	309 686	11 779 003
<b>Net profit for the year after tax</b>		<b>264 523 310</b>	<b>235 114 465</b>
<b>Earnings Per share in net profit for the year ( pound /share )</b>	(19)	<b>0.235</b>	<b>0.210</b>

The notes on pages from (6) to (32) are an integral part of these separate financial statements.

**Juwayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**separate statement of changes in equity**  
**For the financial year ended 31 December 2015**

	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 2014</b>	<b>706 053 811</b>	<b>330 920 428</b>	<b>363 208 166</b>	<b>323 885 022</b>	<b>304 169 677</b>	<b>2 028 237 104</b>
Dividends for 2013	-	-	-	19 325 435	(68 818 406)	( 49 492 971)
Capital increase through declaration of bonus shares	235 351 271	-	-	-	(235 351 271)	-
Net profit for the financial year ended 31 December 2014	-	-	-	-	235 114 465	235 114 465
<b>Balance as at 31 December 2014</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>
<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)
* Adjustment	-	-	-	(8 497 075)	-	( 8 497 075)
Net profit for the financial year ended 31 December 2015	-	-	-	-	264 523 310	264 523 310
<b>Balance as at 31 December 2015</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>

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

The notes on pages from (6) to (32) are an integral part of these separate financial statements.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Separate statement of cash flows**  
**For the financial year ended 31 December 2015**

	Note no.	The financial year ended 31/12/2015  L.E.	The financial year ended 31/12/2014  L.E.
<b>Cash flows from operating activities</b>			
Net profit for the year before income tax		282 816 622	223 772 427
<b>Adjustments for:</b>			
Fixed assets' depreciation	(11)	5 818 364	10 874 087
Capital gains		(310 050)	(10 162 431)
		-	(2 029 634)
provision of claim - formed		650 000	-
Financial lease installments		12 101 325	12 101 324
Credit interests		(11 292)	(3 420 723)
Finance interests & expenses		19 811 013	30 921 823
		<u>320 875 982</u>	<u>262 056 873</u>
Collected credit interest		11 292	3 420 723
Interest finance expenses paid		(19 811 013)	(30 921 813)
<b>Changes in:</b>			
Inventories		-	214 260 246
Trade and other receivables		(344 603 800)	(287 032 918)
Due from related parties		(112 964 663)	29 700 188
Trade payable & other credit balances		(38 106 509)	(70 512 821)
Dividends paid to employee within the period		(22 335 874)	(30 405 825)
Provision for claims used		(3 270 281)	(872 682)
Due to related parties		43 627 320	8 122 424
<b>Net cash flows (used in) from operating activities</b>		<u>(176 577 546)</u>	<u>97 814 395</u>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets		(16 135 176)	(747 817)
Proceeds from sale of fixed assets		399 766	114 248 013
Proceeds from the profits of investments		366 913 200	289 897 500
Payments for investments in Subsidaies		(60 147 000)	(349 874 000)
<b>Net cash flows from investing activities</b>		<u>291 030 790</u>	<u>53 523 696</u>
<b>Cash flows from financing activities</b>			
(payments) Proceeds from bank credit facilities		42 465 901	(218 960 067)
(payments) from bank loans		(37 200 000)	(89 325 606)
payments for lease installments- sale and lease back		(12 101 325)	(12 101 324)
Dividends paid to shareholders within the period		(109 535 769)	-
<b>Net cash flows (used in) financing activities</b>		<u>(116 371 193)</u>	<u>(320 386 997)</u>
<b>Decrease in cash &amp; cash equivalents during the year</b>		<u>(1 917 949)</u>	<u>(169 048 906)</u>
<b>Cash &amp; cash equivalents at 1 January</b>		463 747	169 512 653
<b>Cash &amp; cash equivalents at 31 December</b>	(17)	<u>(1 454 202)</u>	<u>463 747</u>

The notes on pages from (6) to (32) are an integral part of these separate financial statements.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Proposed appropriation statement**  
**For the year ended 31 December 2015**

	<b>31/12/2015</b>	<b>31/12/2014</b>
	<b>L.E.</b>	<b>L.E.</b>
Net profit for the year	264 523 310	235 114 465
Retained earnings from the previous year	426 200 481	343 210 459
<b>Distributable profits</b>	<b>690 723 791</b>	<b>578 324 924</b>
<b>To be appropriated as follows</b>		
Legal reserve	13 226 166	11 755 723
Employees' profitshare	25 129 714	22 335 874
Shareholders' first Dividends	47 070 254	47 070 254
Board remuneration	17 909 718	15 395 261
Shareholders'second dividends	94 140 508	47 070 254
<b>Retained earnings for the next year</b>	<b>493 247 431</b>	<b>434 697 558</b>
	<b>690 723 791</b>	<b>578 324 924</b>

The notes on pages from (6) to (32) are an integral part of these separate financial statements.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the separate financial statements**  
**For the financial year ended 31 December 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 21/01/2016.

**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 financial statements for the year ended 31 December 2015

## 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 (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.



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

Notes to the separate financial statements for the year ended 31 December 2015

### 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 financial statements for the year ended 31 December 2015

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 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.

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

Notes to the separate financial statements for the year ended 31 December 2015

**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
Machinery & Equipment	10
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.



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

Notes to the separate financial statements for the year ended 31 December 2015

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

### **3-8 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 financial statements for the year ended 31 December 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.

**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.



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

Notes to the separate financial statements for the year ended 31 December 2015

### 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 year ended 31/12/2015 L.E	Financial year ended 31/12/2014 L.E
Raw materials and commodities	–	111 882 261
Manufacturing salary & wages	–	3 207 247
Other 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 finished goods	–	19 603 151
	<b>–</b>	<b>145 451 659</b>

The implementation process of the sale of productive assets to the Egyptian Company for dairy products and become all production processes are operational and the Egyptian Company for dairy products starting from April 1, 2014, as well as sales branches were sold to a Tiba for Trading and Distributing company .

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

Notes to the separate financial statements for the year ended 31 December 2015

**6 Other operating revenue**

	Financial year ended 31/12/2015 L.E	Financial year ended 31/12/2014 L.E
Deferred capital gains	1 738 584	1 738 584
Capital gain	310 050	10 724 720
Reversal of impairment of inventory	-	2 029 634
Revenue from rental assets to subsidiaries	2 640 000	3 840 000
Recovery service fees	364 900	1 801 490
Scrap sales & others	-	195 478
	<b>5 053 534</b>	<b>20 329 906</b>

**7 General & administrative expenses**

	Financial year ended 31/12/2015 L.E	Financial year ended 31/12/2014 L.E
Personnel expenses	38 369 219	43 837 488
Depreciation expense	5 818 365	6 964 598
Rents expense	78 608	1 135 327
Other administrative expense	10 946 139	18 673 872
	<b>55 212 331</b>	<b>70 611 285</b>

**8 Other expenses**

	Financial year ended 31/12/2015 L.E	Financial year ended 31/12/2014 L.E
Financial lease installments	12 101 325	12 101 325
Capital losses	-	562 289
Provision for claims	650 000	-
	<b>12 751 325</b>	<b>12 663 614</b>

**9 Investment revenue**

	Financial year ended 31/12/2015 L.E	Financial year ended 31/12/2014 L.E
Egyptian company for dairy products	166 983 300	69 993 000
International company for modern industries	54 994 500	65 993 400
The Egyptian Company For Food Industries "Egyfood"	97 980 400	76 984 600
Tiba for Trading and Distributing	26 973 000	41 958 000
Al Marwa for Food Industries	19 982 000	34 968 500
	<b>366 913 200</b>	<b>289 897 500</b>
Investment tax	(18 345 660)	-
	<b>348 567 540</b>	<b>289 897 500</b>

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

Notes to the separate financial statements for the year ended 31 December 2015

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

	Financial year ended 31/12/2015 L.E	Financial year ended 31/12/2014 L.E
Interest expense	(19 811 013)	(30 921 823)
Foreign currency exchange	(331 916)	-
	<u>(20 142 929)</u>	<u>(30 921 823)</u>
Interest income	11 292	3 420 723
Foreign exchange gain	-	998 127
	<u>11 292</u>	<u>4 418 850</u>
	<u>(20 131 637)</u>	<u>(26 502 973)</u>

## 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.
Cost								
Cost as at 1/1/2014	6 744 267	50 761 899	213 146 978	6 637 879	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	33 057	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	2 782 000	-	-	225 000	-	36 600	2 409 000	5 452 600
Disposals of the period	-	-	-	( 857 315)	-	-	( 5 500)	( 862 815)
Reclassification	-	-	( 7 700)	-	-	7 700	-	-
Cost as at 31/12/2015	4 339 594	1 351 499	1 160 409	5 721 826	4 359 937	2 657 549	40 473 064	60 071 578
Accumulated Depreciation								
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	-	27 030	186 848	1 013 892	3 472	77 294	4 509 828	5 818 364
Accumulated depreciation of disposals of the period	-	-	-	( 768 215)	-	-	( 4 884)	( 773 099)
Reclassification	-	-	( 4 294)	-	-	4 294	-	-
Accumulated depreciation as at 31/12/2015	-	364 272	1 160 409	3 225 838	4 349 982	2 383 547	36 588 526	48 072 574
Net book value as at 31/12/2015	4 339 594	987 227	-	2 495 988	9 955	290 556	3 884 538	11 999 004
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.38 874 698 as at 31 December 2015 .

\* The land item amounted to L.E.4 339 594 on 31/12/2015 includes an amount of L.E.14 149 244 representing the not registered land thus procedures of registering the land are in progress.

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



Notes to the separate financial statements for the year ended 31 December 2015

## 2- 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
					31/12/2015		L.E.	L.E.	31/12/2015	31/12/2014
<b>2-1) Investment in subsidiary companies</b>										
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
Inma for Agriculture Development Co. and biological wealth	SAE	4 999 700	99.994	100	499 970 000	100	499 970 000	-	499 970 000	449 973 000
<b>Balance as at 31 December 2015</b>					<b>2099 508 000</b>		<b>2143 341 193</b>	<b>-</b>	<b>2143 341 193</b>	<b>2093 344 193</b>

## 2-2) Investments available for sale

Egyptian for Trading and Marketing	SAE	1 000	0.54	100	100 000	100	100 000	(100 000)	-	-
<b>Balance as at 31 December 2015</b>					<b>100 000</b>		<b>100 000</b>	<b>(100 000)</b>	<b>-</b>	<b>-</b>

## 2-3) 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
Argo for food industries		1 015 000	50.75	10	10 150 000	100	10 150 000	-	10 150 000	-
<b>Balance as at 31 December 2015</b>					<b>110 050 000</b>		<b>110 050 000</b>	<b>-</b>	<b>110 050 000</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 financial statements for the year ended 31 December 2015

**13 Projects under constructions**

	31/12/2015	31/12/2014
	L.E.	L.E.
Advance payments for fixed assets purchase	11 209 194	651 618
Buildings and constructions in progress	69 048 283	68 923 283
	<u>80 257 477</u>	<u>69 574 901</u>

**14 Income tax expenses**

## Period tax expenses

	31/12/2015	31/12/2014
	L.E.	L.E.
Current tax expense	-	(933 715)
Adjustment for prior years	(257 338)	496 750
Deferred tax	309 686	11 779 003
	<u>52 348</u>	<u>11 342 038</u>

**Reconciliation of effective tax rate**

	%	31/12/2015
		L.E.
Profit for the year		264 523 310
Total income tax expense		-
Profit before income tax	-	<u>264 523 310</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 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 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 financial statements for the year ended 31 December 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 company has not been inspected yet .

## 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 31/12/2013

The Inspection is in progress by related tax authority.

### 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 31/12/2014.

## 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 )

	31/12/2015	31/12/2014
	L.E.	L.E.
Notes receivables	-	14 000 000
Tax authority	856 447	9 527 372
Suppliers – advance payments	578 850	505 096
Advanced Prepaid expenses	843 996	1 077 218
Letter of Grantee deposit	5 050 000	5 053 599
Customs authority	6 157	-
Deposits with others	129 708	248 547
Other debit balances	1 077 511	440 237
	<b>8 542 669</b>	<b>30 852 069</b>
Less: Impairment in other debit balances	(100 000)	(100 000)
	<b>8 442 669</b>	<b>30 752 069</b>



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

Notes to the separate financial statements for the year ended 31 December 2015

**17 Cash and cash equivalents**

	31/12/2015	31/12/2014
	L.E.	L.E.
Banks – current accounts	466 440	360 867
Time deposits *	586 125	-
Cash in hand	227 300	155 678
	<b>1 279 865</b>	<b>516 545</b>
Banks credit balance	(2 734 067)	(52 798)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>(1 454 202)</b>	<b>463 747</b>

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

**18 Share capital**

	31/12/2015	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 financial statements for the year ended 31 December 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 year ended 31/12/2015 L.E.	Financial year ended 31/12/2014 L.E.
Profit for the year	264 523 310	235 114 465
Deduct:		
Employees share	(25 129 714)	(22 335 874)
B.O.D share	(17 909 718)	(15 395 261)
Net attributable for shareholders share	<u>221 483 878</u>	<u>197 383 330</u>
Weighted average number of ordinary shares	<u>941 405 082</u>	<u>941 405 082</u>
<b>Profit (loss) attributable to ordinary shareholders</b>	<u><b>0.235</b></u>	<u><b>0.210</b></u>

**20 Banks – credit facilities**

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

The value of credit facilities is 50million L.E which given from QNB with a variable interest paid monthly & promissory note is the guarantee

The value of credit facilities is 100 million L.E & 6 million dollar which 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

	31/12/2015 L.E	31/12/2014 L.E
	9 220 393	9 151 224
	47 010 287	46 351 620
	99 079 814	57 341 749
Total	<u>155 310 494</u>	<u>112 844 593</u>

**21 Provision for claims**

Description	Balance on 1/1/2015 L.E	Provision formed during the year L.E	Provision used during the year L.E	Balance on 31/12/2015 L.E.
Provision for claims	<u>6 901 031</u>	<u>650 000</u>	<u>(3 270 281)</u>	<u>4 280 750</u>

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

Notes to the separate financial statements for the year ended 31 December 2015

**22 Creditors and other credit balances**

	31/12/2015 L.E.	31/12/2014 L.E.
Suppliers	2 719 188	2 059 646
Notes payable	-	110 592
Accrued expenses	536 890	856 535
Tax authority	107 467	739 083
Fixed assets' creditors	668 750	66 650
Deposits from others	22 039	22 039
Sales tax installments on the imported machineries and equipment-short term	85 995	530 728
Deferred capital gains Short term (building sales & lease back)	1 738 584	1 738 584
Due to Sodic company- current portion	8 479 484	9 266 082
Social insurance authority	140 582	119 232
Dividends payable	2 315	11 143
Other credit balances	271 763	256 592
	<b>14 773 057</b>	<b>15 776 906</b>

**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 January 2017 till January 2021 according to the scheduling agreed upon with the Sales Tax Authority.	85 995	579 502	665 497
- 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, first installment starting from 25/11/2016.	668 750	1 337 500	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. A down payments was paid amounted to L.E 45 255 057 and the rest will be settled over 14 equal installments starting from March 2016.	11 014 050	26 837 548	37 851 598
Less:	(2 534 566)	(9 103 463)	(11 638 029)
The Part that not consumed of the change in the present value of the obligation due to the company Sodic Siac real estate investment.			
<b>The net present value of the obligation due to the company Sodic Siac Real Estate Investment</b>	<b>8 479 484</b>	<b>17 734 085</b>	<b>26 213 569</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>
<b>Net liability value at 31/12/2014</b>	<b>9 796 809</b>	<b>26 981 376</b>	<b>36 778 185</b>

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

Notes to the separate financial statements for the year ended 31 December 2015

**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 1 738 584 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).

31/12/2015	31/12/2014
L.E.	L.E.
1 738 533	3 477 116

1 738 5333 477 116**25 Deferred tax liabilities**

Deferred tax liability amounted to L.E 316 684 on 31/12/2015 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 31 December 2015	Balance on 31/12/2015
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>626 370</u>	<u>(309 686)</u>	<u>316 684</u>

**Recognized deferred tax assets and liabilities**

Deferred tax assets are representing in the following items:

	Liabilities	
	31/12/2015	31/12/2014
	L.E.	L.E.
Fixed assets	1 099 035	2 191 086
Deferred revenue	(782 351)	(1 564 716)
Net tax liabilities	<u>316 684</u>	<u>626 370</u>



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

Notes to the separate financial statements for the year ended 31 December 2015

## 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.

### 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	
		31/12/2015	31/12/2014
		L.E.	L.E.
Banks credit facilities	(20)	155 310 494	112 844 593
Total long term loans		-	37 200 000

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

Notes to the separate financial statements for the year ended 31 December 2015

### 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 155 310 494 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 L.E.	Contractual cash flows L.E.
Credit facilities	155 310 494	165 000 000

### 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.



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Notes to the separate financial statements for the year ended 31 December 2015

**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	72 322	3 095	390	96
Trade and other debit balances	(132 013)	-	(5 780)	-
Credit facilities	(233 279)	-	-	-
<b>31 December 2015</b>	<b>( 292 970)</b>	<b>3 095</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	
	2015	2014	2015	2014
USD	7.49	7.065	7.815	7.165
Euro	8.62	9.142	8.540	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.

**Interest rate risk**

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

**Capital management**

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

	31/12/2015	31/12/2014
	L.E.	L.E.
Total liabilities	250 794 807	213 156 720
Less: cash and cash equivalents	(1 282 254)	( 516 545)
<b>Net debt</b>	<b>249 512 553</b>	<b>212 640 175</b>
Total equity	2 338 015 579	2 213 858 598
<b>Net debt to equity ratio</b>	<b>%10.67</b>	<b>%9.60</b>

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



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Notes to the separate financial statements for the year ended 31 December 2015

## 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	Accrued interest			
	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 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.

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 31/12/2015 amounted to L.E. 12 101 325.

## 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 31/12/2015 equivalent to the amount of 5 140 100 pounds was part of which covered 5 050 000 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.

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

Notes to the separate financial statements for the year ended 31 December 2015

**29-1 Due from related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
		L.E.	L.E.	L.E.	L.E.
The Egyptian Company For Dairy products	Current	2 214 039	-	501	-
El Marwa For Food Industries	Current	541 770	-	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	11 135	8	11 143	8
	Bank transfer	112 907 759	(613 133)	233 380 877	120 473 118
		-	1 001 004	-	-
				<b>233 437 789</b>	<b>120 473 126</b>

**29-2 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
		L.E.	L.E.	L.E.	L.E.
Al-Marwa for Food industries	Current	-	469 895	-	499 517
Egyptian Company for Dairy Products	Current	-	(274 605 443)	-	-
	Bank transfer	-	(276 608 339)	-	2 213 537
Tiba for Trading and Distributing	Current	-	7 974 247	-	1 593 432
	Sales	-	(173 490 404)	-	-
	Collections	-	198 897 538	-	-
	Assets lease	-	(2 640 000)	-	-
The Egyptian Company For Food Industries "Egyfood"	Current	23 586 734	(4 635 300)	26 082 284	2 495 549
	Assets lease	-	1 200 000	-	-
International Company For Modern Food Industries	Current	24 347 072	1 560 650	25 907 851	1 560 780
				<b>51 990 135</b>	<b>8 362 815</b>

- The company has a contract agreement with the Tiba for Trading and Distributing company of (LLC) -subsirdy - company 99.9% of the rental company's administrative building and the rental with a value of 2 640 000 pounds during the fiscal year ended December 31, 2015 (the amount of 2 640 000 LE through 2014).
- Transactions listed above are made in the same principles for dealing with others.



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Notes to the separate financial statements for the year ended 31 December 2015

### 30 Non-cash transactions in cash flow

The exclusion of the amount of 1 738 583 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 7 330 289 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.

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 that is not effective yet:

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

The following table shows the amendments that may have significant effect on the financial statements 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</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>



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Notes to the separate financial statements for the year ended 31 December 2015

profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items (*Statement of Comprehensive Income*).

EAS (10)

Property, Plant and Equipment  
(PPE)

- The option of using the revaluation model in the subsequent measurement of PPE has been cancelled.

**In case the company previously revaluated its assets; due to a restructuring process** (merger or demerger,...), the note shall be as follows:

Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard. In case the company did not revaluated its assets before, the note shall be as follows:

The amendment on the standard has no impact on the figures presented in the financial statements.

- The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.

Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.

- The strategic (major) spare parts and stand-by equipment can be classified as PPE when the entity expects to use them for more than one period ( when the definition of PPE applies thereto).

EAS (14)

Borrowing Costs

Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.

**For the companies that applied the benchmark treatment, the note shall be as follows:**

The entity shall apply this Standard to the borrowing costs attributable to the qualifying assets, where the start date of capitalization falls within or after the date of the implementation of this Standard.

EAS (25)

Financial Instruments:  
Presentation

Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A or 16 b) or paragraphs (16 c and 16 d) of the same Standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs.

Re-presenting any financial instrument meets all the conditions including all the presented comparative periods.

An entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.

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

Notes to the separate financial statements for the year ended 31 December 2015

EAS (40)

Financial Instruments: Disclosures

- A new Egyptian Accounting Standard No.(40) "*Financial Instruments: Disclosures*" was issued including all the disclosures required for the financial instruments.
- Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became "*Financial Instruments: Presentation*" instead of "*Financial Instruments: Presentation and Disclosure*"

Retroactive amendment to all the comparative figures of the presented disclosures shall be carried out.

Egyptian Standard No. (45)

Fair Value Measurement

The new Egyptian Accounting Standard No. (45) "*Fair Value Measurement*" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value.

Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.

This Standard aims the following:

- (a) Defining the fair value
- (b) Laying down a framework to measure the fair value in one Standard and
- (c) Identifying the disclosure required for the fair value measurements.

- Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders.
- Any Investment retained in the former subsidiary at its fair value at the date when control is lost at fair value and recognize any resulting difference in the Income Statement.
- Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the entity and the NCI even if this causes the NCI to have a deficit balances.

Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.

Egyptian Standard No. (18):

Investments in Associates

The accounting treatment of the joint ventures was added to this standard; accordingly the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.

Retroactive amendment to all the comparative figures for the disclosures presented and the presented financial information.

- The entity shall discontinue to use the Equity method from the date when its investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Income Statement .
- If an investment in an associate becomes an investment in a joint venture or vice versa, the entity should continue to apply the Equity

Currently, the management is assessing the potential impacts on its financial statements resulting from application of this standard.

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Notes to the separate financial statements for the year ended 31 December 2015

Method and do not re-measure the retained Interest.

- If an entity's ownership interest in an associate or a joint venture reduced, but the entity continues to apply the Equity Method, the entity shall reclassify the proportions of the gain or loss that previously been recognized in OCI relating to that reduction in Ownership interest to profit or loss statements.
- A new Egyptian Accounting Standard No.(44) "**Disclosure of Interests in Other Entities**" was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries ,associates, joint arrangements ,and the unconsolidated Structured Entities. The objective of this standard is to require an entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.

Egyptian Standard No. (44):  
Disclosure of Interests in Other Entities

Retroactive amendment to all the comparative figures for the disclosures presented.