

Translation from Arabic

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Consolidated periodic financial statements
for the period ended 31 March 2015

Translation from Arabic

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Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated periodic financial statements
for the period ended 31 March 2015

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Juhayna Food Industries
(An Egyptian Joint Stock Company)
Periodic consolidated balance sheet
As at 31 March 2015

Translation from Arabic

	Note no.	31/3/2015 L.E.	31/12/2014 L.E.
Assets			
Property, plant and equipment	(11)	2 712 780 323	2 094 365 402
Projects under construction	(12)	492 237 644	1 067 146 333
Plant wealth	(13)	12 712 682	26 421 716
Investments in equity - accounted investees	(10)	50 929 445	50 929 445
Other - long term - debit balances		779 708	781 776
Goodwill	(33)	97 092 890	97 092 890
Non-current assets		3 366 532 692	3 336 737 562
Inventories	(15)	675 595 726	557 524 201
Trade and other receivables	(16)	233 013 267	194 757 012
Due from related parties	(32-1)	662 734	815 558
Cash and cash equivalents	(17)	421 912 217	425 167 281
Current assets		1 331 183 944	1 178 264 052
Current liabilities			
Provisions of claims	(22)	8 571 220	8 571 220
Banks - overdraft		14 080 999	17 197 765
Banks - credit facilities	(20)	947 579 606	742 348 289
Short term loans	(21)	16 000 000	16 000 000
Creditors and other credit balances	(23)	410 607 654	272 772 151
Income tax		50 480 863	50 480 863
Long-term loans-current portion	(19)	211 369 157	254 163 157
Current liabilities		1 658 689 499	1 361 533 445
(Net non current assets)		(327 505 555)	(183 269 393)
Total invested funds		3 039 027 137	3 153 468 169
These investments are financed as follows:			
Equity			
Issued and paid up capital	(18)	941 405 082	941 405 082
Legal reserve		451 204 994	435 553 732
General reserve - issuance premium	(18-1)	330 920 428	330 920 428
Retained earnings		428 325 578	414 262 886
Net profit for the period/year after periodic dividends		65 144 869	161 550 850
Total equity attributable to the shareholders of the parent company		2 217 000 951	2 283 692 978
Minority interest		716 410	761 931
Total equity		2 217 717 361	2 284 454 909
Non-current liabilities			
Long term loans	(19)	648 812 320	705 695 751
Other long term liabilities	(24)	80 098 022	85 003 065
Deferred revenues	(25)	3 042 471	3 477 116
Deferred tax liabilities	(26)	89 356 963	74 837 328
Non-current liabilities		821 309 776	869 013 260
Shareholders' equity and non current liabilities		3 039 027 137	3 153 468 169

The notes on pages from (5) to (36) are an integral part of these periodic consolidated financial statements.

Finance Director
Sameh El-hodaiby

Chairman
Safwan Thabet

*Review report attached .

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated income statement
For the period ended 31 March 2015

Translation from Arabic

		The financial period from 1/1/2015 till 31/03/2015	The financial period from 1/1/2014 till 31/03/2014
	Note no.	L.E.	L.E.
Net sales		866 524 953	812 186 780
Cost of sales		(579 624 310)	(594 032 886)
Gross profit		286 900 643	218 153 894
Other income	(5)	3 137 530	3 244 099
Sales & distribution expenses		(121 455 422)	(104 675 368)
General & administrative expenses	(6)	(31 550 997)	(34 423 477)
Other expenses	(7)	(5 896 708)	(3 611 198)
Board of directors remuneration		(305 000)	(430 000)
Results from operating activities		130 830 046	78 257 950
End of service		(1 018 881)	-
Finance income and finance costs	(8)	(28 803 576)	(21 325 556)
Profit before income tax		101 007 589	56 932 394
Taxes differences from previous period		99 298	-
Income tax expense		(21 422 682)	(10 725 346)
Deferred tax		(14 519 635)	(3 021 857)
Net profit for the period		65 164 570	43 185 191
Distributed as follows			
Parent Company's share in profit		65 144 869	43 167 132
Non controlling interest		19 701	18 059
		65 164 570	43 185 191

The notes on pages from (5) to (36) are an integral part of these periodic consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated statement of changes in equity
For the Period ended 31 March 2015

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Suspended from net profit for the year 2013 L.E.	Retained earnings L.E.	Net Profit period L.E.	Total L.E.
Balance as at 1 January 2014	706 053 811	421 792 281	330 920 428	-	391 834 289	313 080 142	2 163 680 951
Reversal of beginning balance adjustments	-	24 119 315	-	-	(85 956 852)	76 397 495	14 559 958
Dividends for 2013	-	-	-	235 351 271	19 325 435	(304 169 677)	(49 492 971)
Holding Company's share in reserves & retained earnings of subsidiaries	-	3 581 453	-	-	(5 793 432)	-	(2 211 979)
Consolidation adjustments on 31 March 2014	-	(23 951 645)	-	-	96 932 466	(85 307 960)	(12 327 139)
Net profit for the period ended 31 March 2014	-	-	-	-	-	43 167 132	43 167 132
Balance as at 31 March 2014	706 053 811	425 541 404	330 920 428	235 351 271	416 341 906	43 167 132	2 157 375 952
Balance as at 1 January 2015	941 405 082	435 553 732	330 920 428	-	414 262 886	161 550 850	2 283 692 978
Reversal of beginning balance adjustments	-	23 716 091	-	-	(96 220 475)	108 941 127	36 436 743
Dividends for 2014	-	11 755 723	-	-	91 487 099	(235 114 465)	(131 871 643)
Holding Company's share in reserves & retained earnings of subsidiaries	-	4 514 661	-	-	(32 766 981)	-	(28 252 320)
Consolidation adjustments on 31 March 2015	-	(24 335 213)	-	-	51 563 049	(35 377 512)	(8 149 676)
Net profit for the period ended 31 March 2015	-	-	-	-	-	65 144 869	65 144 869
Balance as at 31 March 2015	941 405 082	451 204 994	330 920 428	-	428 325 578	65 144 869	2 217 000 951

The notes on pages from (5) to (36) are an integral part of these periodic consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
periodic consolidated statement of cash flows
For the period ended 31 March 2015

		The financial period from 1/1/2015 till 31/03/2015	The financial period from 1/1/2014 till 31/03/2014
	Note no.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		101 007 589	56 932 394
Adjustments for:			
Fixed assets' depreciation	(11)	45 584 032	45 283 519
Capital losses (gains)		286 379	508 054
Impairment in fixed assets		40 864	-
Reversal of impairment in fixed assets		(1 279 242)	-
impairment in trade and other receivables		1 149 072	-
Impairment in inventory		1 309 515	-
Financial lease installments		3 025 331	3 025 331
Credit interests		(3 825 803)	(3 094 688)
Finance interests & expenses		39 750 557	34 052 772
		187 048 294	136 707 382
Collected time deposits interests		2 825 803	3 571 317
Interest finance expenses paid		(46 408 058)	(33 655 803)
Changes in:			
Inventories		(119 381 040)	15 914 693
Trade and other receivables		(38 403 259)	(2 984 200)
Due from related parties		14 185 538	(592 756)
Creditors & other credit balances		(14 006 963)	(29 276 003)
Provision for claims used		-	(387 933)
Net cash flows (used in) from operating activities		(14 139 685)	89 296 697
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(88 150 260)	(171 602 811)
Proceeds from sale of fixed assets		11 995	203 980
Acquisition of animal wealth		(323 680)	(2 902 342)
Net cash flows from (used in) investing activities		(88 461 945)	(174 301 173)
Cash flows from financing activities			
Proceeds from (payments) bank credit facilities		205 231 317	(125 705 501)
Proceeds from bank loans		(99 677 431)	81 960 977
Payments in lease installments - sales with the right of release		(3 025 331)	(3 025 331)
Decrease / increase in minority interest		(65 223)	(37 544)
Net cash flows from (used in) financing activities		102 463 332	(46 807 399)
Increase (Decrease) in cash & cash equivalents during the period		(138 298)	(131 811 875)
Cash & cash equivalents at 1 January		402 915 917	553 373 535
Cash & cash equivalents at 31 March	(17)	402 777 619	421 561 660

The notes on pages from (5) to (36) are an integral part of these periodic consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the periodic consolidated financial statements
For the financial period ended 31 March 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.

The Consolidated financial statements has been approved for issue by the board of directors meeting dated 14 May 2015.

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.

2-2 Basis of measurement

The consolidated 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 (note 4-1).

- Biological assets and Agricultural crops at fair value after reduce the cost of sale (note 4-2).

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

The preparation of consolidated 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 periodic consolidated financial statements for the period ended 31 March 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 (3-9) : 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 (22) : provisions & contingent liabilities
- Note (26) : deferred tax.

3 Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in equity accounted investees (associates)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates is accounted for using the equity method and is recognized initially at cost. The cost of the investment include transaction costs. The consolidated financial statements include the Company's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest including any long-term interests that from part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3-2 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.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available –for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale debt instruments, presented in fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

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

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.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

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.

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	Years before adjustment useful life at 1/1/2015	Years after adjustment useful life at 1/1/2015
Buildings & Construction	13.3- 50	13.3- 50
Machinery & Equipment	1-10	1-13
Transportation & Transport Vehicles	1.5- 8	1.5- 8
Tools	1.08 – 10	1.08 – 10
Office equipment & Furniture	1-10	1-10
Empty plastic containers & pallets	5	5
Computers	3.33-5	3.33-5
Wells	25 or Wells useful life	25 or Wells useful life

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

Depreciation method useful life and residual value are reviewed at each date and adjusted of appropriate .

The effect of these adjustments has been recognized during years 2015 , on the depreciation expenses in the income statement as an expenses as follows

(decrease) in depreciation expense machine & equipment at 31/3/2015 9 640 376 .

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 no. 12). No depreciation is charged until the project is completed and transferred to fixed asset

3-6 Government grants

Government grants related to assets – including non monetary grants which recorded at fair value – presented in financial statement as deferred income (grants considered deferred income and recorded in income statement according to regular systematic basis over the estimated useful life of assets).

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

3-7 Plant wealth

This item represents in the amounts spent for cultivation of fruit trees and protect trees (Kazhurana) which were recognized as long term assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as long-term assets (plant wealth), and will be depreciated over (25 and 50) years respectively according to the nature of those assets.

3-8 Biological assets

A biological asset is measured on initial recognition and on every reporting date at its fair value less costs to the point of sale capability. A biological asset "harvested agricultural product" is measured at the point of harvest at fair value less costs to the point of sale capability. Profit or loss resulting from the initial recognition of a biological asset at fair value costs to the point of sale capability and from the change in fair value less costs to the point of sale capability of the biological asset is recorded in profit or loss for the period in which it arises, profit or loss resulting from the initial recognition of agricultural product at fair value less costs to the point of sale capability is recorded in profit or loss for the period in which it arises .

When there is no market available to determine prices and values, which the alternative estimates of fair value have shown clearly that it cannot be relied upon, in this case the biological asset is measured at its cost less any accumulated amortization and any accumulated impairment of value. Once the possibility of measuring the fair value of these assets are reliably established, the Company measures it at its fair value less costs to the point of sale capability.

3-9 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.

3-10 Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed.

3-11 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 periodic consolidated financial statements for the period ended 31 March 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.

3-12 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 recognised 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 recognised.

3-13 Defined contribution plans

The Company contributes to the government social insurance system for the benefits of its personnel in accordance with according to the social insurance Law No. 79 of 1975 and its amendments. Under this Law the employees and the employers contribute into the system on a fixed percentage – of- salaries basis. The Company's contributions are recognized in income statement using the accrual basis of accounting. The company's obligation in respect of employees' pensions is confined to the amount of aforementioned contributions.

3-14 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.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

3-15 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.

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 recognised as a reduction of revenue as the sales are recognized.

3-16 Rental income

Rental income from other assets is recognized in other income.

3-17 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 recognised 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.

3-18 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.

3-19 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.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

3-20 Assets held for sale or held for distribution

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale or held-for-distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale or held-for-distribution, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3-21 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.

3-22 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.

4-2 Biological assets

At fair value less costs to the point of sale capability.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

5 Other operating revenue

	Financial period from 1/1/2015 To 31/3/2015 L.E	Financial period from 1/1/2014 To 31/3/2014 L.E
Export subsidy revenue	1 165 557	1 265 557
Deferred capital gains	434 708	434 646
Capital gain	-	57 813
Drawback of sales tax	281 859	236 112
Other revenue	1 255 406	1 249 971
	3 137 530	3 244 099

6 General & administrative expenses

	Financial period from 1/1/2015 To 31/3/2015 L.E	Financial period from 1/1/2014 To 31/3/2014 L.E
Personnel expenses	18 874 488	20 395 579
Depreciation expense	3 400 399	4 387 356
Rents expense	2 048 815	2 069 817
Other administrative expense	7 227 295	7 570 725
	31 550 997	34 423 477

7 Other expenses

	Financial period from 1/1/2015 To 31/3/2015 L.E	Financial period from 1/1/2014 To 31/3/2014 L.E
Financial lease installments	3 025 331	3 025 331
Capital losses	286 379	565 867
Impairment of inventories	1 309 515	-
Impairment of receivables	1 149 072	-
Other	126 411	20 000
	5 896 708	3 611 198

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

8 Finance income and finance costs

	Financial period from 1/1/2015 To 31/3/2015 L.E	Financial period from 1/1/2014 To 31/3/2014 L.E
Finance interest & expense	(39 750 557)	(34 052 772)
Credit interest	2 825 803	3 094 688
Net finance cost	(36 924 754)	(30 958 084)
Foreign exchange gains	8 236 515	9 632 528
Change in fair value	(115 337)	-
	<u>(28 803 576)</u>	<u>(21 325 556)</u>

9- Segmentation reports

9-1 Segmentation reports for the period ended 31 March 2014

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.
Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments				Undistributed items L.E 31/03/2014	Elementation of consolidated transactions L.E 31/03/2014	Total L.E 31/03/2014
	Dairy sector L.E 31/03/2014	chilled sector L.E 31/03/2014	Juices sector L.E 31/03/2014	Concentrates sector L.E 31/03/2014	Agriculture sector L.E 31/03/2014		
Sales	428 333 876	193 179 227	154 109 251	21 231 845	15 332 581	(711 403 653)	812 186 780
Sales between segments	396 803 524	133 015 155	161 679 075	19 905 899	-	(711 403 653)	-
Total sales	825 137 400	326 194 382	315 788 326	41 137 744	15 332 581	-	812 186 780
Cost of sales	(317 081 719)	(132 062 936)	(114 826 261)	(15 536 565)	(14 525 405)	-	(594 032 886)
Segments' gross profit	111 252 157	61 116 291	39 282 990	5 695 280	807 176	-	218 153 894
Other operating income	2 358 831	162 964	499 995	108 101	114 208	-	3 244 099
expense	(71 497 271)	(60 718 622)	(28 040 173)	(1 390 428)	(2 819 105)	-	(164 465 599)
Net profit for the period before income tax	42 113 717	560 633	11 742 812	4 412 953	(1 897 721)	-	56 932 394
Income tax provision	-	-	-	-	-	-	(10 725 346)
Deferred tax	-	-	-	-	(3 021 857)	-	(3 021 857)
Net profit for the period	42 113 717	560 633	11 742 812	4 412 953	(1 897 721)	-	43 185 191
Other Information							
Depreciation	17 601 504	6 889 384	13 869 717	3 602 537	3 320 377	-	45 283 519
Assets	1 572 003 007	1209 216 679	909 089 455	269 409 267	501 586 585	-	4 562 183 553
Investments accounted for using Equity method	-	-	-	-	-	-	47 658 194
Liabilities	1124 162 215	775 961 777	345 927 791	129 161 807	28 992 462	-	2 404 206 052

The Group operates in one geographical sector - Arab Republic of Egypt. Operating revenues primarily result from activities related to the food industry.

9- Segmentation reports

9-1 Segmentation reports for the period ended 31 March 2015

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.

Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments				Undistributed items	Elementation of consolidated transactions	Total L.E
	Dairy sector L.E	chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	31/03/2015	31/03/2015
Sales	488 542 961	201 060 463	145 456 326	15 721 295	15 743 908	-	866 524 953
Sales between segments	415 316 469	167 392 379	120 175 128	18 682 317	23 504	(721 589 797)	-
Total sales	903 859 430	368 452 842	265 631 454	34 403 612	15 767 412	(721 589 797)	866 524 953
Cost of sales	(340 257 482)	(113 081 715)	(101 989 335)	(10 674 545)	(13 621 233)	-	(579 624 310)
Segments' gross profit	148 285 479	87 978 748	43 466 991	5 046 750	2 122 675	-	286 900 643
Other operating income	1 532 706	576 655	500 544	460 523	67 103	-	3 137 530
expense	(80 700 737)	(72 793 171)	(27 405 611)	(2 051 369)	(6 079 696)	-	(189 030 584)
Net profit for the period before income tax	69 117 448	15 762 232	16 561 924	3 455 904	(3 889 918)	-	101 007 590
pervious tax difference	-	-	-	-	-	99 298	99 298
Income tax expense	-	-	-	-	-	(21 422 682)	(21 422 682)
Deferred tax	-	-	-	-	-	(14 519 636)	(14 519 636)
Net profit for the period	69 117 448	15 762 232	16 561 924	3 455 904	(3 889 918)	-	65 164 570
Other Information							
Depreciation	15 420 866	13 307 648	10 351 993	2 732 362	3 771 163	-	45 584 032
Assets	1 376 962 109	1398 816 176	938 854 591	261 889 116	621 814 092	-	4 697 716 636
Investments accounted for using Equity method	-	-	-	-	-	-	50 929 445
Liabilities	1140 515 754	797 129 351	373 385 996	120 895 212	48 072 961	-	2 479 999 275

The Group operates in one geographical sector - Arab Republic of Egypt. Operating revenues primarily result from activities related to the food industry.

10- Equity - accounted investees (investments in associates)

Investments in associate companies are shown in the financial statements of the Group company which has significant influence on the future financial decisions of the investee company.

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Current liabilities		Non Current liabilities		Total liabilities		Revenues		Expenses		Net profit (loss)		Cost of investment	
		L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
December 31, 2014																					
Milkiez Company for dairy	39.988	26 740 364	116 394 480	143 134 844	14 759 031	1 041 000	15 800 031	82 456 406	73 094 754	9 361 652	50 929 445										
Balance as at 31 December 2014		26 740 364	116 394 480	143 134 844	14 759 031	1 041 000	15 800 031	82 456 406	73 094 754	9 361 652	50 929 445										
March 31, 2015																					
Milkiez Company for dairy	39.988	28 797 717	118 541 823	147 339 540	15 036 313	1 949 472	16 985 785	108 867 454	96 487 842	12 379 612	50 929 445										
Balance as at 31 March 2015		28 797 717	118 541 823	147 339 540	15 036 313	1 949 472	16 985 785	108 867 454	96 487 842	12 379 612	50 929 445										

* The company apply the owners equity method using 31 March 2015 values.

#REF!

Notes to the interim consolidated financial statements for the period ended 31 March 2015

Translation from Arabic

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.	Empty plastic containers & Palets L.E.	Display ref.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2014	151 792 543	637 898 826	1 286 393 925	218 556 032	55 323 720	26 654 350	20 200 244	19 141 850	16 638 852	64 448 255	2 497 048 597
Additions of the year	52 996 812	165 309 799	382 299 713	3 483 169	13 757 253	5 817 165	45 311 502	8 177 248	8 211 866	7 313 876	692 678 403
Disposals of the year	(5 186 673)	(50 061 196)	(261 645 548)	(5 428 137)	(3 869 022)	(4 555 608)	(100 014)	-	(2 247 684)	(1 815 555)	(334 909 437)
Impairment in fixed assets	-	-	1 279 242	-	-	-	-	-	-	-	1 279 242
Cost as at 31/12/2014	199 602 682	753 147 429	1 408 327 332	216 611 064	65 211 951	27 915 907	65 411 732	27 319 098	22 603 034	69 946 576	2 856 096 805
Additions of the period	14 594 552	399 558 976	247 558 158	45 000	326 716	33 330	291 236	53 022	210 245	1 672 759	664 343 994
Disposals of the period	-	-	(6 733 683)	-	-	(552 026)	-	(50 000)	-	(6 975)	(7 342 684)
Impairment in fixed assets	-	-	3 771 868	-	-	-	-	-	-	-	3 771 868
Cost as at 31/3/2015	214 197 234	1 152 706 405	1 652 923 675	216 656 064	65 538 667	27 397 211	65 702 968	27 322 120	22 813 279	71 612 360	3 516 869 983
Accumulated depreciation											
Accumulated depreciation as at 1/1/2014	-	46 607 768	572 992 288	77 506 917	24 901 776	16 963 732	3 734 565	2 197 329	6 620 163	46 542 843	798 067 381
Depreciation of the year	-	14 656 684	116 496 362	20 517 412	6 643 248	6 642 202	9 346 720	978 469	1 853 644	9 842 480	186 977 221
Accumulated depreciation of disposals of the year	-	(7 869 991)	(202 098 239)	(4 755 978)	(1 932 987)	(4 032 048)	(45 164)	-	(858 029)	(1 761 627)	(223 354 063)
Impairment in fixed assets	-	-	40 864	-	-	-	-	-	-	-	40 864
Accumulated depreciation as at 31/12/2014	-	53 394 461	487 431 275	93 268 351	29 612 037	19 573 886	13 036 121	3 175 798	7 615 778	54 623 696	761 731 403
Depreciation of the period	-	4 357 266	26 410 992	5 163 122	1 829 372	1 314 566	3 285 160	334 838	537 593	2 351 123	45 584 032
Accumulated depreciation of disposals of the period	-	-	(2 675 436)	-	-	(543 908)	-	(3 353)	-	(3 098)	(3 225 775)
Impairment in fixed assets	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31/3/2015	-	57 751 727	511 166 831	98 431 473	31 441 409	20 344 544	16 321 281	3 507 303	8 153 371	56 971 721	804 089 660
Net book value as at 31/3/2015	214 197 234	1 094 954 678	1 141 756 844	118 224 591	34 097 258	7 052 667	49 381 687	23 814 817	14 659 908	14 640 639	2 712 780 323
Net book value as at 31/12/2014	199 602 682	699 752 968	920 896 057	123 342 713	35 599 914	8 342 021	52 375 611	24 143 300	14 987 256	15 322 880	2 094 365 402

* Fully depreciated assets are amounted to L.E. 112 584 332 as at 31 March 2015.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

The land item amounted to L.E 214 197 234 on 31/3/2015 includes an amount of L.E 149 849 631 representing the not registered land thus procedures of registering the land are in progress.

11-1 Land of Juhayna Food Industries Co.

Description	Amount L.E	Instrument of possess
Marsa Allam	1 367 244	Letter Allocation
	1 367 244	

11-2 Land of Tiba for Trad. & Distr. Co.

Description	Amount L.E	Instrument of possess
New Mansheya (Alex.) Land	25 957 967	Preliminary contract
Bolaris land	18 631 041	Preliminary contract
Damietta land	10 942 734	Preliminary contract
Obour land	9 002 650	Preliminary contract
Mansoureyia land – shabrament	7 408 350	Preliminary contract
New cairo land pc.60,62	6 868 125	Letter of allocation
Olaykat Arab land	2 589 300	Preliminary contract
Other	15 638 923	
	97 039 090	

11-3 Land of Egyptian Co. for Dairy Products

Description	Amount as per Egyptian Co. for Dairy products L.E.	Adjustments of Consolidated financial statement L.E.	Amount as per Consolidated financial statement L.E.	Instrument of possess
The service axis 1,2- 6 th of October	2 415 388	(539 598)	1 875 790	Letter of allocation
* Pc38- 6 th of October	4 542 099	(1 231 216)	3 310 883	Preliminary contract
	6 957 487	(1 770 814)	5 186 673	

* These land was purchased from Juhayna company (holding company) on 1/4/2014 and recorded by its name, and The Egyptian Co. for Dairy Products are recording the land on its behalf.

11-4 Land of International Co. for Modern Industries

Description	Amount L.E	Instrument of possess
Pc. 112:118 m3 6 th of October	11 060 593	Letter of allocation

11-5 Land of Almasrya Co. (Egyfood)

Description	Amount L.E	Description
Pc. 19 A, 9 B m3 6 th of October	2 241 861	Letter of allocation
Pc. 24 B	2 611 004	Letter of allocation
	4 852 865	

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

11-6 Land of Modern Concentration Co.

Description	Amount L.E	Instrument of possess
Pc. 42 m4 6 th of October	4 333 446	Preliminary contract

11-7 Land of Inmaa for Agriculture Development & Biological wealth

The Agriculture Land item includes the follows:

- Area of 2 500 Acres on Farafra zone amounted to L.E 1 250 000 with the virtue of preliminary contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation.
- Area of 7 500 Acres on Farafra zone amounted to L.E 3 750 000 with purpose – only - of cultivation with the virtue of bank cheque no. 1472844 dated September 14, 2009 for the beneficiary the head of the centre office of Farafra city. The necessary legal procedures for convey of land are in progress.

11-8 Land of Inmaa for live stock

- Area of 550 Acres amounted to L.E 1 089 000 in the virtue of a preliminary contract from Inmaa for Agriculture Development & Biological wealth. The necessary legal procedures with government for legal convey of land are in progress.

11-9 Land of Inmaa for Agriculture Development

- Area of 8 364 Acres amounted to L.E 16 560 720 in the virtue of a preliminary contract from Inmaa for Agriculture Development & Biological wealth. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 2 000 Acres amounted to L.E 3 000 000 in the virtue of a contract with the seizure (Mohamad Mahrous Ahmad) dated 21 March 2013 and all the necessary legal procedures with government for legal convey of land are in progress.
- Area of 240 Acres amounted to L.E 360 000 in the virtue of a contract with the seizure (Mohamad Ali Farag) dated 21 March 2013 and all the necessary legal procedures with government for legal convey of land are in progress.

11-10 Land grants

Company management has acquired five plots of land as a governorate grant for the establishment of projects in the areas and provinces where the lands located and this is by issuing letters of guarantee by the company for the governorate with total value 2 516 750 LE, in case that the company did not obligate the conditions of acquiring these lands , the letters of guarantee will be liquidated to beneficiaries and these are the lands as follows :-

- land plots from 637 to 650 in Assuit its total area 30 000 m² to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots number (67,68,69,75,76) in Beni suef to its total area 10.335 thousands m² to establish a factory for the production of natural juices , dairy products , white cheese freezing & cooling vegetables , fruits , meat & fish
- Land plot in sohag its total area 10000 m² to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. (186,187,188 , huge area of 185) its total area 5960 m² to establish a factory for keeping , cooling and freezing dairy products , juices and concentrates
- Land plot in Aswan – Industrial area, Al Alaki Valley. its total area 10000 m² to establish a factory for keeping, cooling and freezing foodstuff.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

12 Projects under constructions

	31/3/2015	31/12/2014
	L.E.	L.E.
Buildings and constructions in progress	236 097 994	576 270 498
Machineries under installation	211 175 151	446 942 461
Advance payments for fixed assets purchase	23 679 064	43 933 374
Wells	12 538 343	-
Animal wealth farm	8 165 748	-
Payment for reclamation and cultivation	581 344	-
	492 237 644	1 067 146 333

13 Plant wealth

	31/3/2015	31/12/2014
	L.E.	L.E.
Land reclamation	11 565 247	11 967 522
Fruit trees	726 494	14 033 416
Protection trees (Kazhurana)	420 941	420 778
	12 712 682	26 421 716

14 Tax status**14-1 Juhayna Food Industries-S.A.E.(the Parent Company)****A. 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.

Years from 2008 till 2014

The company hasn't 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.

B. 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 till 2014

The company hasn't been inspected yet.

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 31/12/2014

The Inspection is in progress by related tax authority.

C. Sales tax

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

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

14-2 Subsidiaries**First: Corporation tax**

The Companies that enjoy the corporate tax exemption	Tax inspection ending date
Subsidiaries	
The Egyptian Company For Food Industries "Egyfood"	31/12/2018
Modern Concentrates Industrial Company	31/12/2018
International Company For Modern Food Industries	31/12/2018
Inmaa for agriculture development & biological wealth.	10 years from the beginning of the activity

The Companies that are not exempted.**Egyptian Company for Dairy Products**

(the tax inspection has been performed and paid till 2004)

Tiba for Trading and Distributing

Inspected by related tax authority in 2009 and the company has been objected in the legal deadline and the dispute is under consideration

Al Marwa for Food Industries

(inspected from the beginning of operation till 31/12/2004 and the company submits the annual tax returns during legal duration required by law no 91 of 2005 and company is Subject to tax in 1-1-2010.

Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting activity till 2011 and paid.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2010 and paid.
Tiba for Trading and Distributing	- Inspection is in progress for years from 2006 to 2012.
International Company For Modern Food Industries	- Inspection was performed from starting activity till 2010 and paid.
The Egyptian Company For Food Industries "Egyfood"	- The company hasn't been inspected yet.
Modern Concentrates Industrial Company	- Inspection was performed from starting activity till 2012 and paid.
Inmaa for Agriculture Development Co. and biological wealth	- Has not been inspected yet. The Company pay tax monthly.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection has been performed and paid till 31/7/2006.
Al-Marwa for Food Industries	- Inspection has been performed and paid till 31/12/2013.
Tiba for Trading and Distribution	- Inspection has been performed and paid till 2011 .
International Company For Modern Food Industries	- Tax inspection has been performed and a and the Company was estimated claims and re-inspection was required till 31/12/2011 .
The Egyptian Company for Food Industries "Egyfood"	- Has not been inspected yet.
Modern Concentrates Industrial Company Inmaa for Agriculture development & biological wealth	- Inspection was performed from starting activity till 31/7/2006 and paid.
	- Has not been inspected yet.

Fourth: Sales tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	-The company is exempted from the sales tax and the company presents sales tax return on monthly basis, and the inspection was performed till 31/12/2012.
Al-Marwa for Food Industries	-Inspected and paid till 31/12/2013
International Company For Modern Food Industries	-The company present sales tax return on monthly basis and inspected and paid till 2011.
The Egyptian Company For Food Industries "Egyfood"	-Inspected and paid till 2013.and tax differences has been paid
Modern Concentrates Industrial Company	-The company presents sales tax return on monthly basis. The company's activity is exempted from sales tax, and was inspected from the inception till 31/12/2013 and paid and inspection differences has been paid
Tiba for Trading and Distribution	-The company presents sales tax return on monthly basis and the company is exempted from tax according to law No. (11) of 1991 and its executive tariffs and Inspection has been performed till 31/12/2012 and tax differences were paid
Inmaa for Agriculture Development Co.	-The company presents sales tax return on monthly &has not been inspected yet

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

15 Inventories

	31/3/2015	31/12/2014
	L.E.	L.E.
Raw materials	260 189 658	151 873 793
Packaging & packing materials	104 718 760	94 698 775
Work in progress	2 105 418	-
Finished products	209 497 055	215 299 840
Spare parts & miscellaneous supplies	44 836 293	40 249 672
L/C's for goods purchase	41 728 910	22 813 446
Biological assets	12 519 632	32 588 675
	675 595 726	557 524 201

16 Trade and other receivables (net)

	31/3/2015	31/12/2014
	L.E.	L.E.
Trade receivables	97 265 199	80 654 155
Less: Impairment in trade receivables	(13 793 239)	(12 644 167)
	83 471 960	68 009 988
Notes receivables	35 546 017	31 334 992
Tetra Pak company	-	2 669 058
Suppliers – advance payments	16 661 441	13 507 830
Prepaid expenses	9 699 177	4 192 321
Export subsidy	11 590 325	12 337 645
Accrued revenues	4 095 410	2 294 588
Tax authority	37 695 381	30 919 375
Customs authority	11 141 762	7 081 285
Deposits with others	9 077 290	5 855 007
Other debit balances	18 017 846	20 538 265
	236 996 609	198 740 354
Less: Impairment in other debit balances	(3 983 342)	(3 983 342)
	233 013 267	194 757 012

17 Cash and cash equivalents

	31/3/2015	31/12/2014
	L.E.	L.E.
Time deposits *	350 780 888	376 512 182
Banks – current accounts	46 873 686	34 672 132
Cash in hand	10 826 917	4 051 946
Cash in transit	8 377 127	4 877 422
L /G's cash margin	5 053 599	5 053 599
	421 912 217	425 167 281
Bank over draft	(14 080 999)	(17 197 765)
L /G's cash margin (due after 3 months)	(5 053 599)	(5 053 599)
Cash and cash equivalents in the statement of cash flows	420 777 619	402 915 917

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

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

18 Share capital

	31/3/2015	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 Three shares of the company's shares. This increase has been recorded in the commercial register on 29/5/2014.

a- General reserve - issuance premium

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

The Company had reduced issuance premium during the year 2012 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 periodic consolidated financial statements for the period ended 31 March 2015

19 Loans

Details	Long term loans – current portion	Long term loans	Total
	L.E	L.E	L.E
Granted loans to Company's Group from CIB.	112 972 000	297 297 544	410 269 544
Granted loans to Company's Group from European Bank for Reconstruction & Development	32 181 817	152 818 183	185 000 000
Granted loans to Company's Group from HSBC.	20 942 591	62 827 774	83 770 365
Granted loans to Company's Group from QNB.	20 000 000	60 000 000	80 000 000
Granted loans to Company's Group from Barclays.	25 272 749	75 868 819	101 141 568
Balance at 31/3/2015	211 369 157	648 812 320	860 181 477
Balance at 31/12/2014	254 163 157	705 695 751	959 858 908

20 Banks – credit facilities

This balance which amounted to L.E 947 579 606 as at 31/3/2015 (against L.E 742 348 289 as at 31/12/2014), represents the drawn down portion of the L.E. 1 525 million (in aggregate principal) bank facilities. Interest is charged on such drawn down amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

21 Short term loans

This balance which amounted to L.E. 16 000 000 as at 31/3/2015 (against L.E. 16 000 000 as at 31/12/2014) represents the short term instalments of the loans granted to the Companies by the Commercial International Bank.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

22 Provision for claims

	Balance on 1/1/2015	Provision formed during the period	Provision used during the period	Balance on 31/3/2015
Description	L.E	L.E	L.E	L.E.
Provision for claims	8 571 220	-	-	8 571 220
	8 571 220	-	-	8 571 220

23 Creditors and other credit balances

	31/3/2015	31/12/2014
	L.E.	L.E.
Suppliers	124 514 109	140 397 215
Notes payable	3 460 207	4 079 694
Accrued expenses	63 167 062	66 588 419
Fixed assets' creditors	5 664 915	9 520 427
Tax authority	21 285 332	18 824 534
Income tax for period	21 422 682	
Deposits from others	5 125 107	4 453 197
Sales tax installments on the imported machineries and equipments	7 541 774	7 911 119
Deferred capital gains	1 738 584	1 738 584
Due to Sodic company- current portion	9 062 843	9 266 082
Due to Geran company – current portion	1 205 352	1 268 749
Social insurance authority	2 801 276	2 619 199
Dividends payable	131 882 786	11 143
Advances from customers	8 654 296	3 262 214
Other credit balances	3 081 329	2 831 575
	410 607 654	272 772 151

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

24 Other long term liabilities

Description	31/3/2015 L.E.	31/12/2014 L.E.
The value of sales tax installments on the imported machineries and equipment due from October 2015 till December 2025 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 7 541 774 as at 31/3/2015 (L E 7 911 119 as at 31/12/2014) are shown under the caption of creditors and other credit balances in the consolidated balance sheet (Note 23).	54 471 374	56 598 501
- The amount due to (Jeran for real state and investments Company) as a value of purchasing an administrative building according to agreed contract amounted to L.E 8 576 400. A down payments was paid amounted to L.E 4 494 564 and the rest will be settled over 6 equal installments starting from June 2015.	1 603 980	2 190 996
- 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 36 944 519 and the rest will be settled over 18 equal installments starting from June 2015.	24 022 668	26 213 568
	80 098 022	85 003 065

25 Deferred revenues

	31/3/2015 L.E.	31/12/2014 L.E.
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the 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 434 646 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 23).	3 042 471	3 477 116
	3 042 471	3 477 116

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 89 356 963 on 31/3/2015 is representing the accrued tax generated from the difference between net book value of assets on accounting basis and net book value of assets on tax basis.

	Balance on 1/1/2015	Deferred tax from 1 st Jan to 31 March 2015	Balance on 31/3/2015
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>74 837 328</u>	<u>14 519 635</u>	<u>89 356 963</u>

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities	
	31/3/2015	31/12/2014
	L.E.	L.E.
Fixed assets	90 552 232	76 575 912
Deferred revenue	(1 195 269)	(1 738 584)
Net tax liabilities	<u>89 356 963</u>	<u>74 837 328</u>

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/3/2015 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 31/3/2015	Contribution percentage 31/12/2014	Count
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Live Stock	99.964 Indirect	99.964 Indirect	Egypt
Inmaa for Agriculture and improvement	99.964 Indirect	99.964 Indirect	Egypt
Sister Company			
Milky for Dairy	39.988 % Indirect	39.988 % Indirect	Egypt

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

28 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:

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

	Note	Carrying amount	
		31/3/2015	31/12/2014
		L.E.	L.E.
Trade receivables	(16)	83 471 960	68 009 988
Banks credit facilities	(20)	947 579 606	742 348 289
Short term loans	(21)	16 000 000	16 000 000
Total long term loans	(19)	860 181 477	959 858 908

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 947 579 606 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	947 579 606	1 525 000 000

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).

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

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	SAR	GBP	CHF
Trade and other debit balances	431 691	-	-	-	-
Cash and cash equivalents	25 852 837	1 159 069	96	1 006	5
Credit facilities	(11 517 346)	(23 942)	-	-	-
Trade and other payables	(998 483)	(1 044 750)	(84 448)	(36 894)	(3 185)
31 March 2015	13 768 699	(120 623)	(84 352)	(35 888)	(3 180)
31 December 2014	15 661 221	(891 830)	96	(38 663)	-

The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	3/2015	12/2014	3/2015	12/2014
USD	7.39	7.064	7.615	7.165
Euro	8.453	9.142	8.211	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.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

	31/3/2015	31/12/2014
	L.E.	L.E.
Total liabilities	2 479 999 275	2 230 546 705
Less: cash and cash equivalents	(421 912 217)	(425 167 281)
Net debt	2 058 087 058	1 805 379 424
Total equity	2 217 717 361	2 284 454 909
Net debt to equity ratio	%92.8	%79.03

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

29 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 m². 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	Monthly lease value
	Contractual value	Accrued interest			
	L.E	L.E		L.E	L.E
contract from 1/1/2008 to 31/12/2017	73 453 985	47 559 261	120	1	1 008 444

Juhayna for Food Industries Company acquired the above mentioned land and constructed a building thereon. Subsequently, the Company sold the land including the buildings to 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 31/3/2015 amounted to L.E. 3 025 331.

30 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has given guarantees amounting to LE 24 751 299 the covered amount L.E 10 131 147.

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

Notes to the periodic consolidated financial statements for the period ended 31 March 2015

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 22 343 066 on 31/3/ 2015.

32 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 period, between the Company and its related parties.

32-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/3/2015	31/12/2014	31/3/2015	31/12/2014
		L.E.	L.E.	L.E.	L.E.
Milkiez	Customer	699 562	587 775	662 734	815 558
	Vendor	30 770	30 770		
				662 734	815 558

33 Goodwill

	31/3/2015	31/12/2014
	L.E.	L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	97 092 890	97 092 890

34 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 2 June 2014, law no. 44 for the year 2014 has been issued for an additional temporarily annual tax – which is imposed for three years from current tax period – by 5% on taxable income which exceeds one million Egyptian pound for the income of natural and juridical persons according to the provisions of income tax law, assessment and settlement to be in accordance with these provisions. Law is effective from 5 June 2014.

On 30 June 2014, law no. 53 for the year 2014 was issued at for amending some articles of income tax law issued by the law no. 91 for the year 2005 and the most important article are as following:

1. Impose tax on dividends.
2. Impose tax on capital gains from the sale of shares and securities.

On April 6, 2015 the minister of finance issued a decree No 172 for the year 2015 for amending executive regulations of the income tax law no. 91 for the year 2005.