100% JUHAYNA
100% PURE

ANNUAL REPORT 2015

CONTENTS

KEY FACTS & FIGURES

1983

Juhayna Established

50,000

retail outlets

30

distribution centers

7

Manufacturing Facilities

1,000+

Vans & Trucks

200+

SKUs

CHAIRMAN'S NOTE

A WORD FROM OUR CHAIRMAN

"Despite the challenging global economic backdrop in 2015, we were able to capitalize on our outstanding team's dedication and not only persevere but surpass expectations on both the operational and financial fronts."

65%

increase in net profit y-o-y in 2015

EGP 4.2 BN

FY2015 sales revenues

DEAR SHAREHOLDERS,

Despite the challenging global economic backdrop in 2015, we were able to capitalize on our outstanding team's dedication and not only persevere but surpass expectations on both the operational and financial fronts. Our strategy of increased vertical integration was the powerhouse behind many of our developments over the past year, including the addition of three new distribution centers, the expansion of our manufacturing capabilities as well as the establishment of our first fully owned dairy farm, which now covers a sizable portion of our daily operational needs.

Sales closed at EGP 4.2 billion, up 15% compared to 2014 and net profit surged by 65% reaching EGP 280 million. The largest contributor to revenues was the dairy segment, constituting 52% of sales.

The establishment of our first fully owned dairy farm was the latest development in our ongoing push for total vertical integration – in this case backward integration. By reducing our reliance on various external farms for raw milk, we can better control the supply quantity and quality, ensuring that the production process is held to the highest standards from start to finish. Through the formation of ArJu, a joint venture between Juhayna and the Denmark-based cooperative Arla Foods, we are expanding into the manufacturing of cheese and have already begun distributing Arla products locally.

In order to maintain a strong working capital position and support our development plans, we secured three medium-term loans for a total of EGP 480 million. This was also necessary for refinancing existing debt with facilities better-suited to the pace of our ongoing expansion. The loans, acquired through three leading financial institutions, are a testament to the market's confidence in Juhayna and its future.

We look forward to another prosperous year and to building on the solid groundwork our team has worked hard to establish. Our success as a company comes hand in hand with our ability to develop and capitalize on our human capital. Ultimately, our strategy and vision revolves around the interests of our consumers, and we are confident we can tend to those interests while maximizing shareholder value.

"Our strategy of increased vertical integration was the powerhouse behind many of our developments over the past year, including the addition of three new distribution centers."

2015 HIGHLIGHTS

YEAR IN REVIEW

JUHAYNA REVENUES
increased by 15% compared to 2014 to EGP 4.231 billion

COGS
increased by 2% overall and COGS to sales ratio decreased by 8 pts

CONSOLIDATED GROSS PROFIT
reached EGP 1.5 billion, a notable 50% increase year-on-year

EBIT
rose 78% compared to 2014 to EGP 625 million

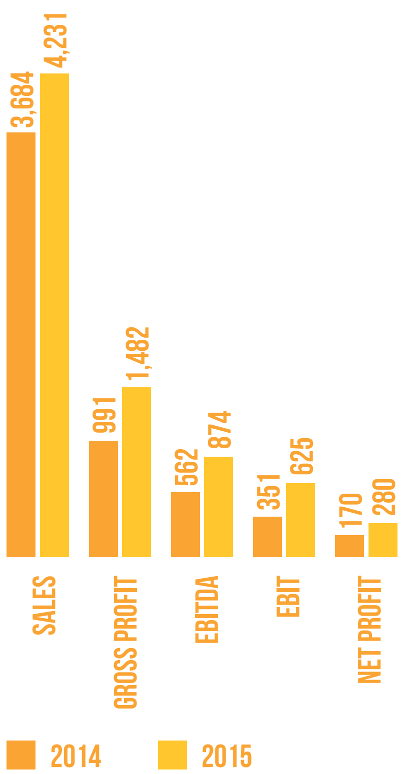
NET INCOME
climbed 65% year-on-year to EGP 280 million

DAIRY SALES
grew to EGP 2.2 billion, a 13% year-on-year increase

FERMENTED SALES
reached EGP 1.1 billion, 12% higher than the previous year

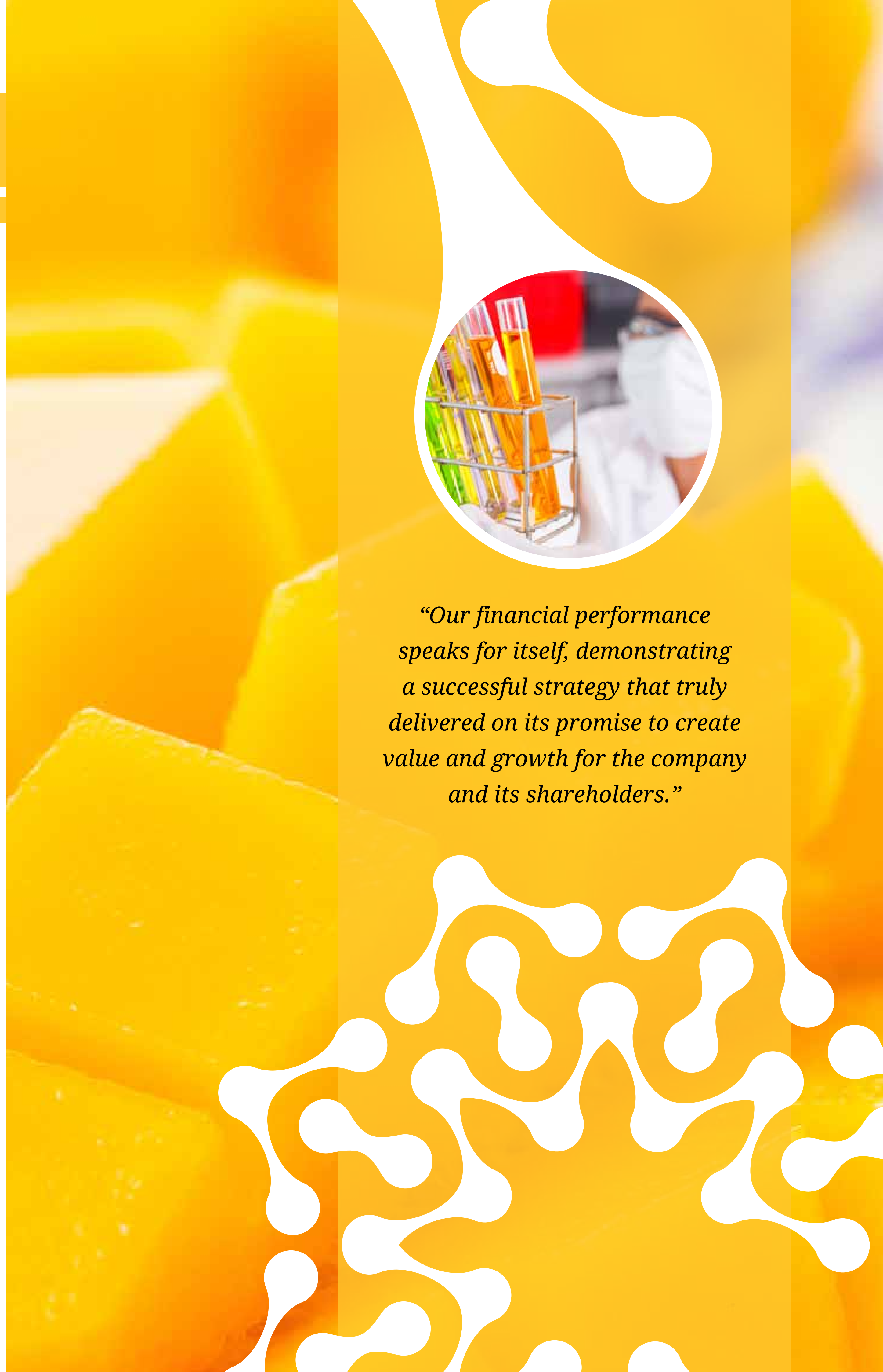
JUICE SALES
witnessed a 24% growth to EGP 831 million

CONCENTRATES & OTHERS SALES
saw a 4% year-on-year increase to EGP 140 million



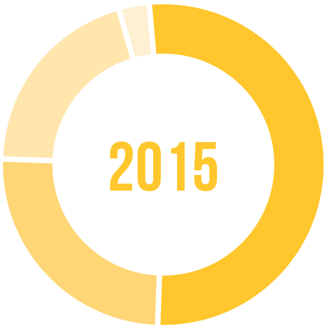
Juhayna's year-end results for 2015 exemplify our team's hard work and dedication. With a 15% year-on-year rise in sales to EGP 4.2 billion and an impressive 65% bottom-line growth to EGP 280 million, our financial performance speaks for itself, demonstrating a successful strategy that truly delivered on its promise to create value and growth for the company and its shareholders.

After a tough year for raw materials prices in 2014, the following year saw a reversal starting the first quarter and continuing throughout the remainder of 2015, ultimately plunging below standard levels. This saw our profit margin improve by 8 percentage points to 35% for the full year. Contributors to revenues continued to be weighed towards the dairy and fermented segments at 52% and 25%, respectively, of consolidated revenues in 2015. Meanwhile, Juhayna's juice segment boasted the strongest year-on-year growth in 2015 with revenues climbing 24% to EGP 831 million, driven by the launch of the new product line. Ramadan was a period of particularly high demand, specifically for the fermented segment,

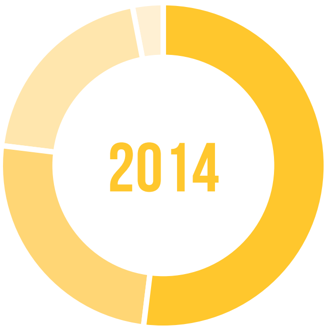


"Our financial performance speaks for itself, demonstrating a successful strategy that truly delivered on its promise to create value and growth for the company and its shareholders."

2014 AND 2015 REVENUE CONTRIBUTION



- 52% DAIRY
- 25% FERMENTED
- 20% JUICE
- 3% CONCENTRATES & OTHER



- 52% DAIRY
- 26% FERMENTED
- 18% JUICE
- 4% CONCENTRATES & OTHER

leading to the second quarter recording double-digit year-on-year growth for the three main business segments.

During the third quarter, Juhayna secured three medium-term loan facilities totaling EGP 480 million, providing additional financing capacity to support our new Egyfood plant, the expansion of our distribution network, as well as an enhanced base of working capital. This helped mark several key milestones on the operational front, delivering on our strategy of increased vertical integration and operational efficiency.

A CAPEX investment of EGP 344 million saw the addition of three new distribution centers – bringing the total to 30 by the end of the year, covering Egypt from Alexandria in the north to Aswan in the south – as well as an upgrade in manufacturing capacities and the addition of our first fully-owned dairy farm. The dairy farm currently houses 1,550 milking cows, covers a sizable portion of our daily operational needs and is essential to addressing the gap between supply and demand of milk in Egypt and reducing our dependency on powdered milk. These steps laid the groundwork for growth and development plans to continue over the coming years; with the entire dairy farm infrastructure complete and functional, it is now ready for future cattle additions.

July witnessed the signing of our joint venture contract with the Danish dairy cooperative, Arla Foods, enabling us to diversify our product range by adding cheese, butter and infant formula to our product mix. Phase one of the joint venture, ArJu, began operations in November with Juhayna storing and distributing Arla products in Egypt, while the second phase will be taking advantage of Arla's vast experience and our knowledge of the Egyptian market to locally manufacture cheese.

Overall, 2015 was a successful year that not only delivered strong financial results but also paved the way for the coming years to build on a solid foundation while further developing operational growth and efficiency plans.

"Overall, 2015 was a successful year that smoothed the way for the coming years to build on a solid foundation while further developing operational growth and efficiency plans."

LINES OF BUSINESS

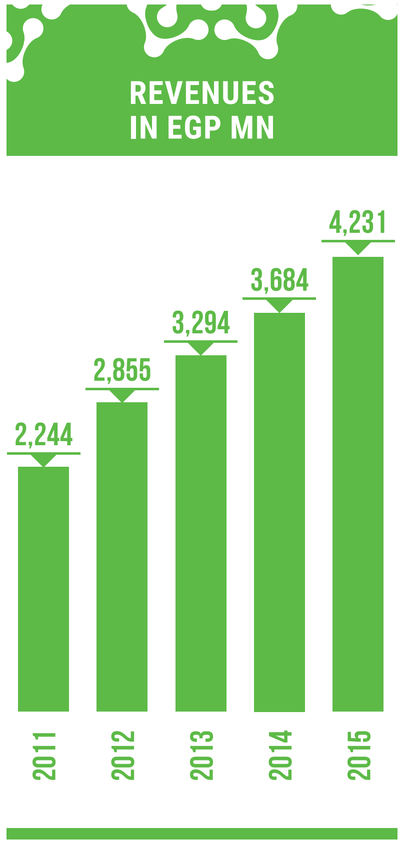
INDUSTRY SEGMENTS

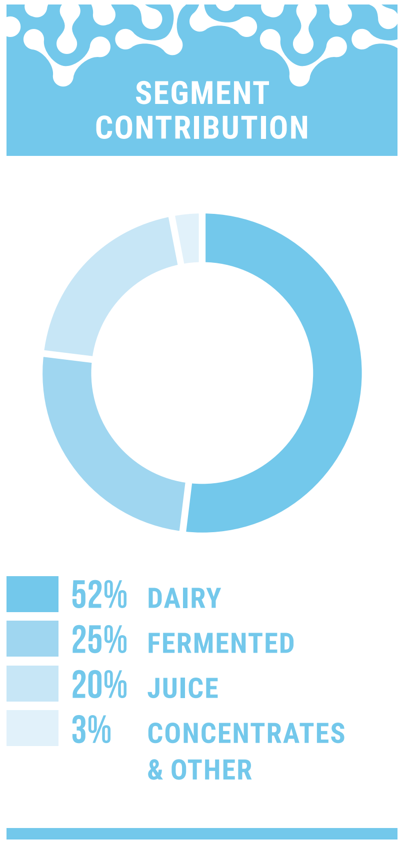
JUHAYNA

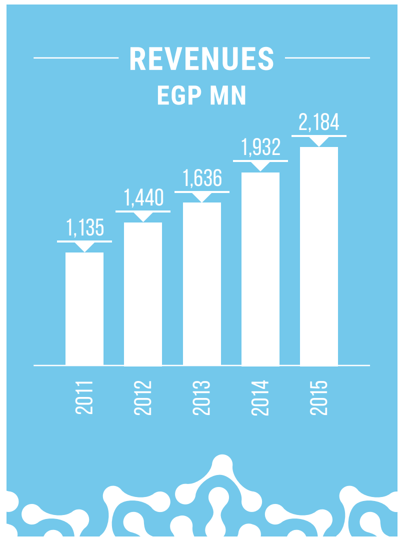
100% PURE
ALL HEALTH, ALL TASTE

2015 REVENUES IN EGP MN

4,231

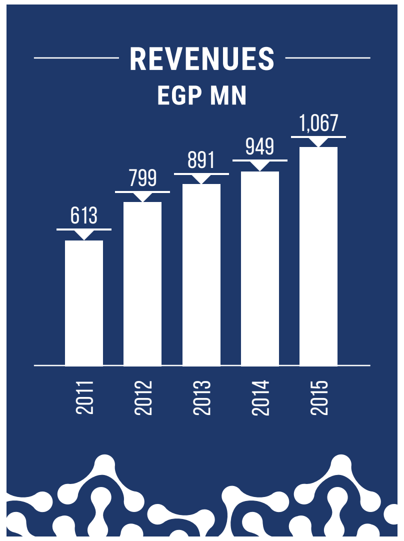






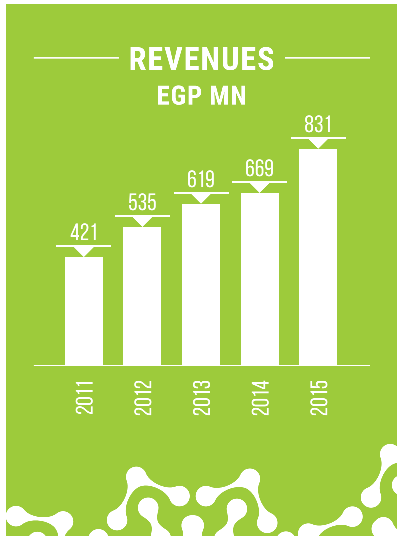
DAIRY

Juhayna has dominated the Egyptian dairy industry for almost three consecutive decades. In addition to plain and flavored milk, Juhayna produces cream and specialty products for global manufacturers and leading restaurant chains such as McDonald's Egypt. In 2015, we held a 63% share of the plain milk market and a 65% share of the flavored milk market. Dairy sales in 2015 grew 13% year-on-year, in part due to consumer education programs and health awareness campaigns promoting safe, hygienic packaged milk as well as an 8% consumption growth in the Egyptian packaged milk segment. As a result, conversion to packaged milk increased by 2% in 2015 to reach 40% versus 60% consumption of loose milk.



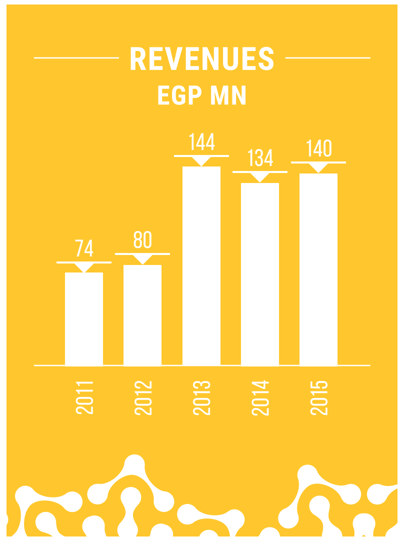
FERMENTED

Juhayna is among Egypt's top yogurt producers, with 33% of the spoonable yogurt market and 41% of the drinkable yogurt market. Through promotions and offers, Juhayna had a direct effect on the increase in market consumption over the past year. The entrance of international brands into the market, a narrowing of the price gap between loose and packaged yogurt, changing lifestyles and increasing health awareness all affected the Egyptian yogurt market such that there was a significant shift in consumer tastes to branded yogurt. A 9% growth in consumption – rebounding from a 4% decline in 2014 – saw our yogurt sales in 2015 grow by 12% year-on-year.



JUICE

With a 20% share of the total jucie market, Juhayna is Egypt's #1 premium juice producer and the market leader, producing high-quality juices from fruit pulps and concentrates. Our flagship product introduced in May 2015, the Classics juice drink, is the result of refined formulas and extensive market research that have improved both taste and cost-efficiency, as part of our efforts to continuously meet our consumers' ever-changing demands and preferences. Supported by an aggressive marketing campaign, the Classics juice saw us regain our market share in a mere 4 months, and resulted in a 24% year-on-year growth in sales. Consumption in the Egyptian juice market grew by 13% in 2015, primarily as a result of the average Egyptian consumer's shift from soft carbonated drinks to healthy, fresh juices.



CONCENTRATES & OTHER

Juhayna produces concentrates from fruits ranging from citruses to mangoes and manages livestock activities, land reclamation, and milk production. Sales in 2015 grew 4% year-on-year. The concentrates segment is a key link in Juhayna's value chain with more than 50% of its production used in juice manufacturing by the company, while the remainder is mainly exported but also sold to a range of customers, from private consumers to multinational corporations.

STRATEGY

LOOKING FORWARD

- Maintain our leadership position in the market
- Develop our product range and tap into new segments
- Expand beyond our border and penetrate new markets
- Achieve higher cost efficiency
- Reduce vulnerability to outsourced materials
- Manage FX risk

Building on the company's solid foundation, the evolution of Juhayna's strategy revolves around maintaining its leading edge while consistently pursuing growth opportunities and mitigating risks besieging our economic environment.

As the market leader, Juhayna carries the responsibility of creating, innovating and steering the path for the industry as a whole. In doing so, we ensure that we tailor our strategy to suit and complement our strengths while keeping in mind the most prevalent and relevant challenges affecting us today. Always in search of new growth prospects, we develop tactics that ensure progress and create value for our shareholders.

Encompassing our overall strategy is the core objective of maintaining market leadership, which we intend to do by continuing to build on an already solid foundation and strong brand recognition – the highest in Egypt when it comes to milk, yogurt and juice. Amid increasing competition, we will continue to launch new products and SKU's that cater to a wide range of demographics, penetrating and dominating new markets. Our distribution arm boasts unparalleled breadth and reach which we continue to capitalize on, giving us an edge over competitors and helping us to effectively reach our target customers effectively. Finally, our strategic joint venture with Arla Food (ArJu) will help us tap into a new consumer base by rolling out new products and leveraging Arla's experience alongside our knowledge of the Egyptian market.

DISTRIBUTION

TIBA represents Juhayna's commercial arm and main distribution network and is a crucial component of our vertical integration strategy. The network possesses one of the largest distribution fleets in the Egyptian food and beverage industry, boasting 1,000 vehicles capable of transporting both refrigerated and non-refrigerated products nationwide and reaching 50,000 retail outlets. 2016 will see an addition of 200 vans and trucks and 15,000 retail outlets – a 20% and 30% increase, respectively – bringing the totals to 1,200 vehicles and 65,000 outlets. After adding 3 new distribution centers in 2015, we reached a total of 30 centers, projected to increase to 33 by the end of 2016.

"Encompassing our overall strategy is the core objective of maintaining market leadership, which we intend to do by continuing to build on an already solid foundation and strong brand recognition."

EGP 1.2 BN

in ArJu revenues by 2020

"We are continuing to develop our backward vertical integration initiatives by expanding our dairy farm, which will allow us to meet more of our demand for raw milk and reduce our dependency on imported powdered milk."

33

distribution centers by end of 2016

Through TIBA, we are able to access information about the habits and needs of consumers – demographics that allow Juhayna to remain at the summit of the industries in which it operates. Our core objectives are to continuously maximize the storage capacity of our trucks and the bounds of our network; the more customers within our grasp and the more efficiently and inexpensively we can reach them, the better positioned we are to capitalize on market opportunities. Additionally, the company is placing a renewed emphasis on exports as a source of foreign currency – in the short-term through concentrates, juice, and milk products and in the medium-term through exportation of locally-produced ArJu products.

ARJU JOINT VENTURE

ArJu, the joint venture between Juhayna and the Denmark-based cooperative Arla foods – the largest producer of dairy products in Scandanavia – is a strategic move towards product diversification. Juhayna signed the joint venture contract in July 2015, Phase I of which is the distribution of Arla-branded products within Egypt, including cheese, butter and infant formula, while Phase II entails the local manufacturing of cheese. ArJu is set to add EGP 1.2 billion to Juhayna's top line by 2020. The merging of Arla's manufacturing expertise combined with our knowledge of the Egyptian market promises a successful partnership with massive potential.

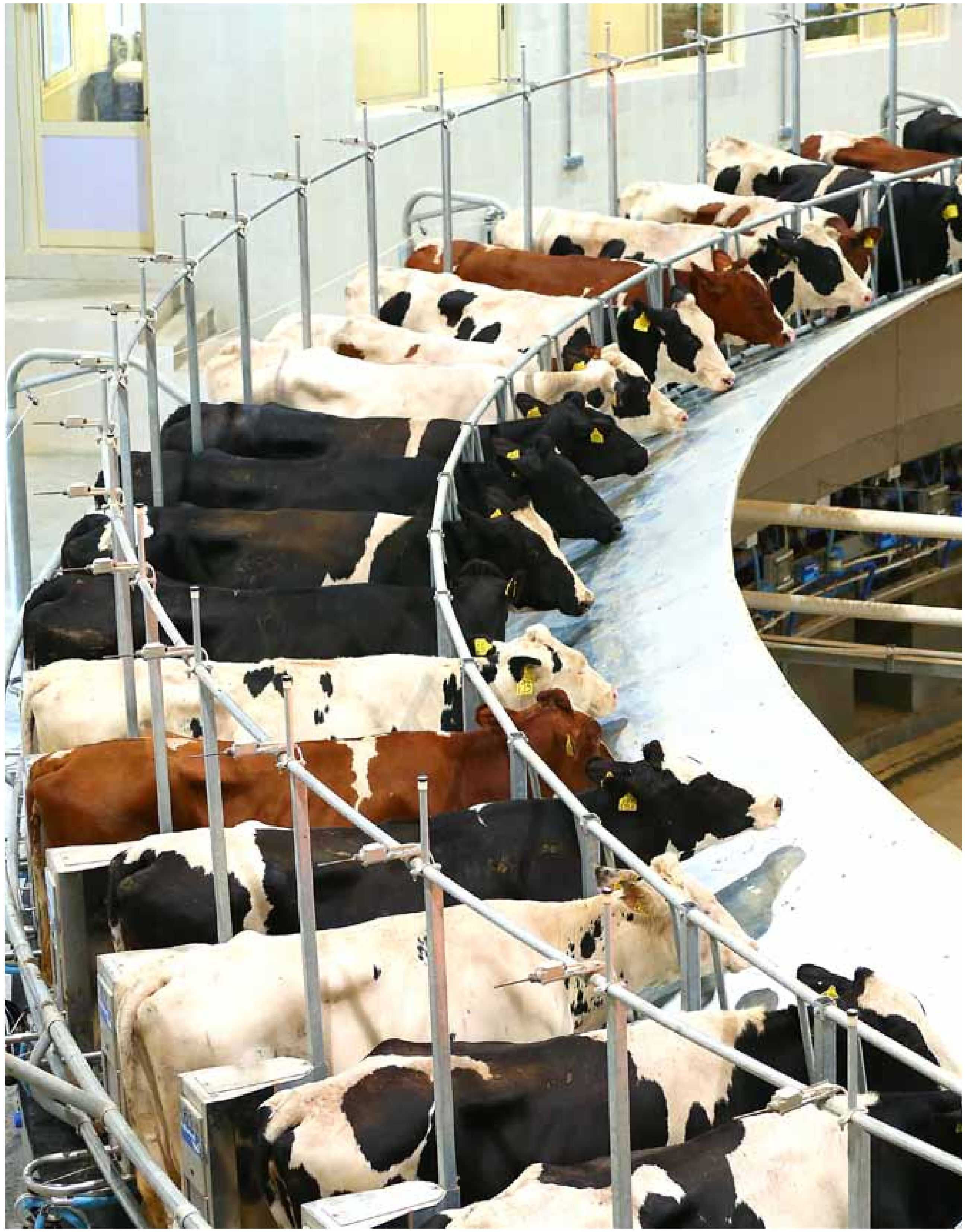
DAIRY FARM

We are continuing to develop our backward vertical integration initiatives by expanding our dairy farm, which will allow us to meet more of our demand for raw milk and reduce our dependency on imported powdered milk. Our first fully-owned dairy farm has been established on 550 feddans of land with a target herd size of 4,000 milking cows by the end of 2016. Once completed in 2018, the farm will contain a total of 8,000 cows and provide 25% of our daily raw milk needs, helping us ensure supply and quality control while allowing us to tackle the expanding gap between supply and demand of milk in Egypt. Currently, Egyptian farms' supply is growing at an annual rate of 3% while demand is increasing by 10% every year. The dairy farm protects us against vulnerability to volatility in outsourced raw materials prices.

“From cost-saving production measures to quality control and development of human capital, utilizing this asset to its full potential is a major part of our strategy going forward as we continue to innovate and uphold quality standards as well as become more efficient.”

RESEARCH, DEVELOPMENT AND INNOVATION

Juhayna’s Research & Development department is one of the company’s major assets and one of the most significant differentiating factors between us and our competitors. From cost-saving production measures to quality control and development of human capital, utilizing this asset to its full potential is a major part of our strategy going forward as we continue to innovate and uphold quality standards as well as become more efficient by maximizing cost-saving measures.



MANAGEMENT TEAM

EXECUTIVE MANAGEMENT

SAFWAN THABET

EXECUTIVE CHAIRMAN OF THE BOD AND CEO

Mr. Thabet has been the Executive Chairman of the Board of Directors and Chief Executive Officer of Juhayna since founding the Group in 1983. He has played a central role in the development of the Egyptian food sector for more than 30 years through various appointments and positions, including Member of the Board of the Federation of Egyptian Industries (FEI) and Member of the Board of the Chamber of Food Industries.

SEIF EL-DIN THABET

DEPUTY CHAIRMAN OF BOD AND CEO

Mr. Thabet was admitted to the Board of Directors in 2006. He is currently Chief Executive Officer at Juhayna, and previously worked as Operations Director and Human Resources Director. Mr. Thabet began his career at Juhayna in 2004, holding a number of managerial positions, including Sales and Marketing Manager and Project Manager. He previously held positions at German-based Muller Dairy. He was appointed as the first Plant Manager for Juhayna's Juice Factory, El Dawleya, and is currently Vice President of the Dairy Division at the Chamber of Food Industries and former Treasurer at the Food Export Council. In 2016, Mr. Thabet was appointed as Deputy Chairman of the Board of Directors.

SAMEH EL-HODAIBY

GROUP CHIEF FINANCIAL OFFICER

Mr. El Hodaiby serves as the Juhayna's Group Chief Financial Officer, having begun his tenure with the Group in 2006 as Chief Financial Officer of one of Juhayna's factories. Before joining Juhayna, he was Accounts Manager at SODIC and an Auditor at Grant Thornton in Cairo. He is a member of the Accountants and Auditors Register.

CLAUS PEDERSEN

MARKETING DIRECTOR

Mr. Pedersen joined Juhayna in 2013 with 18 years of consumer goods marketing experience. He spent six years as Global Marketing Manager for Arla Food Ingredients, and most recently served as General Manager for Arla Foods in Vietnam, where he was responsible for setting up the company and launching a range of nutritional products for children.

ACHIM WUELLNER

GROUP FACTORIES DIRECTOR

Mr. Wuellner joined Juhayna in 2013. Before joining the Group, he held managerial positions in the foods and pharmaceutical industry for 25 years, gaining wide experience in branded and private label products and broad expertise in running large-scale production and packaging operations. He began his career at Unilever, serving in various positions during his 14 years with the company, including Project Engineer, Chief Engineer and Factory Manager at Unilever's Foods business. After Unilever, he worked as Managing Director for several family-owned companies in the foods and pharmaceutical sector.

AMR GHAZALY

GENERAL MANAGER OF TIBA FOR TRADE & DISTRIBUTION

Mr. Ghazaly joined Juhayna in 2011 as General Manager for its subsidiary company Tiba for Trade & Distribution. Prior to joining Juhayna, Mr. Ghazaly spent seven years at Coca-Cola Egypt as a General Manager of Sales Development and General Manager of Factories in North Upper Egypt. He was also appointed Regional Sales Manager at Coca-Cola Saudi Arabia and General Manager of the Commercial Sector at Coca-Cola Libya.

MOHAMED EL-KADY

HUMAN RESOURCES DIRECTOR

Mr. El Kady is the Human Resources Director at Juhayna. Over the 20 years that characterize his corporate life, Mr. El Kady has nourished an unparalleled acumen as an HR professional. Having specialized in HR functions on the regional and local level, his previous corporate leadership positions include Chief HR Officer of Etisalat Egypt, HR Regional Director (Egypt & Sudan) of Afia International (a subsidiary of Savola Group), HR Director of Tetra Pak Egypt, and HR Senior manager of Vodafone Egypt.

BOARD OF DIRECTORS

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AKIL BISHEER

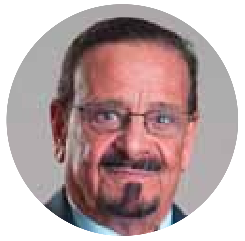
NON-EXECUTIVE MEMBER

Mr. Bisheer has been a Non-Executive Member of the Board since 2010 and was recently appointed the Chairman of Al Enmaa for Agricultural Development & Livestock. Prior to joining Juhayna, Mr. Bisheer held top managerial positions at Telecom Egypt for over a decade, acting as Chairman and CEO. He previously worked as General Manager and Managing Director at Giza Systems Engineering and also acted as Vice Chairman of Al Ahly Computer Equipment and Vice President of Misria Computer Systems.

AHMED EL-ABIN

NON-EXECUTIVE MEMBER

Mr. El-Abin has been a Non-Executive Member of the Board since 1985. He has also been a Member of the Board of Directors of the Scientific Center of Documents and Information at Cairo University. Mr. El-Abin is the founder of the Academic Library in Cairo and Co-Founder of Mars Publishing House in Riyadh, Saudi Arabia. He was also responsible for the foreign language books department at Al-Ahram Institute.



MOHAMED AL-DOGHEIM

NON-EXECUTIVE MEMBER

Mr. Al-Dogheim has been a Non-Executive Member of the Board since 1983. He is also a member of the Saudi Egyptian Business Council and the Chamber of Commerce of Al-Dawadmi Governate in Saudi Arabia. Mr. Al-Dogheim previously held a variety of positions in Saudi Arabia at the Ministry of Finance in Dammam, the Ministry of Transport and the Ministry of Islamic Affairs and Endowments in Riyadh. He also worked as a Financial Controller, Financial Director and Budget Director at the Ministry of Water and Electricity in Riyadh.

YASSER EL-MALLAWANY

NON-EXECUTIVE MEMBER, CHAIRMAN OF ARJU

Mr. El-Mallawany has been a Non-Executive Member of the Board since 2000. He has acted as CEO of EFG Hermes Holding Company SAE and Vice President of the Board of Trustees of the EFG Hermes Foundation. He was also appointed as the Chairman of the Board of EFG Hermes Private Equity and as a Non-Executive Chairman at ACE Insurance Company. Mr. El-Mallawany has also served as Vice Chairman of the Commercial International Investment Company (CIIC) and spent 16 years at Commercial International Bank (CIB) as General Manager of the Corporate Banking Division. He is a member of the Advisory Council of the Emerging Markets Private Equity Association (EMPEA).

ZIAD BAHAA EL-DIN

NON-EXECUTIVE MEMBER

Dr. Bahaa El-Din joined Juhayna's Board of Directors as a Non-Executive Member in March 2015 with an illustrious background in law and policymaking. In addition to serving as the Egyptian Minister of International Cooperation and Deputy Prime Minister, Dr. Bahaa El-Din worked as an attorney for several reputable law firms such as Arnold and Porter, before founding his own in 2001. Previously, he also served as the Senior Legal Advisor to Egypt's Minister of Economy.

HEBA THABET

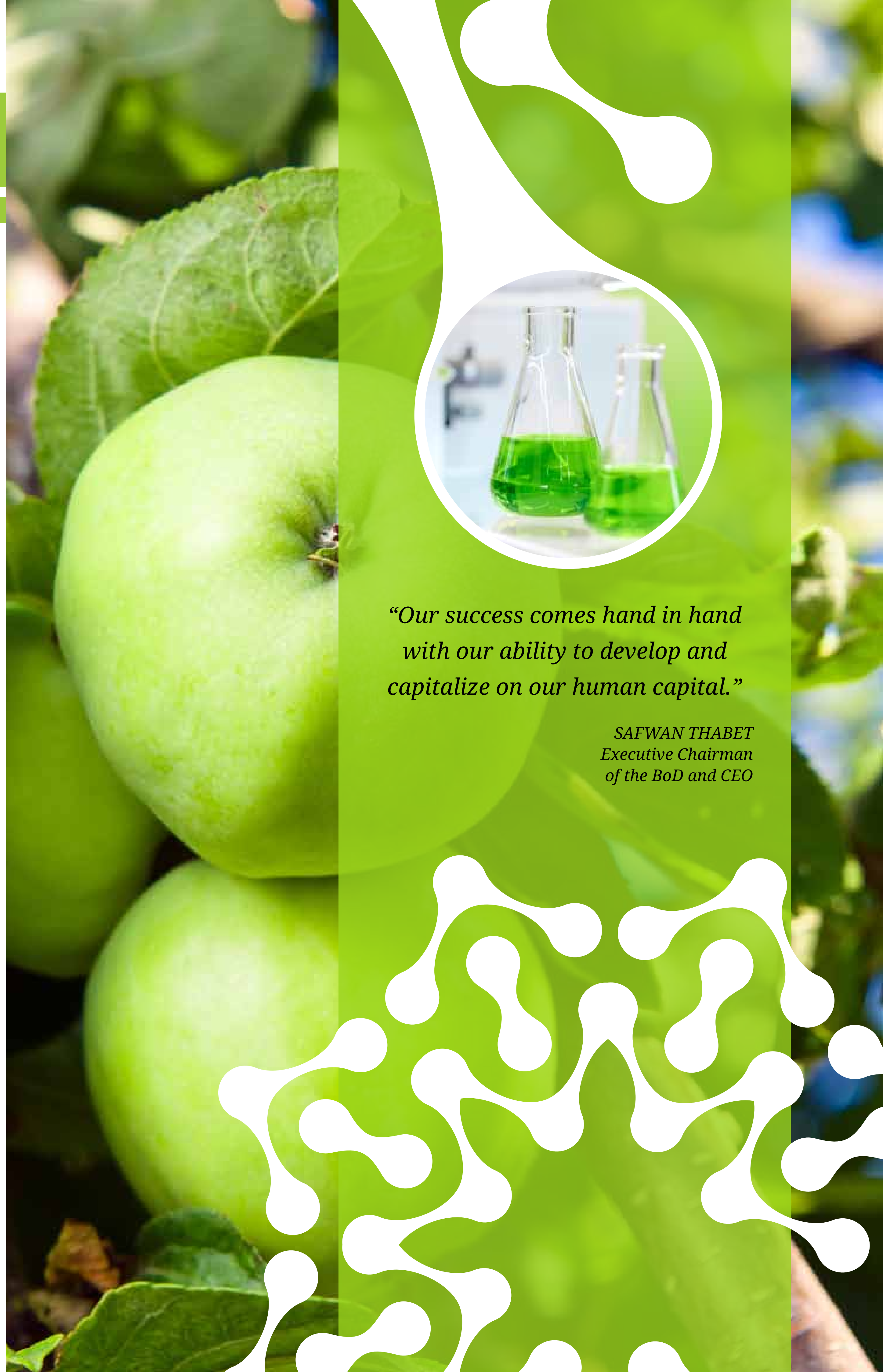
EXECUTIVE MEMBER

Ms. Thabet has been an Executive Member of the Board since February 2006 and is currently the Head of Business Development responsible for product innovation and development, operational development and internal communications. Prior to that Ms. Thabet handled marketing and communication projects for the company and held the title of Associate Director of External Affairs, where she was responsible for the Group's media and public relations activities. Ms. Thabet was also a marketing manager for the Juice Division and has worked in the Marketing Department for the Fresh Produce Division since joining Juhayna in 2001. She is also a member of the Business Advisory Board for SIFE Egypt, the International Public Relations Association (IPRA) and the Committee for Social Responsibility at the American Chamber of Commerce in Egypt.

MARIAM THABET

NON-EXECUTIVE MEMBER

Ms. Thabet has been a Non-Executive Member of the Board since 2010 and currently focuses on Strategic Planning for the Group, where she works to develop production divisions at Juhayna. She previously held the title of Assistant Procurement Manager for the Group.



CSR & SUSTAINABILITY

CORPORATE CITIZENSHIP

“As we continue to grow we remain committed to our responsibility to aid in the development of the community at large and support those in need.”

EGP 10 MN

contribution to oncology facility in Upper Egypt

As one of Egypt’s leading food manufacturers, Juhayna has a direct impact on the country’s economic growth. Supporting social issues and positively impacting our industry as a whole is vital to the strength of our operation. In 2015, Juhayna was awarded the “Sustainable Development Award” from the Federation of Egyptian Industries’ Environmental Compliance and Sustainable Development Office. Such recognition is a testament to the strength, continuity and dedication of the company’s corporate citizenship program which seeks to lead by example.

HEALTHCARE

BAHEYA FOR EARLY DETECTION & BREAST CANCER TREATMENT

Juhayna’s flagship CSR project for 2015 was the sponsorship of Baheya Breast Cancer Hospital, Egypt’s first free facility specialized in the early detection and treatment of breast cancer. As the main sponsor of the hospital, Juhayna made a sizeable donation this year, working closely with the hospital’s founders to help raise awareness of breast cancer and underscore the importance of early detection. Baheya, a 1,000 square meter facility, aiming to raise awareness about early detection and treat women afflicted with breast cancer, offers a wide range of services including, diagnostic imaging, chemotherapy, physical and radiation therapies, as well as psychological follow-ups for patients. The hospital also plans to launch its own cancer research center in the near future.

AIN SHAMS UNIVERSITY HOSPITAL

In an effort to lead by example and improve the quality and availability of healthcare in Egypt, Juhayna participated in the renovation of Ain Shams University Hospital’s outpatient facilities. The company covered the full cost of refurbishing and upgrading the 2,000 square meter outpatient clinics which treat approximately 20,000 patients each month. Juhayna’s efforts were recognized at the inauguration of the new facilities which took place on the 30th anniversary of the hospital in a ceremony that was attended by the Minister of Scientific Research, Dr. Sherif Hammad and the President of Ain Shams University, Dr. Hussein Essa along with Juhyana’s senior executives.

SHIFA-ORMAN PARTNERSHIP

Starting in 2014 Juhayna partnered with the Shifa Foundation, one of the largest charitable institutions in Egypt, to build the Shifa Orman Hospital in Luxor. Construction on the hospital is currently in progress and expected to be completed by the end of 2016. The hospital will be the first medical center of its kind specializing in oncology in Upper Egypt, a highly impoverished and densely populated part of the country with severely underdeveloped healthcare infrastructure.

YOUTH & CULTURE

ENACTUS

In 2015, and stemming from Juhayna’s drive to develop Upper Egypt, the company fully sponsored and supported Asyut University’s Enactus team in the Egypt National Competition, sparing no expense to keep team members inspired and motivated to win. The team reached second place in the competition, a remarkable achievement that serves as a testament to the effort put in and the scale of support offered.

EMPOWERING INDUSTRY

In 2015, Juhayna worked closely with the European Bank for Reconstruction and Development (EBRD) to boost Egypt’s milk production capacity and introduce new products to support the company in meeting high environmental standards. Believing that the better equipped and knowledgeable our farmers are, the better we can operate as a company, Juhayna and EBRD devised an innovative training program to support local farmers in Egypt, by advising them on how to improve their performance and tackle issues to do with cow fertility and reproduction, hygiene, vaccinations, and other important aspects of milk production. So far more than half of the farmers in the program have increased their volumes by more than 20%, and some have more than tripled their milk production.

“In 2015 Juhayna was one of six leading Egyptian companies to win the “Sustainable Development Award” from the Federation of Egyptian Industries’ Environmental Compliance and Sustainable Development Office.”

“Over the years, we have upheld our standards and worked diligently to enhance them at every opportunity, our way of leading by example and acting as a role model for other players in the industry.”

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS | TRANSLATION FROM ARABIC

Report on Consolidated Financial Statements

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

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

Mohamed Hilal – Grant Thornton
Public Accountants
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Introduction

We have audited consolidated balance sheet of Juhayna Food Industries S.A.E, as of 31 December 2015 and the related consolidated 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 consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

Opinion

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

Cairo, 21 January 2016

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

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

Consolidated balance sheet

As at 31 December 2015

	Note no.	31/12/2015 L.E.	31/12/2014 L.E.
Assets			
Property, plant and equipment (net)	(11)	2 761 272 193	2 094 365 402
Projects under construction	(12)	430 869 824	1 067 146 333
Plant wealth	(13)	14 304 029	26 421 716
Animal wealth	(14)	40 066 067	-
Paid under investment accounts	(10)	10 150 000	-
Investments in equity - accounted investees	(10)	-	50 929 445
Other - long term - debit balances		773 504	781 776
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		3 354 528 507	3 336 737 562
Current assets			
Investments held for sale	(10)	50 929 445	-
Biological assets- Existing Agriculture		33 021 211	32 588 675
Inventories	(16)	573 855 519	524 935 526
Trade and other receivables (net)	(17)	188 010 060	199 810 611
Due from related parties	(33-1)	-	815 558
Cash and cash equivalents	(18)	794 917 810	420 113 682
Current assets		1 640 734 045	1 178 264 052
Current liabilities			
Provisions of claims	(23)	11 959 876	8 571 220
Banks - overdraft		32 443 129	17 197 765
Banks - credit facilities	(21)	637 074 206	742 348 289
Short term loans	(22)	-	16 000 000
Creditors and other credit balances	(24)	317 813 113	272 772 151
Income tax		72 339 921	50 480 863
Long-term loans-current portion	(20)	247 349 341	254 163 157
Current liabilities		1 318 979 586	1 361 533 445
Working capital (Net current liabilities)		321 754 459	(183 269 393)
Total invested funds		3 676 282 966	3 153 468 169
These investments are financed as follows:			
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		467 347 006	435 553 732
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		418 147 094	414 262 886
Net profit for the year after periodic dividends		264 306 933	161 550 850
Total equity attributable to the shareholders of the parent company		2 422 126 543	2 283 692 978
Noncontrolling interest		818 776	761 931
Total equity		2 422 945 319	2 284 454 909
Non-current liabilities			
Long term loans	(20)	1 013 338 245	705 695 751
Other long term liabilities	(25)	69 840 935	85 003 065
Deferred revenues	(26)	15 559 653	3 477 116
Deferred tax liabilities	(27)	154 598 814	74 837 328
Non-current liabilities		1 253 337 647	869 013 260
Shareholders' equity and non current liabilities		3 676 282 966	3 153 468 169

Finance Director	Chairman
Sameh El-hodaiby	Safwan Thabet

The notes on pages from (46) to (83) are an integral part of these consolidated financial statements.

Consolidated income statement

For the 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.
Net sales		4 231 161 876	3 684 060 043
Cost of sales		(2 749 358 490)	(2 693 047 871)
Gross profit		1 481 803 386	991 012 172
Other income	(5)	22 085 548	24 099 421
Sales & distribution expenses		(655 110 355)	(469 306 956)
General & administrative expenses	(6)	(145 936 135)	(141 116 792)
Other expenses	(7)	(56 031 751)	(23 435 397)
Board of directors remuneration		(11 180 000)	(10 375 040)
Results from operating activities		635 630 693	370 877 408
Holding company share in associates' net income		-	3 743 537
End of service bonus		(10 670 309)	(19 996 076)
Finance income and finance costs	(8)	(174 561 177)	(126 771 520)
Profit before income tax		450 399 207	227 853 349
Taxes differences from previous years		230 726	601 345
Income tax expense		(72 339 921)	(50 480 863)
Investment tax		(18 595 535)	
Deferred tax		(79 761 486)	(7 884 151)
Net profit for the year		279 932 991	170 089 680
Distributed as follows			
Parent Company's share in profit		279 829 317	169 963 652
Minority interest		103 674	126 028
		279 932 991	170 089 680

The notes on pages from (46) to (83) are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve-issuance premium L.E.	Retained earnings L.E.	Net Profit L.E.	Minority interest 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	639 093	2 164 320 044
Reversal of beginning balance adjustments	-	24 119 315	-	(85 956 852)	91 491 832	-	29 654 295
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	-	13 358 227	-	(7 160 461)	-	-	6 197 766
Consolidation adjustments on 31 December 2014	-	(23 716 091)	-	96 220 475	(108 941 127)	(3 190)	(36 439 933)
Net profit for the year ended 31 December 2014 after periodic dividends	-	-	-	-	170 089 680	126 028	170 215 708
Balance as at 31 December 2014	941 405 082	435 553 732	330 920 428	414 262 886	161 550 850	761 931	2 284 454 909
Balance as at 1 January 2015	941 405 082	435 553 732	330 920 428	414 262 886	161 550 850	761 931	2 284 454 909
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	-	20 033 461	-	(33 765 581)	-	-	(13 732 120)
Consolidation adjustments on 31 December 2015	-	(23 712 001)	-	42 383 165	(50 899 896)	10 542	(32 218 190)
Net profit for the year ended 31 December 2015 periodic dividends	-	-	-	-	279 829 317	46 303	279 875 620
Balance as at 31 December 2015	941 405 082	467 347 006	330 920 428	418 147 094	264 306 933	818 776	2 422 945 319

The notes on pages from (46) to (83) are an integral part of these consolidated financial statements.

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Consolidated statement of cash flows

For the 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.
Cash flows from operating activities			
Net profit for the year before income tax and minority interest in profits		450 399 207	227 853 349
Adjustments for:			
Fixed assets' depreciation	(11)	204 275 085	186 987 928
Capital gains		(2 907 224)	209 289
Impairment in fixed assets		13 215 001	40 864
Reversal of impairment in fixed assets		-	(1 279 242)
Change in Investments in equity accounted investees		-	(3 271 251)
Impairment in trade and other receivables		2 017 775	-
Reversal of impairment in trade and other receivables		-	(180 604)
Impairment in inventories		12 865 891	6 337 167
Reversal of Impairment in inventories		-	(2 029 634)
Provision for claims-formed		8 967 824	-
Financial lease installments		12 101 325	12 101 325
Amortization of animal wealth		673 113	-
Herd births		(2 889 000)	-
Herd capitalized expenses		(4 485 378)	-
losses from selling cows		221 403	-
losses from calves death		316 491	-
Credit interests		(14 264 832)	(11 918 600)
Finance interests & expenses		196 144 480	144 005 431
		876 651 161	**558 856 022**
Collected time deposits interests		14 211 928	11 918 600
Interest finance expenses paid		(195 315 621)	(140 626 113)
Changes in:			
Inventories		(61 785 884)	54 358 250
Biological assets- Existing Agrecul		(432 536)	-
Trade and other receivables		9 843 952	(4 075 082)
Due from related parties		815 558	(30 124)
Creditors & other credit balances		(38 293 489)	(42 515 729)
Deferred revenues		13 821 121	-
Dividends paid to employees		(22 335 874)	(30 405 825)
Provision for claims used		(5 579 168)	(1 518 822)
Net cash flows from operating activities		**591 601 148**	**405 961 177**
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(353 470 385)	(655 920 029)
Proceeds from sale of fixed assets		108 257 241	118 172 773
Acquisition of animal wealth		(34 549 913)	(17 648 570)
Proceeds from fire indemnification		(10 150 000)	-
Net cash flows (used in) investing activities		**(289 913 057)**	**(555 395 826)**
Cash flows from financing activities			
Proceeds from (payments) bank credit facilities		(105 274 083)	(22 895 913)
Proceeds (payments) from bank loans		284 828 678	33 851 429
Payments in lease installments - sales with the right of release		(12 101 323)	(12 101 324)
Dividends paid to share holders		(109 535 769)	-
Increase in minority interest		(46 830)	122 839
Net cash flows from financing activities		**57 870 673**	**(1 022 969)**
Increase (Decrease) in cash & cash equivalents during the period		359 558 764	(150 457 618)
Cash & cash equivalents at 1 January		402 915 917	553 373 535
Cash & cash equivalents at 31 December	(18)	**762 474 681**	**402 915 917**

The notes on pages from (46) to (83) are an integral part of these consolidated financial statements.

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Notes to the consolidated 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 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.

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 (17) : impairment of trade and notes receivable.
- Note (23) : provisions & contingent liabilities
- Note (27) : 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.

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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.

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.

Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non – derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at the fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings , bank overdrafts, and trade and other payables. Generally, trade payables are recorded at their nominal value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Capital

Authorized capital

The Company's authorized capital amounts to L.E 5 billion.

Issued and paid up capital

The Company's issued and fully paid up capital at the beginning of the year was amounted to L.E 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) divided into 941 405 082 (Nine hundred forty one million and four hundred five thousands and eighty two) shares at par value L.E 1 each.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3-4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (note 11).

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Change in accounting estimate of fixed assets:-

The company's management during the fiscal period ended March 31, 2015 test to the efficiency of operation of the assets owned productivity and life expectancy for each group of assets of company-owned assets and the result of this test change in the useful lives of the projected plant and equipment and the economic benefits which the administration intends to exploit varying periods as described below and was expected to remain in production for longer periods than what is the case previously, as shown below, resulting in an increase in the life span of these plant and equipment in accordance with the technical opinion in this regard.

The estimated useful lives for the current and comparative periods are as follows:

Description	Years before adjustment useful lives at January 2015 (Years)	Years after adjustment useful lives at January 2015 (Years)
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.

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

	2015/12/31 L.E.
(Decrease) in depreciation expense machine & equipment	47 074 027

3-5 Projects under construction

Expenditures incurred on purchasing and constructing fixed assts 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 finical 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)

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 it's 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.

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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.

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.

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.

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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.

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), than 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.

5 Other operating revenue

	Financial year ended 31/12/2015 L.E.	Financial year ended 31/12/2014 L.E.
Export subsidy revenue	3 034 319	8 265 817
Deferred capital gains	1 738 584	1 738 584
Capital gain	6 963 483	2 249 619
Reversal of impairment of Inventories	-	2 029 634
Reversal of impairment of receivables	-	180 604
Reversal of impairment of fixed assets	-	1 279 242
Drawback of sales tax	788 632	1 305 701
Increase in biological wealth due to newborn	2 889 000	
Other revenue	6 671 530	7 050 220
	22 085 548	**24 099 421**

6 General & administrative expenses

	Financial year ended 31/12/2015 L.E.	Financial year ended 31/12/2014 L.E.
Personnel expenses	78 578 496	71 275 844
Depreciation expense	13 722 125	14 254 065
Rents expense	8 776 868	9 010 879
Other administrative expense	44 858 646	46 576 004
	145 936 135	**141 116 792**

7 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
Impairment of fixed assets	13 215 001	40 864
Capital losses	4 056 260	2 458 908
Impairment of inventories	12 865 891	6 337 167
Impairment of receivables	2 017 775	2 392 271
Provision for claims	8 967 824	-
Other	2 807 675	104 862
	56 031 751	23 435 397

8 Finance income and finance costs

	Financial year ended 31/12/2015 L.E.	Financial year ended 31/12/2014 L.E.
Finance interest & expense	(196 144 480)	(144 005 431)
Credit interest	14 264 832	11 918 600
Net finance cost	(181 879 648)	(132 086 831)
Foreign exchange gains	7 588 369	5 315 311
Change in fair value	(269 898)	-
	(174 561 177)	(126 771 520)

9 Segmentation reports

9-1 Segmentation reports for the year ended 31 December 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

	Dairy sector L.E. 31/12/2015	Cooling sector L.E. 31/12/2015	Juices sector L.E. 31/12/2015	Concentrates sector L.E. 31/12/2015	Agriculture sector L.E. 31/12/2015	Undistributed items L.E. 31/12/2015	Elemenation of cosolidated transactions L.E. 31/12/2015	Total L.E. 31/12/2015
Sales	2183 761 752	1066 916 568	830 800 218	63 144 345	76 660 127	9 878 866	-	4231 161 876
Sales between segments	1784 471 876	880 688 590	686 801 867	99 899 252	13 730 844	-	(3465 592 429)	-
Other operating income	7 130 796	2 903 717	2 237 768	6 774 105	3 039 162	-	-	22 085 548
Expenses	(430 127 432)	(371 284 583)	(210 357 599)	(13 782 785)	(27 937 328)	-	-	(1 053 489 727)
Net profit for the year								279 932 991
Other Information								
Depreciation	60 406 892	65 527 595	50 234 676	12 108 603	15 997 319	-	-	204 275 085
Assets	1 329 869 329	1442 944 262	1116 840 518	288 389 452	681 128 216	136 090 776	-	4 995 262 553
Liabilities	861 163 914	983 227 451	565 509 286	116 414 887	46 001 695	-	-	2 572 317 234

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

9-2 Segmentation reports for the year ended 31 December 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							
	Dairy sector L.E. 31/12/2014	Yogurt sector L.E. 31/12/2014	Juices sector L.E. 31/12/2014	Concen-trates sector L.E. 31/12/2014	Agriculture sector L.E. 31/12/2014	Undistrib-uted items L.E. 31/12/2014	Elemenation of cosolidated transactions L.E. 31/12/2014	Total L.E. 31/12/2014
Sales	1932 457 426	948 574 315	668 991 741	76 167 774	57 868 787	-	-	3 684 060 043
Sales between segments	1666 010 741	773 510 241	558 597 688	97 342 165	-	-	(3095 460 835)	-
Other operating income	12 205 228	4 415 061	3 754 262	3 246 681	4 221 726	-	-	27 842 958
Expenses	(344 651 685)	(266 453 688)	(154 605 895)	(7 398 947)	(17 891 566)	-	-	(791 001 781)
Net profit for the year								173 833 217
Other Information								
Depreciation	68 145 131	34 105 672	55 987 825	14 858 280	13 880 313	-	-	186 977 221
Assets	1 233 536 704	1 350 826 494	999 003 561	259 719 235	572 828 090	99 087 530	-	4 515 001 614
Investements accounted for using Equity method	-	-	-	-	-	50 929 445	-	50 929 445
Liabilities	853 801 586	833 896 375	385 681 865	107 297 796	49 869 083	-	-	2 230 546 705

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

Notes on pages from (5) to (35) are an integral part of these consolidated financial statements.

10 Investments in equity accounted investees (investments in associates)

10-1 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 L.E.	Non current assets L.E.	Total assets L.E.	Current li-abilities L.E.	long term liabilities L.E.	Total liabilities L.E.	Revenues L.E.	Expenses L.E.	Net profit (loss) L.E.	Cost of investment L.E.
December 31, 2014											
Milkiez Company	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	-	14 759 031	82 456 406	73 094 754	9 361 652	50 929 445
*** December 31, 2015**											
Milkiez Company	39.988	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2015		-	-	-	-	-	-	-	-	-	-

10-2 Paid under investment accounts

This item represents the balance of L.E 10 500 000 as at 31/12/2015 in the value of the contribution Juhayna company in the capital of Argu the company for Food Industries (Egyptian joint stock company under formation) by 50.75% and are currently being finalized for the establishment of the company and registered in the commercial register of legal proceedings

10-3 Investments held for sale

The Board of Directors of the Company at its meeting held on 28/12/2015 approve selling of whole contribution of Inmaa for Agriculturea Development and live stock Co. in Milkiez for diary products and therefore this investment has been reclassified as investments held for sale in the financial statements for the fiscal year ended 31/12/2015

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 & Palletts L.E.	Display refg.'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 period	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 period	(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	60 057 125	436 118 850	392 237 204	39 500 624	13 328 815	6 001 924	13 814 093	3 242 499	2 158 331	7 070 726	973 530 191
Disposals of the period	(50 431 995)	(32 321 146)	(11 692 562)	(16 328 811)	(278 945)	(3 575 646)	(386 218)	(285 681)	(17 941)	(254 232)	(115 573 177)
Reclassification	-	-	(7 700)	-	-	-	-	-	7 700	-	-
Impairment in fixed assets	-	-	(9 443 133)	-	-	-	-	-	-	-	(9 443 133)
Cost as at 31/12/2015	209 227 812	1 156 945 133	1 788 864 274	239 782 877	78 261 821	30 342 185	78 839 607	30 275 916	24 743 424	76 763 070	3 704 610 686
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	-	23 935 441	119 024 843	21 232 076	7 364 794	5 925 701	14 190 614	1 426 294	2 133 654	9 041 668	204 275 085
Accumulated depreciation of disposals of the period	-	(780 507)	(5 678 630)	(11 820 807)	(245 507)	(3 538 826)	(280 433)	(90 823)	(16 227)	(216 235)	(22 667 995)
Reclassification	-	-	(4 294)	-	-	-	-	-	4 294		
Impairment in fixed assets	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31/12/2015	-	76 549 395	600 773 194	102 679 620	36 731 324	21 960 761	26 946 302	4 511 269	9 737 499	63 449 129	943 338 493
Net book value as at 31/12/2015	209 227 812	1 080 395 738	1 188 091 080	137 103 257	41 530 497	8 381 424	51 893 305	25 764 647	15 005 925	13 313 941	2 761 272 193
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 143 593 061 as at 31 December 2015.

The land item amounted to L.E 209 227 812 on 31/12/2015 includes an amount of L.E 140 184 986 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
Al Mania land	2 782 000	Specification decision
Marsa Allam	1 367 244	Preliminary contract
	4 149 244	

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

Description	Amount L.E.	Instrument of possess
Hoof valley Land	11 798 056	Preliminary contract
Demyat land	10 942 734	Preliminary contract
Obour land	9 002 650	Preliminary contract
Mansoureya land – shabrament	7 408 350	Preliminary contract
New cairo land pc.60,62	6 868 125	Preliminary contract
Olaykat Arab land	2 589 300	Letter Specification
Other	9 537 769	Preliminary contract
	58 146 984	

11-3 Land of Egyptian Co. for Dairy Products

Description	Amount as per Egyptian Co. for Dairy & Juice 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- 6th of October	2 415 388	(539 598)	1 875 790	Letter Specification
* Pc38- 6th of October	4 542 099	(1 231 216)	3 310 883	Preliminary contract
Boralis land	19 937 024	-	19 937 024	Preliminary contract
	26 894 511	(1 770 814)	25 123 697	

* These land was purchased from Juhayna company (parent 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 Co.

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

11-5 Land of Almasrya Co. (Egyfood)

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

11-6 Land of Modern Concentration Co.

Description	Amount L.E.	Instrument of possess
Pc. 42 m4 6th of October	4 333 446	Preliminary contract
Pc. 10th of Ramadan	6 508 437	Specification document

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

The 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.

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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.

12 Projects under constructions

	31/12/2015 L.E.	31/12/2014 L.E.
Buildings and constructions in progress	195 166 563	576 270 498
Machineries under installation	126 048 539	446 942 461
Advance payments for fixed assets purchase	97 677 432	28 066 921
Wells and water pump	11 469 725	15 516 326
Payment for reclamation and cultivation	507 565	350 127
	430 869 824	1 067 146 333

13 Plant wealth

	31/12/2015 L.E.	31/12/2014 L.E.
Land reclamation	514 253	11 967 522
Fruit trees	13 355 781	14 033 416
Protection trees (Kazhurana)	429 583	420 778
Palm trees	4 412	
	14 304 029	26 421 716

14 Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - unproductive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
amount of flock of livestock at 1-1-2015						
Adding:						
Addition during the period	-	-	852	17 489 613	852	17 489 613
* Transfaired from bilogical wealth (Flock of dairy live stock - un productive)	698	17 869 355	-		698	17 869 355
Births of flock	-	-				
Male	-	-	310	1 091 500	310	1 091 500
Female	-	-	321	1 797 500	321	1 797 500
** Capital cost during drying -off	-	-	-	4 485 378	-	4 485 378
	698	**17 869 355**	**1 483**	**24 863 991**	**2 181**	**42 733 346**
Deduct :-						
Depreciation milking cows		673 113			-	673 113
Biological wealth sales					-	-
pregnant	17	438 823	2	52 623	19	491 446
male	-	-	278	989 707	278	989 707
The death of live stock losses					-	-
pregnant	4	104 362	7	171 556	8	275 918
Female			26	166 612		166 612
Male			20	70 483	17	70 483
	21	**1 216 298**	**333**	**1 450 981**	**322**	**2 667 279**
Net amount of flock of livestock at 31/12/2015	**677**	**16 653 057**	**1 150**	**23 413 010**	**1 859**	**40 066 067**

* Calfs of flocks are measured at fair value deducted by sale cost . any increase or decrease in fair value about book value is recognzied at financial statement date in income statement

** The company capitalized special cost at drying off period and consume it at rest of useful life of livestock

*** The company management measure the cost of Flock of dairy live stock because unavaliable active market that can realy on in determine fair value

15 Tax status

15-1 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 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 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.

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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 31/12/2010

The Inspection is settled and awaiting for the forms.

The period from 2011 till 2014

The company is preparing for inspection and payment.

C. Sales tax

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

D. withholding tax

The Company submits the withhold amounts during legal duration

15-2 Subsidiaries

First: Corporation tax

The Companies that enjoy the corporate tax exemption Subsidiaries	Tax inspection ending date
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.	19/03/2021

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

The Inspection is in progress by related tax authority for year 2009

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.

Inmaa for Agriculture Development and reclamation

The company was inspected till now

Inmaa for live stock

The company was inspected till now

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 2012 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 "Egy-food"	- Inspection was performed and waiting for claim
Modern Concentrates Industrial Company	- Inspection was performed from starting activity till 2012 and paid.
Inmaa for Agriculture Development Co. and biological wealth	- Inspection was performed from starting activity till 2010 and paid.

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection has been performed and paid till 31/12/2011.
Al-Marwa for Food Industries	- Inspection has been performed and paid till 31/12/2014.
Tiba for Trading and Distribution	- Inspection has been performed and paid till 2013 .
International Company For Modern Food Industries	- Inspection has been performed and paid till 31/12/2014.
The Egyptian Company for Food Industries "Egy-food"	- Inspection in progress from starting activity till 31/12/2014
Modern Concentrates Industrial Company	- Inspection was performed from starting activity till 31/7/2013 and paid.
Inmaa for Agriculture development & biological wealth	- Has not been inspected yet.

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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 and paid.
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 "Egy-food"	- 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 submits the sales tax return on monthly basis and is was Inspected till 31/12/2012 and tax due was paid.
Inmaa for Agriculture Development Co.	- The tax inspection has been performed & the inspection results forms were received and object to them.

16 Inventories

	31/12/2015 L.E.	31/12/2014 L.E.
Raw materials	127 957 424	151 873 793
Packaging & packing materials	149 049 866	94 698 775
Finished products	235 815 296	215 299 840
Spare parts & miscellaneous supplies	36 607 968	40 249 672
L/C's for goods purchase	24 424 965	22 813 446
	573 855 519	524 935 526

17 Trade and other receivables (Net)

	31/12/2015 L.E.	31/12/2014 L.E.
Trade receivables	73 039 953	80 654 155
Less: Impairment in trade receivables	(4 616 826)	(12 644 167)
	68 423 127	68 009 988
Notes receivables	14 914 666	31 334 992
Tetra Pak company	-	2 669 058
Suppliers – advance payments	7 673 828	13 507 830
Prepaid expenses	8 452 123	4 192 321
Export subsidy	10 433 817	12 337 645
Accrued revenues	2 013 711	2 294 588
Tax authority	20 759 939	30 919 375
Customs authority	7 190 882	7 081 285
Deposits with others	13 101 070	5 855 007
Other debit balances	38 997 614	25 591 864
	191 960 777	203 793 953
Less: Impairment in other debit balances	(3 950 717)	(3 983 342)
	188 010 060	199 810 611

18 Cash and cash equivalents

	31/12/2015 L.E.	31/12/2014 L.E.
Time deposits *	723 548 920	376 512 182
Banks – current accounts	53 894 697	34 672 132
Cash in hand	5 423 185	4 051 946
Cash in transit	12 051 008	4 877 422
	794 917 810	420 113 682
Bank over draft	(32 443 129)	(17 197 765)
Cash and cash equivalents in the statement of cash flows	762 474 681	402 915 917

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

19 Share capital

	31/12/2015 L.E.	31/12/2014 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.

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19-1- General reserve - issuance premium

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

20 Loans

Details	Long term loans – current portion L.E	Long term loans L.E	Total L.E
Granted loans to Company's Group from CIB.	122 134 000	467 163 544	589 297 544
Granted loans to Company's Group from European Bank for Reconstruction & Development	59 000 001	243 272 727	302 272 728
Granted loans to Company's Group from HSBC.	20 942 591	52 356 479	73 299 070
Granted loans to Company's Group from QNB.	20 000 000	50 000 000	70 000 000
Granted loans to Company's Group from EGBE.	-	150 000 000	150 000 000
Granted loans to Company's Group from Barclays.	25 272 749	50 545 495	75 818 244
Balance at 31/12/2015	247 349 341	1 013 338 245	1 260 687 586
Balance at 31/12/2014	254 163 157	705 695 751	959 858 908

21 Banks – credit facilities

This balance which amounted to L.E 637 074 206 as at 31/12/2015 (against L.E 742 348 289 as at 31/12/2014), represents the drawn down portion of the L.E. 1 710 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.

22 Short term loans

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

23 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	8 571 220	8 967 824	(5 579 168)	11 959 876

24 Creditors and other credit balances

	31/12/2015 L.E.	31/12/2014 L.E.
Suppliers	197 599 020	140 397 215
Notes payable	1 833 480	4 079 694
Accrued expenses	68 142 835	66 588 419
Fixed assets' creditors	630 117	9 520 427
Tax authority	10 399 700	18 824 534
Deposits from others	2 667 475	4 453 197
Sales tax installments on the imported machineries and equipments	10 175 609	7 911 119
Deferred capital gains	4 251 515	1 738 584
Due to Sodic company- current portion	8 479 484	9 266 082
Due to Geran company – current portion	1 144 924	1 268 749
Social insurance authority	3 000 484	2 619 199
Dividends payable	2 315	11 143
Advances from customers	2 359 424	3 262 214
New Al Manya city authority	668 750	-
10th of Ramadan city authority- short term	1 781 113	-
Other credit balances	4 676 868	2 831 575
	317 813 113	272 772 151

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25 Other long term liabilities

	31/12/2015 L.E.	31/12/2014 L.E.
The value of sales tax installments on the imported machineries and equipment due from January 2017 till December 2025 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 10 175 609 as at 31/12/2015 (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 24).	46 579 938	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 on 17/04/2013 amounted to L.E 8 576 400. A down payments was paid amounted to L.E 6 385 405 and the rest will be settled over 6 equal installments starting from January 2016.	1 046 072	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 45 255 057 and the rest will be settled over 18 equal installments starting from March 2016.	17 734 085	26 213 568
- The amount due to (New Al Manya governors) as a value of store land at Alamtdad area in accordance with specification document dated 3/05/2015 amounted to L.E 2 675 000. A down payments was paid amounted to L.E 668 750 and the rest will be settled over 3 equal installments first installment starting from 16/05/2016 amounted by L.E 668 750 in addition to central bank of Egypt corridor rate & 0.5% administrative expense, first installment starting from 16/05/2016.	1 337 500	-
- The amount due to (10th of Ramadan governors) as a value of a land at forth area dated 13/07/2015 amounted to L.E 6 502 910. A down payments was paid amounted to L.E 1 579 184 and the rest will be settled over 3 equal installments first installment starting from 16/05/2016 amounted by L.E 668 750 unlike central bank interest rate on accrued installments plus 0.5% administrative expense, first installment starting from 25/11/2016.	3 143 340	-
	69 840 935	85 003 065

26 Deferred revenues

	31/12/2015 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.E1 738 584 while the short term portion amounted to L.E 1738 584 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).	1 738 533	116 477 3
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land Owned For Tiba Company With rerenting it with amount 121 848 259 L.E With 84 Monthly Installment started from 31 July 2015 Till 30 June 2022 With 1 402 750 L.E for each Installment, The amortization during the period ended amounted to L.E 1 256 465 while the short term portion amounted to L.E 2 512 931 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).	13 821 120	-
	15 559 653	3 477 116

27 Deferred tax liabilities

Deferred tax liability amounted to L.E 154 598 814 on 31/12/2015 is representing net book value of assets and liabilities on tax basis.

	Balance on 1/1/2015 L.E	Deferred tax from 1st Jan to 31 December 2015 L.E	Balance on 31/12/2015 L.E
Deferred tax liability from fixed assets	74 837 328	79 761 486	154 598 814

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities	
	31/12/2015 L.E.	31/12/2014 L.E.
Fixed assets	155 380 165	76 575 912
Deferred revenue	(782 351)	(1 738 584)
Net tax liabilities	154 598 814	74 837 328

28 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2015 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 31/12/2015	Contribution percentage 31/12/2014	Country
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

29 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 L.E.	Carrying amount 31/12/2014 L.E.
Trade receivables	(17)	68 423 127	68 009 988
Banks credit facilities	(21)	637 074 206	742 348 289
Short term loans	(22)	-	16 000 000
Total long term loans	(20)	1 260 687 586	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 637 074 206 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	637 074 206	1 710 000 000

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.

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Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the L.E. The currencies in which these transactions primarily are denominated are Euro, USD, and Swiss Francs (CHF).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	USD	Euro	SAR	GBP	CHF
Trade and other debit balances	381 738	-	-	-	-
Cash and cash equivalents	35 860 770	434 532	96	(90 365)	5
Credit facilities	(8 879 998)	(1 444)	-	390	-
Trade and other payables	(6 833 522)	(2 258 497)	-	-	(19 428)
31 December 2015	20 528 988	(1 825 409)	96	(89 975)	(19 423)
31 December 2014	15 661 221	(891 830)	96	(38 663)	-

The following significant exchange rates applied during the year:

	Average rate 2015	Average rate 2014	Actual closing Rate 2015	Actual closing Rate 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 L.E.	31/12/2014 L.E.
Total liabilities	2 572 317 233	2 230 546 705
Less: cash and cash equivalents	(794 917 810)	(420 113 682)
Net debt	1 777 399 423	1 810 433 023
Total equity	2 422 945 319	2 284 454 909
Net debt to equity ratio	73.36%	79.25%

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

30 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:

	Lease value				
Description	Contractual value L.E.	Accrued interest L.E.	Lease period Months	Purchase value at end of contract L.E.	Monthly lease value 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.

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The company has signed financial lease Contracts With International for financial lease (Ancolis) during 2015 that allow selling the owned Plot Of Land For Tiba Company (subsidiary) with leaseback it with an amount of L.E 121 848 259 With 84 monthly installment starting from 31 July 2015 Till 30 June 2022 With L.E 1 402 750 For Each Installment

	L.E.
Total amount of the contract	121 848 259
Down payment	(4 017 259)
Remaining amount	117 831 000
Paid monthly installment From The Rest Value Of 84 Installment By L.E 1 402 750 monthly	(8 416 500)
Unpaid (78 installment)	109 414 500

31 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 in 31/12/2015 amounting to LE 41 050 118 the covered amount L.E 30 057 335.

32 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 132 125 235 on 31/12/2015.

33 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.

33-1 Due from related parties

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

34 Goodwill

	31/12/2015 L.E.	31/12/2014 L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy & Juice 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

35 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.

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36 New Egyptian accounting standards issued but not yet adopted

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
EAS (1) Presentation of Financial Statements	**Financial Position Statement** • The Standard does not require to present the working capital, also the F/S references model issuance 2006 excluded the presentation of working capital. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. **Income Statement (Profit or Loss)/ Statement of Comprehensive Income** The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard. • Adding a new statement, Statement of Comprehensive Income, for the current and comparative period.
EAS (10) Property, Plant and Equipment (PPE)	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled.	**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.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on 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. • 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).	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.
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 (41) Operating Segments	EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments". Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance.	On the date of implementing the standards the entity shall re-present the information corresponding to the earlier periods including the interim periods, unless the information is not available and the cost of preparing such information is too high.
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. 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.	Re-presenting any financial instrument meets all the conditions including all the presented comparative periods.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
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. 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.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.
	• 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.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian-Standard No.(42): The Consolidated Financial Statements	• The new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" was issued and accordingly Egyptian Accounting Standard No. (17) "The Consolidated and Separate Financial Statements" has changed to become "The Separate Financial Statements". Pursuant to the new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" The control model has changed to determine the investee entity that must be consolidated.	Retroactive amendment to all the comparative figures of the consolidated financial statements and financial information presented.
	• 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.

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	• 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 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.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of this standard.
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• 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.	Retroactive amendment to all the comparative figures for the disclosures presented.

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