

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Interim consolidated financial statements  
for the period ended  
30 June 2015  
and review report**

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87 Ramsis St., Cairo - Egypt**

**Juhayna Food Industries**

**(An Egyptian Joint Stock Company)**

**Interim consolidated financial statements  
for the period ended 30 June 2015**

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## **Report on Limited Review of Interim Consolidated Financial Statements**

**To: The members of board of directors of Juhayna Food Industries S.A.E**

### **Introduction**

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

### **Scope of Limited Review**

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Consolidated Financial Statements Performed by the Independent Auditor of the Entity. A limited review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

### **Conclusion**

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

**KPMG Hazem Hassan**  
**Public Accountants & Consultancies**  
**Capital Authority Controller**  
**Register NO.(364)**  
**KPMG Hazem Hassan**

**Hossam Hilal**  
**Hossam Hilal**  
**Capital Authority Controller**  
**Register NO.(147)**  
**Mohamed Hilal – Grant Thornton**

**Cairo, 14 July 2015**  
*Samir*

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



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated balance sheet**  
**As at 30 June 2015**

Translation from Arabic

	Note no.	30/6/2015 L.E.	31/12/2014 L.E.
<b>Assets</b>			
Property, plant and equipment (net)	(11)	2 818 522 650	2 094 365 402
Projects under construction	(12)	400 075 341	1 067 146 333
Plant wealth	(13)	14 027 914	26 421 716
Animal wealth	(14)	15 294 429	-
Investments in equity - accounted investees	(10)	50 929 445	50 929 445
Other - long term - debit balances		777 640	781 776
Goodwill	(34)	97 092 890	97 092 890
<b>Non-current assets</b>		<b>3 396 720 309</b>	<b>3 336 737 562</b>
Inventories	(16)	755 341 332	557 524 201
Trade and other receivables (net)	(17)	217 368 974	194 757 012
Due from related parties	(33-1)	289 117	815 558
Cash and cash equivalents	(18)	429 406 521	425 167 281
<b>Current assets</b>		<b>1 402 405 944</b>	<b>1 178 264 052</b>
<b>Current liabilities</b>			
Provisions of claims	(23)	11 644 052	8 571 220
Banks - overdraft		11 256 429	17 197 765
Banks - credit facilities	(21)	1 100 712 792	742 348 289
Short term loans	(22)	-	16 000 000
Creditors and other credit balances	(24)	342 587 574	272 772 151
Income tax		-	50 480 863
Long-term loans-current portion	(20)	247 334 976	254 163 157
<b>Current liabilities</b>		<b>1 713 535 823</b>	<b>1 361 533 445</b>
<b>(Net non current assets)</b>		<b>( 311 129 879)</b>	<b>( 183 269 393)</b>
<b>Total invested funds</b>		<b>3 085 590 430</b>	<b>3 153 468 169</b>
<b>These investments are financed as follows:</b>			
<b>Equity</b>			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		451 204 994	435 553 732
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		418 829 902	414 262 886
Net profit for the period/year after periodic dividends		130 330 205	161 550 850
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2 272 690 611</b>	<b>2 283 692 978</b>
<b>Minority interest</b>		<b>741 348</b>	<b>761 931</b>
<b>Total equity</b>		<b>2 273 431 959</b>	<b>2 284 454 909</b>
<b>Non-current liabilities</b>			
Long term loans	(20)	622 427 123	705 695 751
Other long term liabilities	(25)	74 189 624	85 003 065
Deferred revenues	(26)	2 607 824	3 477 116
Deferred tax liabilities	(27)	112 933 900	74 837 328
<b>Non-current liabilities</b>		<b>812 158 471</b>	<b>869 013 260</b>
<b>Shareholders' equity and non current liabilities</b>		<b>3 085 590 430</b>	<b>3 153 468 169</b>

The notes on pages from (5) to (37) are an integral part of these interim consolidated financial statements.

Finance Director  
Sameh El-hodaiby

Chairman  
Safwan Thabet

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated income statement**  
**For the period ended 30 June 2015**

Translation from Arabic

		The financial period from 1/1/2015 till 30/06/2015	The financial period from 1/1/2014 till 30/06/2014	The financial period from 1/4/2015 till 30/06/2015	The financial period from 1/4/2014 till 30/06/2014
	Note no.	L.E.	L.E.	L.E.	L.E.
Net sales		1 967 449 558	1 762 184 648	1 100 924 605	949 997 868
Cost of sales		(1 296 017 307)	(1 286 555 865)	(716 392 997)	(692 522 979)
<b>Gross profit</b>		<b>671 432 251</b>	<b>475 628 783</b>	<b>384 531 608</b>	<b>257 474 889</b>
Other income	(5)	9 704 939	10 187 859	6 567 409	6 943 760
Sales & distribution expenses		(292 727 296)	(244 202 486)	(171 271 874)	(139 527 118)
General & administrative expenses	(6)	(69 650 152)	(61 521 080)	(38 099 155)	(27 097 603)
Other expenses	(7)	(18 058 357)	(11 136 573)	(12 161 649)	(7 525 375)
Board of directors remuneration		(550 000)	(650 000)	(245 000)	(220 000)
<b>Results from operating activities</b>		<b>300 151 385</b>	<b>168 306 503</b>	<b>169 321 339</b>	<b>90 048 553</b>
The group's share in the net profit of subsidiaries associate companies		-	1 407 127	-	1 407 127
End of service		(9 502 834)	(19 029 441)	(8 483 953)	(19 029 441)
Finance income and finance costs	(8)	(81 103 778)	(48 877 690)	(52 300 202)	(27 552 134)
<b>Profit before income tax</b>		<b>209 544 773</b>	<b>101 806 499</b>	<b>108 537 184</b>	<b>44 874 105</b>
Taxes differences from previous periods		229 415	601 345	130 117	601 345
Income tax expense		(37 202 593)	(17 041 131)	(15 779 911)	(6 315 785)
investment tax		(4 098 515)	-	(4 098 515)	-
Deferred tax		(38 096 572)	(2 361 984)	(23 576 937)	659 873
<b>Net profit for the period</b>		<b>130 376 508</b>	<b>83 004 729</b>	<b>65 211 938</b>	<b>39 819 538</b>
<b>Distributed as follows</b>					
Parent Company's share in profit		130 330 205	82 958 455	65 185 336	39 791 323
Non controlling interest		46 303	46 274	26 602	28 215
		<b>130 376 508</b>	<b>83 004 729</b>	<b>65 211 938</b>	<b>39 819 538</b>

The notes on pages from (5) to (37) are an integral part of these interim consolidated financial statements.

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Interim consolidated statement of changes in equity  
For the period ended 30 June 2015

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Net Profit period L.E.	non controllin interest L.E.	Total L.E.
<b>Balance as at 1 January 2014</b>	<b>706 053 811</b>	<b>421 792 281</b>	<b>330 920 428</b>	<b>391 834 289</b>	<b>313 080 142</b>	<b>639 093</b>	<b>2 164 320 044</b>
Reversal of beginning balance adjustments	-	24 119 315	-	(85 956 852)	76 397 495	-	14 559 958
Dividends for 2013	235 351 271	-	-	19 325 435	(304 169 677)	-	49 492 971
Holding Company's share in reserves & retained earnings of subsidiaries	-	3 581 453	-	(5 793 432)	-	-	( 2 211 979)
Consolidation adjustments on 30 June 2014	-	(23 951 645)	-	96 915 625	(85 307 960)	( 56 368)	( 12 400 348)
Net profit for the period ended 30 June 2014	-	-	-	-	82 958 455	46 274	83 004 729
<b>Balance as at 30 June 2014</b>	<b>941 405 082</b>	<b>425 541 404</b>	<b>330 920 428</b>	<b>416 325 065</b>	<b>82 958 455</b>	<b>628 999</b>	<b>2 296 765 375</b>
<b>Balance as at 1 January 2015</b>	<b>941 405 082</b>	<b>435 553 732</b>	<b>330 920 428</b>	<b>414 262 886</b>	<b>161 550 850</b>	<b>761 931</b>	<b>2 284 454 909</b>
Reversal of beginning balance adjustments	-	23 716 091	-	(96 220 475)	108 941 127	-	36 436 743
Dividends for 2014	-	11 755 723	-	91 487 099	(235 114 465)	-	( 131 871 643)
Holding Company's share in reserves & retained earnings of subsidiaries	-	4 514 661	-	(32 766 981)	-	-	( 28 252 320)
Consolidation adjustments on 30 June 2015	-	(24 335 213)	-	42 067 373	(35 377 512)	( 66 886)	( 17 712 238)
Net profit for the period ended 30 June 2015	-	-	-	-	130 330 205	46 303	130 376 508
<b>Balance as at 30 June 2015</b>	<b>941 405 082</b>	<b>451 204 994</b>	<b>330 920 428</b>	<b>418 829 902</b>	<b>130 330 205</b>	<b>741 348</b>	<b>2 273 431 959</b>

The notes on pages from (5) to (37) are an integral part of these interim consolidated financial statements.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Interim consolidated statement of cash flows**  
**For the period ended 30 June 2015**

Translation from Arabic

	Note no.	The financial period from 1/1/2015 till 30/06/2015  L.E.	The financial period from 1/1/2014 till 30/06/2014  L.E.
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax and minority interest in profits		209 544 773	101 806 499
<b>Adjustments for:</b>			
Fixed assets' depreciation	(11)	98 418 962	90 702 872
Capital losses (gains)		(1 925 553)	475 781
Change in Investments in equity accounted investees		-	(1 390 284)
impairment in trade and other receivables		1 149 072	-
Impairment in inventory		2 791 858	4 294 643
Impairment in inventories		-	-
Provision for claims		4 617 824	-
Financial lease installments		6 050 663	6 050 662
Other income		-	-
Credit interests		(5 397 733)	(4 807 484)
Finance interests & expenses		93 307 753	70 064 776
		<b>408 557 619</b>	<b>267 197 465</b>
Collected time deposits interests		5 390 153	4 807 484
Interest finance expenses paid		(90 775 566)	(69 642 966)
<b>Changes in:</b>			
Inventories		(200 608 989)	(125 184 308)
Trade and other receivables		(19 182 301)	(81 899 629)
Due from related parties		526 441	(178 961)
Creditors & other credit balances		(38 825 683)	(68 429 848)
Dividends paid to employees		(19 427 497)	(30 405 825)
Provision for claims used		(1 544 992)	(1 013 580)
<b>Net cash flows (used in) from operating activities</b>		<b>44 109 185</b>	<b>(104 750 168)</b>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets & projects under construction		(157 949 561)	(334 565 888)
Proceeds from sale of fixed assets		4 369 896	203 980
Acquisition of animal wealth		(16 963 320)	(8 040 940)
<b>Net cash flows (used in) investing activities</b>		<b>(170 542 985)</b>	<b>(342 402 848)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank credit facilities		358 364 503	128 568 737
Proceeds from bank loans		(106 096 809)	151 916 168
Payments in lease installments - sales and lease back		(6 050 662)	(6 050 662)
Dividends paid to shareholders		(109 535 769)	-
Decrease in minority interest		(66 887)	(10 094)
<b>Net cash flows from (used in) financing activities</b>		<b>136 614 376</b>	<b>274 424 149</b>
<b>Increase (Decrease) in cash &amp; cash equivalents during the period</b>		<b>10 180 576</b>	<b>(172 728 867)</b>
<b>Cash &amp; cash equivalents at 1 January</b>		<b>402 915 917</b>	<b>553 373 535</b>
<b>Cash &amp; cash equivalents at 30 June</b>	(18)	<b>413 096 493</b>	<b>380 644 668</b>

The notes on pages from (5) to (37) are an integral part of these interim consolidated financial statements.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the financial period ended 30 June 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 14/7/2015.

**2-2 Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet.

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (note 4-1).

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

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

**2-3 Functional and presentation currency**

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

**2-4 Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (3-9) : lease classification.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial statements are included in the following notes:

- Note (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.

#### **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.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

### 3-3 Financial instruments

#### Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non – derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for sale financial assets.

#### Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Generally, short-duration trade and other receivables with no stated interest rate are stated at their nominal value (original invoice amount) less an allowance for any doubtful debts.

Receivables comprise cash and cash equivalents, and trade and other receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

#### Available-for-sale financial assets

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

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

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

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

#### **Non-derivative financial liabilities**

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

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

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

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. 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**

##### **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 divided into 941 405 082 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.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

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.

### Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

### Change in accounting estimate of fixed assets :-

The company's management during the fiscal period ended June 30, 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.

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

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

(Decrease) in depreciation expense machine & equipment at 30/6/2015 19 280 752 .

### **3-5 Projects under construction**

Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets. Projects under construction are measured at cost less accumulated impairment losses (note no. 12). No depreciation is charged until the project is completed and transferred to fixed asset

### **3-6 Government grants**

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

### **3-7 Plant wealth**

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

### **3-8 Biological assets**

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

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

### **3-9 Leases**

**Company is the lessee:**

Leases are classified as operating leases. The costs in respect of operating leases are charged on a straight-line basis over the lease term. The value of any lease incentive received to take on an operating lease (for example, rent-free periods) is recognized as deferred income and is released over the life of the lease.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

### 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.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

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.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

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

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

### **3-21 Legal reserve**

According to the Companies Law requirements and the statutes of the Company, 5% of the annual net profit shall be transferred to a legal reserve until the accumulated reserve reaches 50% of the issued share capital. The reserve is un-distributable; however, it can be used to increase the share capital or to offset losses. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**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.

End of service benefits are takedown resulting from voluntary resignations are recognized as an expense if the company makes an offer to encourage voluntary resignations, there is a possibility to accept the offer, and it is possible to determine the approvals on the offer reliably.

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 period from 1/1/2015 to 30/6/2015 L.E	Financial period from 1/1/2014 to 30/6/2014 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E	Financial period from 1/4/2014 to 30/6/2014 L.E
Export subsidy revenue	2 175 143	5 846 378	1 009 586	4 580 821
Deferred capital gains	869 292	869 292	434 584	434 646
Capital gain	2 944 460	109 247	2 944 460	51 434
Drawback of sales tax	488 801	698 582	206 942	462 470
Other revenue	3 227 243	2 664 360	1 971 837	1 414 389
	<b>9 704 939</b>	<b>10 187 859</b>	<b>6 567 409</b>	<b>6 943 760</b>



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**6 General & administrative expenses**

	Financial period from 1/1/2015 to 30/6/2015 L.E	Financial period from 1/1/2014 to 30/6/2014 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E	Financial period from 1/4/2014 to 30/6/2014 L.E
Personnel expenses	37 910 857	33 649 499	19 036 369	13 253 920
Depreciation expense	7 019 057	7 407 811	3 618 658	3 020 455
Rent expense	4 337 324	3 992 354	2 288 509	1 922 537
Other administrative expense	20 382 914	16 471 416	13 155 619	8 900 691
	<b>69 650 152</b>	<b>61 521 080</b>	<b>38 099 155</b>	<b>27 097 603</b>

**7 Other expenses**

	Financial period from 1/1/2015 to 30/6/2015 L.E	Financial period from 1/1/2014 to 30/6/2014 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E	Financial period from 1/4/2014 to 30/6/2014 L.E
Leasing installment	6 050 663	6 050 662	3 025 331	3 025 331
Capital loss	1 018 907	585 028	732 528	19 161
Impairment of fixed assets	-	40 864	-	40 864
Impairment of inventories	2 791 858	4 294 643	1 482 343	4 294 643
Impairment of trade and other receivables	1 149 072	-	-	-
Provision for claims	4 617 825	-	4 617 825	-
Other	2 430 032	165 376	2 303 622	145 376
	<b>18 058 357</b>	<b>11 136 573</b>	<b>12 161 649</b>	<b>7 525 375</b>

**8 Finance income and finance costs**

	Financial period from 1/1/2015 to 30/6/2015 L.E	Financial period from 1/1/2014 to 30/6/2014 L.E	Financial period from 1/4/2015 to 30/6/2015 L.E	Financial period from 1/4/2014 to 30/6/2014 L.E
Interest expense	(93 307 753)	(70 064 776)	(53 557 196)	(36 012 004)
Interest income	5 397 733	4 807 484	2 571 930	1 712 796
Foreign exchange (loss)/gain	7 076 140	16 379 602	(1 160 375)	6 747 074
Change in fair value	(269 898)	-	( 154 561)	-
	<b>(81 103 778)</b>	<b>(48 877 690)</b>	<b>(52 300 202)</b>	<b>(27 552 134)</b>

## 9- Segmentation reports

## 9-1 Segmentation reports for the period ended 30 June 2015

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments				Undistributed items L.E 30/06/2015	Elementation of consolidated transactions L.E 30/06/2015	Total L.E 30/06/2015
	Dairy sector L.E 30/06/2015	chilled sector L.E 30/06/2015	Juices sector L.E 30/06/2015	Concentrates sector L.E 30/06/2015	Agriculture sector L.E 30/06/2015		
Sales	1016 450 546	516 633 965	345 697 494	41 572 057	47 095 496	-	1 967 449 558
Sales between segments	838 952 455	430 911 307	295 466 686	42 429 842	645 017	-	-
Total sales	1 855 403 001	947 545 272	641 164 179	84 001 899	47 740 513	(1608 405 306)	-
Cost of sales	(698 118 438)	(279 148 465)	(241 447 843)	(25 277 960)	(52 024 601)	(1 608 405 306)	1 967 449 558
Segments' gross profit	318 332 107	237 485 501	104 249 651	16 294 097	( 4 929 105)	-	(1 296 017 307)
Other operating income	2 601 552	3 578 313	2 200 018	1 195 923	129 133	-	671 432 251
expense	(192 684 907)	(173 987 595)	(83 478 648)	(6 001 085)	(15 440 182)	-	9 704 939
Net profit for the period before income tax	128 248 752	67 076 219	22 971 021	11 488 935	( 20 240 154)	-	(471 592 417)
pervious tax difference	-	-	-	-	229 415	-	209 544 773
Income tax expense	-	-	-	-	(37 202 593)	-	229 415
Peremptory tax on investments	-	-	-	-	(4 098 515)	-	( 37 202 593)
Deferred tax	-	-	-	-	(38 096 572)	-	( 4 098 515)
Net profit for the period	128 248 752	67 076 219	22 971 021	11 488 935	( 79 168 265)	-	( 38 096 572)
Other Information	-	-	-	-	-	-	130 376 508
Depreciation	29 995 112	32 608 385	22 533 654	5 525 482	7 756 329	-	98 418 962
Assets	1 354 989 750	1461 593 507	1009 303 548	251 415 666	623 322 706	-	4 799 126 253
Investments accounted for using Equity method	-	-	-	-	-	-	-
Liabilities	1017 030 618	879 080 668	475 674 062	111 245 535	42 663 411	-	50 929 445
						-	2 525 694 294

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

## 9- Segmentation reports

## 9-2 Segmentation reports for the period ended 30 June 2014

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

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments				Undistributed items	Elimination of consolidated transactions	Total
	Dairy sector L.E	chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	30/06/2014	30/06/2014
Sales	888 929 702	455 512 936	334 797 164	46 628 457	36 316 389	1762 184 648	
Sales between segments	768 386 711	374 133 980	275 131 982	46 249 324			
Total sales	1 657 316 413	829 646 916	609 929 146	92 877 781	36 316 389	(1463 901 997)	1 762 184 648
Cost of sales	(668 646 328)	(307 831 952)	(242 215 361)	(30 690 986)	(37 171 238)	(1 463 901 997)	(1 286 555 865)
Segments' gross profit	220 283 374	147 680 984	92 581 803	15 937 471	( 854 849)		475 628 783
Other operating income	4 948 432	1 065 445	1 420 781	2 427 489	1 732 839		11 594 986
expense	(162 870 661)	(139 785 926)	(70 632 313)	(4 870 068)	(7 258 302)		( 385 417 270)
Net profit for the period before income tax	62 361 145	8 960 503	23 370 271	13 494 892	( 6 380 312)		101 806 499
previous tax difference	-	-	-	-	601 345		601 345
Income tax provision	-	-	-	-	(17 041 131)		( 17 041 131)
Deferred tax	-	-	-	-	(2 361 984)		( 2 361 984)
Net profit for the period	62 361 145	8 960 503	23 370 271	13 494 892	( 6 380 312)		83 004 729
Other Information							
Depreciation	33 733 948	15 213 827	27 915 257	7 102 128	6 737 712		90 702 872
Assets	1 366 378 378	1373 887 500	1041 162 345	257 445 130	518 510 719		4 656 590 420
Investments accounted for using Equity method	-	-	-	-	-		49 048 478
Liabilities	1019 258 692	839 573 736	475 092 776	98 181 884	26 703 899		2 458 810 987

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



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

**3- Equity - accounted investees (investments in associates)**

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

Name of the investee company	Share percentage	Current assets	Non current assets	Total assets	Current liabilities	Non Current liabilities	Total liabilities	Revenues	Expenses	Net profit (loss)	Cost of investment
	%	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
<b>December 31, 2014</b>											
Milkiez Company for dairy	39.988	26 740 364	116 394 480	143 134 844	14 759 031	1 041 000	15 800 031	82 456 406	73 094 754	9 361 652	50 929 445
<b>Balance as at 31 December 2014</b>		<u>26 740 364</u>	<u>116 394 480</u>	<u>143 134 844</u>	<u>14 759 031</u>	<u>1 041 000</u>	<u>15 800 031</u>	<u>82 456 406</u>	<u>73 094 754</u>	<u>9 361 652</u>	<u>50 929 445</u>
<b>June 30, 2015</b>											
Milkiez Company for dairy	39.988	28 797 717	118 541 823	147 339 540	15 036 313	1 949 472	16 985 785	108 867 454	96 487 842	12 379 612	50 929 445
<b>Balance as at 30 June 2015</b>		<u>28 797 717</u>	<u>118 541 823</u>	<u>147 339 540</u>	<u>15 036 313</u>	<u>1 949 472</u>	<u>16 985 785</u>	<u>108 867 454</u>	<u>96 487 842</u>	<u>12 379 612</u>	<u>50 929 445</u>

The company using financial position as of 31 December 2014 to apply the owners equity method as of 30 June 2015

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Notes to the interim consolidated financial statements for the period ended 30 June 2015

Translation from Arabic

11-Property, plant, and equipment

Description	Land* L.E.	Buildings & constructions L.E.	Machinery & equipment L.E.	Transportation & transport vehicles L.E.	Tools L.E.	Empty plastic containers & Pallets L.E.	Display ref.'s L.E.	Wells L.E.	Office furniture & equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2014	151 792 543	637 898 826	1 286 393 925	218 556 032	55 323 720	26 654 350	20 200 244	19 141 850	16 638 852	64 448 255	2 497 048 597
Additions of the year	52 996 812	165 309 799	382 299 713	3 483 169	13 757 253	5 817 165	45 311 502	8 177 248	8 211 866	7 313 876	692 678 403
Disposals of the year	( 5 186 673)	( 50 061 196)	( 261 645 548)	( 5 428 137)	( 3 869 022)	( 4 555 608)	( 100 014)	-	( 2 247 684)	( 1 815 555)	( 334 909 437)
Impairment in fixed assets	-	-	1 279 242	-	-	-	-	-	-	-	1 279 242
Cost as at 31/12/2014	199 602 682	753 147 429	1 408 327 332	216 611 064	65 211 951	27 915 907	65 411 732	27 319 098	22 603 034	69 946 576	2 856 096 805
Additions of the period	14 682 894	430 398 469	302 063 495	38 216 876	24 506 905	3 648 844	5 829 651	2 783 476	817 610	2 125 610	825 073 830
Disposals of the period	-	-	( 6 733 683)	( 7 287 848)	( 47 999)	( 999 703)	-	( 50 000)	-	( 48 237)	( 15 167 470)
Impairment in fixed assets	-	-	3 771 868	-	-	-	-	-	-	-	3 771 868
Cost as at 30/6/2015	214 285 576	1 183 545 912	1 707 429 012	247 540 092	89 670 857	30 565 048	71 241 383	30 052 574	23 420 644	72 023 949	3 669 775 033
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)	-	( 838 029)	( 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	-	10 796 533	57 788 695	10 194 048	3 640 323	2 746 090	6 683 449	688 276	1 071 228	4 811 320	98 418 962
Accumulated depreciation of disposals of the period	-	-	( 2 675 436)	( 5 166 146)	( 24 599)	( 991 585)	-	( 3 333)	-	( 36 883)	( 8 897 982)
Impairment in fixed assets	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30/6/2015	-	64 190 994	542 544 534	98 296 253	33 227 761	21 328 391	19 718 570	3 860 741	8 687 006	59 398 133	851 252 383
Net book value as at 30/6/2015	214 285 576	1 119 354 918	1 164 884 478	149 243 839	56 443 096	9 236 657	51 522 813	26 191 833	14 733 638	12 625 816	2 818 522 650
Net book value as at 31/12/2014	199 602 682	699 752 968	920 896 057	123 342 713	35 599 914	8 342 021	52 375 611	24 143 300	14 987 256	15 322 880	2 094 365 402

\* Fully depreciated assets are amounted to L.E. 112 584 332 as at 30 June 2015 .



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

The land item amounted to L.E 214 285 576 on 30/6/2015 includes an amount of L.E 149 849 631 representing the not registered land thus procedures of registering the land are in progress.

**11-1 Land of Juhayna Food Industries Co.**

Description	Amount L.E	Instrument of possess
Marsa Allam	1 367 244	Specification document
	<b>1 367 244</b>	

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

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

**11-3 Land of Egyptian Co. for Dairy Products**

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

\* 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 Aldawlia for Modern Industries Co.**

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

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**11-5 Land of Almasrya Co. (Egyfood)**

Description	Amount L.E	Instrument of possess
Pc. 19 A, 9 B m3 6 <sup>th</sup> of October	2 241 861	Specification document
Pc. 24 B	2 611 004	Specification document
	<b>4 852 865</b>	

**11-6 Land of Modern Concentration Co.**

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

**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.

**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 m<sup>2</sup> to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

- Plots number ( 67,68,69,75,76 ) in Beni suef to its total area 10.335 thousands m<sup>2</sup> 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 m<sup>2</sup> to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. ( 186,187,188 , huge area of 185 ) its total area 5960 m<sup>2</sup> 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 m<sup>2</sup> to establish a factory for keeping, cooling and freezing foodstuff.

**12 Projects under constructions**

	30/6/2015	31/12/2014
	L.E.	L.E.
Buildings and constructions in progress	209 284 651	576 270 498
Machineries under installation	160 075 607	446 942 461
Advance payments for fixed assets purchase	18 796 355	43 933 374
Wells	11 070 890	-
Payment for reclamation and cultivation	847 838	-
	<b>400 075 341</b>	<b>1067 146 333</b>

**13 Plant wealth**

	30/6/2015	31/12/2014
	L.E.	L.E.
Land reclamation	1 630 419	11 967 522
Fruit trees	252 228	14 033 416
Protection trees (Kazhurana)	12 145 267	420 778
	<b>14 027 914</b>	<b>26 421 716</b>

#### 14- Biological wealth

	Flock of dairy live stock - un product		Total	
	Number	L.E.	Number	L.E.
<b>amount of flock of livestock at 1-1-2015</b>				
Addition during the period	650	14 064 637	650	14 064 637
* Calfs of flock ( 7 Males & 4 Females )	11	46 500	11	46 500
** Capital cost during drying -off	-	1 212 568	-	1 212 568
	661	15 323 705	661	15 323 705
<b>Deduct :-</b>				
The death of live stock losses	3	29 276	3	29 276
	3	29 276	3	29 276
<b>amount of flock of livestock at 30-6-2015</b>	658	15 294 429	658	15 294 429

\* Calfs of flocks are measured at fair value deducted by sale cost . any increase or decrease in fair value about book value is recognized 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 rely on in determine fair value



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**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 2005**

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

**Year 2006, 2007**

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

**Years from 2008 till 2009**

The company has been estimated inspection.

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.

**Years from 2010 till 2014**

The company has not inspection till now.

The Company submits the annual tax returns for the income tax during legal duration required by law and settle the due tax –if any- according to tax return.

**B. Salaries tax**

**The period from the beginning of operation till year 2010**

The tax inspection has been performed & the inspection results forms were received and the differences have been settled.

**Years from 2011 till 2014**

The company has not inspection till now.

**C 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 in progress by related tax authority.

**Years from 1/1/2010 till 31/12/2014**

The company has not inspection till now

**D Sales tax**

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

**E withholding tax**

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.

**15-2 Subsidiaries**

**First: Corporation tax**

**The Companies that enjoy the corporate tax exemption**

**Tax inspection ending date**

**Subsidiaries**

The Egyptian Company For Food Industries "Egyfood"

31/12/2018

Modern Concentrates Industrial Company

31/12/2018

International Company For Modern Food Industries

31/12/2018

Inmaa for agriculture development & biological wealth

10 years from the  
beginning of the activity

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**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 & Biological wealth**

The company has not inspection till now

**Inmaa for live stock**

The company has not inspection till now

**Second: Salaries tax**

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy and Juice 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 "Egyfood"	Has not been inspected yet
Modern Concentrates Industrial Company	- Inspection was performed from starting activity till 2012 and paid..
Inmaa for Agriculture Development Co. and biological wealth	- Has not been inspected yet. The Company pay tax monthly.

**Third: Stamp tax**

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection has been performed and paid till 31/7/2006.
Al-Marwa for Food Industries	- Inspection has been performed and paid till 31/12/2013.
Tiba for Trading and Distribution	- Inspection has been performed and paid till 2011
International Company For Modern Food Industries	- Tax inspection has been performed till 2013.
The Egyptian Company for Food Industries "Egyfood"	- Has not been inspected yet.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

Modern Concentrates Industrial Company  
Inmaa for Agriculture development & biological  
wealth

Inspection has been performed from beginning  
activity till 31/7/2006 .and paid

- Has not been inspected yet.

**Fourth: Sales tax****Subsidiaries**

Egyptian Company for Dairy Products

**Tax inspection ending date**

-The company is exempted from the sales tax  
and the company presents sales tax return on  
monthly basis, and the inspection was  
performed till 31/12/2012.

Al-Marwa for Food Industries

-Inspected and paid till 31/12/2013

International Company For Modern Food Industries

-The company present sales tax return on  
monthly basis and inspected and paid till  
2011.

The Egyptian Company For Food Industries "Egyfood"

-Inspected and paid till 2013.and tax  
differences has been paid

Modern Concentrates Industrial Company

-The company presents sales tax return on  
monthly basis. The company's activity is  
exempted from sales tax, and was inspected  
from the inception till 31/12/2013 and paid  
and inspection differences has been paid

Tiba for Trading and Distribution

-The company presents sales tax return on  
monthly basis and the company is exempted  
from tax according to law No. (11) of 1991  
and its executive tariffs and Inspection has  
been performed till 31/12/2012 and tax  
differences were paid

Inmaa for Agriculture Development Co.

-The company presents sales tax return on  
monthly &has not been inspected yet

**16 Inventories**

	30/6/2015	31/12/2014
	L.E.	L.E.
Raw materials	335 309 005	151 873 793
Packaging & packing materials	124 793 389	94 698 775
Product un progress	4 709 577	-
Finished products	184 230 657	215 299 840
Spare parts & miscellaneous supplies	47 159 007	40 249 672
L/C's for goods purchase	44 872 214	22 813 446
Biological assets	14 267 483	32 588 675
	<b>755 341 332</b>	<b>557 524 201</b>

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**17 Trade and other receivables (Net)**

	<b>30/6/2015</b>	<b>31/12/2014</b>
	<b>L.E.</b>	<b>L.E.</b>
Trade receivables	118 553 815	80 654 155
Less: Impairment in trade receivables	(13 793 239)	(12 644 167)
	<b>104 760 576</b>	<b>68 009 988</b>
Notes receivables	26 726 416	31 334 992
Tetra Pak company	-	2 669 058
Suppliers – advance payments	10 932 472	13 507 830
Prepaid expenses	10 114 054	4 192 321
Export subsidy	9 132 029	12 337 645
Accrued revenues	5 287 994	2 294 588
Tax authority	8 622 045	30 919 375
Customs authority	18 928 976	7 081 285
Deposits with others	9 098 082	5 855 007
Other debit balances	17 749 672	20 538 265
	<b>221 352 316</b>	<b>198 740 354</b>
Less: Impairment in other debit balances	(3 983 342)	(3 983 342)
	<b>217 368 974</b>	<b>194 757 012</b>

**18 Cash and cash equivalents**

	<b>30/6/2015</b>	<b>31/12/2014</b>
	<b>L.E.</b>	<b>L.E.</b>
Time deposits *	339 872 136	376 512 182
Banks – current accounts	45 889 211	34 672 132
Cash in hand	13 513 331	4 051 946
Cash in transit	21 274 360	4 877 422
Cheques under collection	3 803 884	-
L /G's cash margin	5 053 599	5 053 599
	<b>429 406 521</b>	<b>425 167 281</b>
Bank over draft	(11 256 429)	(17 197 765)
L /G's cash margin (due after 3 months)	(5 053 599)	(5 053 599)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>413 096 493</b>	<b>402 915 917</b>

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



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**19 Share capital**

	30/6/2015	31/12/2014
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

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

Based on the decision of the Board of Directors on February 26, 2014, which included a dividend free shares from the year profits and the decision & approval of the Ordinary General Assembly and of the Company dated 27.03.2014 to increase the company's issued capital from the dividends of the financial year ended December 31, 2013, which amounting to L.E. 235 351 271 equal to 33.33% of the company's issued capital as free shares deduction from the profit for the year ended December 31, 2013 by distributing one free share for each shareholder holds five shares of the company's shares. This increase has been recorded in the commercial register on 29/5/2014.

**a- General reserve - issuance premium**

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

The Company had reduced issuance premium during the 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	Long term loans	Total
	L.E	L.E	L.E
Granted loans to Company's Group from CIB.	116 756 000	280 730 544	397 486 544
Granted loans to Company's Group from European Bank for Reconstruction & Development	64 363 636	155 636 364	220 000 000
Granted loans to Company's Group from HSBC.	20 942 591	62 827 774	83 770 365
Granted loans to Company's Group from QNB.	20 000 000	60 000 000	80 000 000
Granted loans to Company's Group from Barclays.	25 272 749	63 232 441	88 505 190
<b>Balance at 30/6/2015</b>	<b>247 334 976</b>	<b>622 427 123</b>	<b>869 762 099</b>
<b>Balance at 31/12/2014</b>	<b>254 163 157</b>	<b>705 695 751</b>	<b>959 858 908</b>

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**21 Banks – credit facilities**

This balance which amounted to L.E 1 100 712 792 as at 30/6/2015 (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. nothing as at 30/6/2015 (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 period L.E	Provision used during the period L.E	Balance on 30/6/2015 L.E.
Provision for claims	8 571 220	4 617 824	(1 544 992)	11 644 052

**24 Creditors and other credit balances**

	30/6/2015 L.E.	31/12/2014 L.E.
Suppliers	142 585 768	140 397 215
Notes payable	8 104 965	4 079 694
Accrued expenses	92 769 122	66 588 419
Fixed assets' creditors	2 020 607	9 520 427
Tax authority	9 821 900	18 824 534
Income tax	37 202 593	-
Deposits from others	7 654 107	4 453 197
Sales tax installments on the imported machineries and equipments	9 120 123	7 911 119
Deferred capital gains	1 738 584	1 738 584
Due to Sodic company- current portion	11 205 950	9 266 082
Due to Geran for investment and real estate company- current portion	1 144 924	1 268 749
Social insurance authority	2 862 926	2 619 199
Dividends payable	2 909 520	11 143
Advances from customers	8 758 642	3 262 214
Other credit balances	4 687 843	2 831 575
	<b>342 587 574</b>	<b>272 772 151</b>



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**25 Other long term liabilities****Description****30/6/2015****31/12/2014****L.E.****L.E.**

51 898 463

56 598 501

The value of sales tax installments on the imported machineries and equipments due for settlement starting from July 2016 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 9 120 123 as at 30/6/2015 (L E 7 911 119 as at 31/12/2014) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 24).

- The amount due to (Jeran for real state and investments Company) as a value of purchasing an administrative building according to agreed contract amounted to L.E 8 576 400. A down payments was paid amounted to L.E 6 385 405 and the rest will be settled over 4 equal installments starting from January 2016.

2 190 996

- The amount due to (Sodic Siac for real state and investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. A down payments was paid amounted to L.E 36 994 519 and the rest will be settled over 17 equal installments starting from July 2015.

22 291 161

26 213 568

74 189 624

85 003 065

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**26 Deferred revenues**

The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/1/2008. The amortization during the period ended amounted to L.E 869 292 while the short term portion amounted to L.E 1 738 584 as at 30/6/2015 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).

30/6/2015	31/12/2014
L.E.	L.E.
2 607 824	3 477 116

<u>2 607 824</u>	<u>3 477 116</u>
------------------	------------------

**27 Deferred tax liabilities**

Deferred tax liability amounted to L.E 112 933 900 on 30/6/2015 is representing the accrued tax generated from the difference between net book value of assets on accounting basis and net book value of assets on tax basis.

	Balance on	Deferred tax	Balance on
	1/1/2015	from 1 <sup>st</sup> Jan to	30/6/2015
		30 June 2015	
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>74 837 328</u>	<u>38 096 572</u>	<u>112 933 900</u>

**Recognized deferred tax assets and liabilities**

Deferred tax assets are representing in the following items:

	Liabilities	
	30/6/2015	31/12/2014
	L.E.	L.E.
Fixed assets	114 020 508	76 575 912
Deferred revenue		(1 738 584)
	<u>(1 086 608)</u>	
Net tax liabilities	<u>112 933 900</u>	<u>74 837 328</u>



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**28 Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2015 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 30/6/2015	Contribution percentage 31/12/2014	Countr
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.	99.81 %	99.81 %	Egypt
	Indirect	Indirect	
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
	99.964	99.964	
Inmaa for Live Stock	Indirect	Indirect	Egypt
	99.964	99.964	
Inmaa for Agriculture and improvement	Indirect	Indirect	Egypt
<b>Sister Company</b>			
Milkiez	39.988 % Indirect	39.988 % 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.

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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	
		30/6/2015	31/12/2014
		L.E.	L.E.
Trade receivables	(17)	104 760 576	68 009 988
Banks credit facilities	(21)	1 100 712 792	742 348 289
Short term loans	(22)	-	16 000 000
Total long term loans	(20)	869 762 099	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 1 100 712 792 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

**Liquidity risk**

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

	Carrying amount	Contractual cash flows
	L.E.	L.E.
Credit facilities	1 100 712 792	1 710 000 000



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Management.

**Currency risk**

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

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

**Foreign currency risk**

Exposure to currency risk

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

	USD	Euro	SAR	GBP	CHF
Trade and other debit balances	893 842	-	-	-	-
Cash and cash equivalents	23 977 825	493 724	96	897	5
Credit facilities	(18 497 382)	( 18 163)	-	-	-
Trade and other payables	(3 304 815)	(1 353 635)	(70 908)	(35 644)	(3 366)
<b>30 June 2015</b>	<b>3 069 470</b>	<b>( 878 074)</b>	<b>(70 812)</b>	<b>(34 747)</b>	<b>(3 361)</b>
<b>31 December 2014</b>	<b>15 661 221</b>	<b>(891 830)</b>	<b>96</b>	<b>(38 663)</b>	<b>-</b>

The following significant exchange rates applied during the period:

	Average rate		Actual closing Rate	
	6/2015	2014/12	6/2015	2014
USD	7.39	7.065	7.615	7.165
Euro	5508.	9.142	4068.	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.

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**Interest rate risk**

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

**Capital management**

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

	30/6/2015	31/12/2014
	L.E.	L.E.
Total liabilities	2 525 694 294	2 230 546 705
Less: cash and cash equivalents	(429 406 521)	(425 167 281)
<b>Net debt</b>	<b>2 096 287 773</b>	<b>1 805 379 424</b>
Total equity	2 273 431 959	2 284 454 909
<b>Net debt to equity ratio</b>	<b>%92.21</b>	<b>%79.03</b>

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

**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 m<sup>2</sup>. The contract terms became effective starting 1/1/2008. The following is a summary of the above mentioned contract:

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

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

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

The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement. Thus, total installments of the financial period ended 30/6/2015 amounted to L.E. 6 050 662.



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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

**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 amounting to LE 22 920 805 the covered amount L.E 10 131 147.

**32 Capital commitments**

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 25 629 246 on 30/6/2015.

**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**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2015	31/12/2014	30/6/2015	31/12/2014
		L.E.	L.E.	L.E.	L.E.
Milkiez	Customer	587 775	-	289 117	815 558
	Vendor	30 770	-		
				<u>289 117</u>	<u>815 558</u>

**34 Goodwill**

	30/6/2015	31/12/2014
	L.E.	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
	<u>97 092 890</u>	<u>97 092 890</u>

**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.

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

Notes to the interim consolidated financial statements for the period ended 30 June 2015

On 4 June 2014, law no. 44 for the year 2014 has been issued for an additional temporarily annual tax – which is imposed for three years from current tax period – by 5% on taxable income which exceeds one million Egyptian pound for the income of natural and juridical persons according to the provisions of income tax law, assessment and settlement to be in accordance with these provisions. Law is effective from 5 June 2014.

In June 30, 2014 law no. 53 for year 2014 issued with a republican decree & it enclosed adjustment to some of the article of law 91 for 2005 as follows :-

- Imposing tax on dividends .
- Imposing tax on capital gains resulted from the sale of share & securities.

Moreover ,in April 6, 2015 the ministerial decree no. 172 for year 2015 issued to adjust the provisions of executive regulation of the income tax law no. 91 for year 2005.