

Translation from Arabic

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

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A member of Grant Thornton international
87 Ramsis St., Cairo - Egypt**

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated financial statements
for the period ended 30 September 2015

Contents	Page
Limited review report	-
Consolidated interim balance sheet	1
Consolidated interim income statement	2
Consolidated interim statement of changes in shareholders' equity	3
Consolidated interim statement of cash flows	4
Notes to the consolidated interim financial statements	5 – 37

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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 September 2015 and the related consolidated statements of income, changes in equity and cash flows for the Nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim 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 September 2015, and of its financial performance and its consolidated cash flows for the Nine-month then ended in accordance with Egyptian Accounting Standards.


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


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

Cairo, 15 Oct 2015

Samir H

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 September 2015

Translation from Arabic

	Note no.	30/9/2015 L.E.	31/12/2014 L.E.
Assets			
Property, plant and equipment (net)	(11)	2 752 435 206	2 094 365 402
Projects under construction	(12)	383 534 132	1 067 146 333
Plant wealth	(13)	13 707 089	26 421 716
Animal wealth	(14)	18 122 918	-
Investments in equity - accounted investees	(10)	50 929 445	50 929 445
Other - long term - debit balances		775 572	781 776
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		3 316 597 252	3 336 737 562
Current assets			
Inventories	(16)	579 455 205	557 524 201
Trade and other receivables (net)	(17)	200 452 386	199 810 611
Due from related parties	(33-1)	-	815 558
Cash and cash equivalents	(18)	612 364 729	420 113 682
Current assets		1 392 272 320	1 178 264 052
Current liabilities			
Provisions of claims	(23)	11 670 718	8 571 220
Banks - overdraft		22 199 980	17 197 765
Banks - credit facilities	(21)	715 943 268	742 348 289
Short term loans	(22)	-	16 000 000
Creditors and other credit balances	(24)	313 061 932	272 772 151
Income tax		-	50 480 863
Long-term loans-current portion	(20)	211 268 340	254 163 157
Current liabilities		1 274 144 238	1 361 533 445
Working capital (Net current liabilities)		118 128 082	(183 269 393)
Total invested funds		3 434 725 334	3 153 468 169
These investments are financed as follows:			
Equity			
Issued and paid up capital	(19)	941 405 082	941 405 082
Legal reserve		451 204 994	435 553 732
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		418 829 905	414 262 886
Net profit for the period/year after periodic dividends		218 543 337	161 550 850
Total equity attributable to the shareholders of the parent company		2 360 903 746	2 283 692 978
Noncontrolling interest		762 247	761 931
Total equity		2 361 665 993	2 284 454 909
Non-current liabilities			
Long term loans	(20)	844 268 893	705 695 751
Other long term liabilities	(25)	69 643 131	85 003 065
Deferred revenues	(26)	16 622 531	3 477 116
Deferred tax liabilities	(27)	142 524 786	74 837 328
Non-current liabilities		1 073 059 341	869 013 260
Shareholders' equity and non current liabilities		3 434 725 334	3 153 468 169

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

Finance Director
Samah El-hodaiby

Chairman
Safwan Thabet

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

Translation from Arabic

		The financial period from 1/1/2015 till 30/09/2015	The financial period from 1/1/2014 till 30/09/2014	The financial period from 1/7/2015 till 30/09/2015	The financial period from 1/7/2014 till 30/09/2014
	Note no.	L.E.	L.E.	L.E.	L.E.
Net sales		3 103 041 209	2 770 016 872	1 135 591 651	1 007 832 224
Cost of sales		(2 015 519 172)	(2 035 157 797)	(719 501 865)	(748 601 932)
Gross profit		1 087 522 037	734 859 075	416 089 786	259 230 292
Other income	(5)	15 458 223	16 320 688	5 753 284	6 132 829
Sales & distribution expenses		(466 763 241)	(353 934 642)	(174 035 945)	(109 732 156)
General & administrative expenses	(6)	(106 601 643)	(101 245 555)	(36 951 491)	(39 724 475)
Other expenses	(7)	(48 758 997)	(14 175 007)	(30 700 640)	(3 038 434)
Board of directors remuneration		(645 000)	(720 000)	(95 000)	(70 000)
Results from operating activities		480 211 379	281 104 559	180 059 994	112 798 056
The group's share in the net profit of subsidiaries associate companies		-	2 886 641	-	1 479 514
End of service		(9 654 343)	(19 737 051)	(151 509)	(707 610)
Finance income and finance costs	(8)	(126 476 729)	(91 609 816)	(45 372 951)	(42 732 126)
Profit before income tax		344 080 307	172 644 333	134 535 534	70 837 834
Taxes differences from previous periods		230 726	601 345	1 311	-
Income tax expense		(53 913 756)	(32 228 572)	(16 711 163)	(15 187 441)
investment tax		(4 098 515)	-	-	-
Deferred tax		(67 687 458)	(4 243 615)	(29 590 886)	(1 881 631)
Net profit for the period		218 611 304	136 773 491	88 234 796	53 768 762
Distributed as follows					
Parent Company's share in profit		218 543 337	136 681 461	88 213 132	53 723 006
Non controlling interest		67 967	92 030	21 664	45 756
		218 611 304	136 773 491	88 234 796	53 768 762

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 September 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.
Balance as at 1 January 2014	706 053 811	421 792 281	330 920 428	391 834 289	313 080 142	639 093	2 164 320 044
Reversal of beginning balance adjustments	-	24 119 315	-	(85 956 852)	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 September 2014	-	(23 711 999)	-	96 220 478	(85 307 960)	42 927	(12 756 554)
Net profit for the period ended 30 September 2014	-	-	-	-	136 681 461	92 030	136 773 491
Balance as at 30 September 2014	941 405 082	425 781 050	330 920 428	415 629 918	136 681 461	774 050	2 251 191 989
Balance as at 1 January 2015	941 405 082	435 553 732	330 920 428	414 262 886	161 550 850	761 931	2 284 454 909
Reversal of beginning balance adjustments	-	23 716 091	-	(96 220 475)	108 941 127	-	36 436 743
Dividends for 2014	-	11 755 723	-	91 487 099	(235 114 465)	-	(131 871 643)
Holding Company's share in reserves & retained earnings of subsidiaries	-	4 514 661	-	(32 766 981)	-	-	(28 252 320)
Consolidation adjustments on 30 September 2015	-	(24 335 213)	-	42 067 376	(35 377 512)	(45 987)	(17 691 336)
Net profit for the period ended 30 September 2015	-	-	-	-	218 543 337	46 303	218 589 640
Balance as at 30 September 2015	941 405 082	451 204 994	330 920 428	418 829 905	218 543 337	762 247	2 361 665 993

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 September 2015

		The financial period from 1/1/2015 till 30/09/2015	The financial period from 1/1/2014 till 30/09/2014
	Note no.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and noncontrolling interest in profits		344 080 307	172 644 333
Adjustments for:			
Fixed assets' depreciation	(11)	150 869 737	138 179 052
Capital (gains)		(2 639 186)	(1 623 761)
Impairment in Fixed Assets		13 215 001	40 864
Change in Investments in equity accounted investees		-	(2 414 355)
impairment in trade and other receivables		2 017 775	-
Impairment in inventory		12 865 891	4 294 643
Provision for claims used		7 967 824	-
Financial lease installments		9 095 993	9 075 993
Credit interests		(8 455 091)	(8 353 279)
Finance interests & expenses		144 809 553	111 348 442
		<u>673 827 804</u>	<u>423 191 932</u>
Collected time deposits interests		8 384 414	8 353 279
Interest finance expenses paid		(137 290 687)	(106 157 875)
Changes in:			
Inventories		(34 796 895)	8 649 195
Trade and other receivables		1 984 348	(22 586 410)
Due from related parties		815 558	346 493
Creditors & other credit balances		(78 989 050)	(74 704 654)
Dividends paid to employees		(22 335 874)	(30 405 825)
Provision for claims used		(4 868 326)	(1 445 160)
Net cash flows generated from operating activities		<u>406 731 292</u>	<u>205 240 975</u>
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(203 323 277)	(442 786 296)
Proceeds from sale of fixed assets		67 420 122	3 194 597
Acquisition of planet and animal wealth		(18 173 195)	(7 408 301)
Net cash flows (used in) investing activities		<u>(154 076 350)</u>	<u>(447 000 000)</u>
Cash flows from financing activities			
Proceeds from bank credit facilities		(26 405 021)	(11 832 988)
Proceeds from bank loans		79 678 325	117 507 182
Payments in lease installments - sales and lease back		(9 075 993)	(9 075 993)
Dividends paid to shareholders		(109 535 769)	-
Decrease in noncontrolling interest		(67 652)	134 957
Net cash flows from (used in) financing activities		<u>(65 406 110)</u>	<u>96 733 158</u>
Increase (Decrease) in cash & cash equivalents during the period		<u>187 248 832</u>	<u>(145 025 867)</u>
Cash & cash equivalents at 1 January		<u>402 915 917</u>	<u>553 373 535</u>
Cash & cash equivalents at 30 September	(18)	<u>590 164 749</u>	<u>408 347 668</u>

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 September 2015

1 Reporting the entity

The Company was established in 1995 according to the Investment Law No.(230) of 1989 as replaced by the investment incentives and guarantees law No. (8) of 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.

The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 25 years starting from the date of registration in the commercial registry.

The address of the Company's registered office is 11 Aljihad Street- Lebanon Square- Almohandessien. The address of the company's factories is 6 of October city- First Industrial Zone- piece no. 39 and 40,

Mr. Safwan Thabet is the Chairman of the Board of Directors.

The Company is considered a holding Company.

The Company's purpose

The Company primarily is involved in the production, manufacture, packaging and packing of all types of dairy, products and all its derivatives, all types of cheeses, fruit juices, drinks and frozen material, preparing, manufacturing, packaging and packing all types of food materials and in general manufacturing of agriculture products.

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance

The financial statements have been prepared in accordance with Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.

The financial statements were authorized for issue by the Board of Directors on 15/10/2015.

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 September 2015

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

- Note (3-9) : 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.

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

Notes to the interim consolidated financial statements for the period ended 30 September 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 September 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

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

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

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

	30/9/2015
	L.E
(Decrease) in depreciation expense machine & equipment	28 921 128

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 (25-50) 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 Finance Leases

In case the 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 September 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 September 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.

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

Notes to the interim consolidated financial statements for the period ended 30 September 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 substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3-19 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3-20 Assets held for sale or held for distribution

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

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are 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 September 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 revenue

	Financial period from 1/1/2015 to 30/9/2015 L.E	Financial period from 1/1/2014 to 30/9/2014 L.E	Financial period from 1/7/2015 to 30/9/2015 L.E	Financial period from 1/7/2014 to 30/9/2014 L.E
Export subsidy revenue	2 702 311	6 977 905	527 168	1 131 527
Deferred capital gains	1 303 938	1 303 938	434 646	434 646
Capital gain	3 682 281	2 221 886	737 821	2 112 639
Drawback of sales tax	689 662	946 601	200 861	248 019
Other revenue	7 080 031	4 870 358	3 852 788	2 205 998
	<u>15 458 223</u>	<u>16 320 688</u>	<u>5 753 284</u>	<u>6 132 829</u>

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

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

6 General & administrative expenses

	Financial period from 1/1/2015 to 30/9/2015 L.E	Financial period from 1/1/2014 to 30/9/2014 L.E	Financial period from 1/7/2015 to 30/9/2015 L.E	Financial period from 1/7/2014 to 30/9/2014 L.E
Personnel expenses	58 594 984	53 332 786	20 684 127	19 683 287
Depreciation expense	10 596 055	10 775 168	3 576 998	3 367 357
Rent expense	6 502 041	6 551 314	2 164 717	2 558 960
Other administrative expense	30 908 563	30 586 287	10 525 649	14 114 871
	106 601 643	101 245 555	36 951 491	39 724 475

7 Other expenses

	Financial period from 1/1/2015 to 30/9/2015 L.E	Financial period from 1/1/2014 to 30/9/2014 L.E	Financial period from 1/7/2015 to 30/9/2015 L.E	Financial period from 1/7/2014 to 30/9/2014 L.E
Leasing installment	9 095 993	9 075 993	3 045 331	3 025 331
Capital loss	1 043 095	598 125	24 188	13 097
Impairment of fixed assets	13 215 001	40 864	13 215 001	-
Impairment of inventories	12 865 891	4 294 643	10 074 033	-
Impairment of trade and other receivables	2 017 775	-	868 703	-
Provision for claims	7 967 824	-	3 349 999	-
Other	2 553 418	165 382	123 385	6
	48 758 997	14 175 007	30 700 640	3 038 434

8 Finance income and finance costs

	Financial period from 1/1/2015 to 30/9/2015 L.E	Financial period from 1/1/2014 to 30/9/2014 L.E	Financial period from 1/7/2015 to 30/9/2015 L.E	Financial period from 1/7/2014 to 30/9/2014 L.E
Interest expense	(144 809 553)	(111 348 442)	(51 501 800)	(41 283 666)
Interest income	8 455 091	8 353 279	3 057 358	3 545 795
Foreign exchange (loss)/gain	10 147 631	11 385 347	3 071 491	(4 994 255)
Change in fair value	(269 898)	-	-	-
	(126 476 729)	(9 609 816)	(45 372 951)	(42 732 126)

9- Segmentation reports

9-1 Segmentation reports for the period ended 30 September 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				Elementation of			
	Dairy sector L.E	chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	Undistributed items L.E	consolidated transactions L.E	Total L.E
	30/09/2015	30/09/2015	30/09/2015	30/09/2015	30/09/2015	30/09/2015	30/09/2015	30/09/2015
Sales	1595 411 247	813 083 980	586 506 586	54 504 566	53 534 830	-	-	3 211 080 606
Sales between segments	1312 796 800	671 016 744	482 593 426	68 347 638	4 156 372	-	(2538 910 981)	-
Other operating income	6 556 157	2 680 823	2 030 716	1 530 345	2 660 182	-	-	15 458 223
Expense	(309 052 076)	(276 236 265)	(143 642 155)	(8 399 510)	(21 569 947)	-	-	(758 899 953)
Net profit for the period								218 611 304
Other Information								
Depreciation	47 436 879	49 335 447	33 559 393	8 757 945	11 780 074	-	-	150 869 737
Assets	1 319 758 218	1425 432 267	960 400 751	270 048 256	633 356 833	99 873 247	-	4 708 869 572
Liabilities	906 888 498	855 012 087	429 290 233	114 459 772	41 552 989	-	-	2 347 203 579

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 September 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		Elementation of	
	Dairy sector L.E	chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	Items L.E	consolidated transactions L.E	Total L.E
	30/09/2014	30/09/2014	30/09/2014	30/09/2014	30/09/2014	30/09/2014	30/09/2014	30/09/2014
Sales	1392 925 754	749 645 880	511 790 042	65 986 636	49 668 560	-	-	2 770 016 872
Sales between segments	1202 030 545	607 781 002	416 929 441	71 036 180	-	-	(2297 777 168)	-
Other operating income	9 135 892	1 735 206	2 144 860	2 894 843	3 296 528	-	-	19 207 329
Expense	(247 729 272)	(204 997 193)	(110 798 544)	(5 672 309)	(12 224 753)	-	-	(581 422 071)
Net profit for the period								136 773 491
Other Information								
Depreciation	50 570 306	24 647 940	41 987 522	10 791 077	10 182 207	-	-	138 179 052
Assets	1 176 320 888	1 376 199 643	1 075 876 576	266 056 161	535 591 718	99 142 859	-	4 529 187 845
Liabilities	842 458 418	843 536 805	449 589 303	106 007 765	36 403 565	-	-	2 277 995 856

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 30 September 2015

10- Equity - accounted investees (investments in associates)

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

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

11-Property, plant, and equipment (Net)

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 of 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	28 118 023	432 274 408	360 989 254	38 689 652	6 613 141	5 847 759	7 444 343	2 783 476	1 145 013	3 077 077	886 982 146
Disposals of the period	(31 800 954)	(31 638 268)	(6 733 683)	(7 665 813)	(49 699)	(1 847 147)	(139 047)	(50 000)	(3 299)	(218 750)	(80 146 660)
Reclassification	-	-	(7 700)	-	-	-	-	-	7 700	-	-
Impairment in fixed assets	-	-	(9 443 133)	-	-	-	-	-	-	-	(9 443 133)
Cost as of 30/9/2015	195 919 751	1 153 783 569	1 753 132 070	247 634 903	71 775 393	31 916 519	72 717 028	30 052 574	23 752 448	72 804 903	3 653 489 158
Accumulated depreciation											
Accumulated depreciation as of 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	186 977 321
Accumulated depreciation of disposals of the year	-	(7 869 991)	(202 098 239)	(4 755 978)	(1 932 987)	(4 052 048)	(45 164)	-	(858 029)	(1 761 627)	(223 354 063)
Impairment in fixed assets	-	-	40 864	-	-	-	-	-	-	-	40 864
Accumulated depreciation as of 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	-	17 987 510	87 259 971	15 783 837	5 486 287	4 293 405	10 314 329	1 049 637	1 597 591	7 097 170	150 869 737
Accumulated depreciation of disposals of the period	-	(1 173 959)	(2 675 436)	(5 529 111)	(25 428)	(1 830 786)	(100 154)	(3 333)	(1 585)	(207 396)	(11 547 188)
Reclassification	-	-	(4 294)	-	-	-	-	-	4 294	-	-
Accumulated depreciation as of 30/9/2015	-	70 208 012	572 011 516	103 523 077	35 072 896	22 036 505	23 250 296	4 222 102	9 216 078	61 513 470	901 053 952
Net book value as of 30/9/2015	195 919 751	1 083 575 557	1 181 120 354	144 111 826	36 702 497	9 880 014	49 466 732	25 830 472	14 536 370	11 291 433	2 752 435 206
Net book value as of 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 112 584 332 L.E. as at 30 September 2015.

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

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

The land item amounted to 195 919 751 L.E on 30/9/2015 includes an amount of 129 588 566 L.E 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
	1 367 244	

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

Description	Amount L.E	Instrument of possess
Hoof valley Land	11 798 056	Preliminary contract
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	Preliminary contract
Other	9 537 769	
	76 778 025	

11-3 Land of Egyptian Co. for Dairy Products

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

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

11-4 Land of International for Modern Industries Co.

Description	Amount L.E	Instrument of possess
Pc. 112:118 m3 6 th 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 September 2015

11-5 Land of Almasrya Co. (Egyfood)

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

11-6 Land of Modern Concentration Co.

Description	Amount L.E	Instrument of possess
Pc. 42 m4 6 th 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 animal wealth

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

11-9 Land of Inmaa for Agriculture Development

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

11-10 Land grants

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

- land plots from 637 to 650 in Assuit its total area 30 000 m² to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates

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

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

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

12 Projects under constructions

	30/9/2015	31/12/2014
	L.E.	L.E.
Buildings and constructions in progress	192 667 339	576 270 498
Machineries under installation	142 862 711	446 942 461
Advance payments for fixed assets purchase	36 719 858	43 933 374
Wells	10 749 730	-
Payment for reclamation and cultivation	534 494	-
	383 534 132	1067 146 333

13 Plant wealth

	30/9/2015	31/12/2014
	L.E.	L.E.
Land reclamation	572 209	11 967 522
Fruit trees	12 705 297	14 033 416
Protection trees (Kazhurana)	429 583	420 778
	13 707 089	26 421 716

14- Biological wealth

	Flock of dairy live stock - productive		Flock of dairy live stock - un productive		Total	
	Number	L.E.	Number	L.E.	Number	L.E.
amount of flock of livestock at 1-1-2015						
Adding:						
Addition during the period			189	4 089 564	189	4 089 564
* Transferred from biological wealth (Flock of dairy live stock - un productive)	461	9 975 073			461	9 975 073
Male			286	1 001 000	286	1 001 000
Female			285	1 567 500	285	1 567 500
** Capital cost during drying -off	-	1 672 126	-	1 232 285	-	2 904 411
Gains of biological wealth revaluation (Calves of flocks) during the period						
	461	11 647 199	760	7 890 349	1 221	19 537 548
Deduct :-						
Depreciation milking cows		188 922			-	188 922
Biological wealth sales						
pregnant			1	25 871	1	25 871
male			240	852 568	240	852 568
The death of live stock losses						
pregnant	1	25 870	7	171 556	8	197 426
Male	-	-	16	90 343		90 343
Female	-	-	17	59 500	17	59 500
	1	214 792	281	1 199 838	266	1 414 630
amount of flock of livestock at 30/9/2015	460	11 432 407	479	6 690 511	955	18 122 918

* Calves 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 unavailable 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 September 2015

15 Tax status

15-1 Juhayna Food Industries-S.A.E. Corporation tax

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 was inspected on an estimated basis and the inspection were challenged.

The Company submits the annual tax returns for the income tax during legal duration required by law.

Years from 2010 till 2014

The company was not inspected 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 was settled and the tax due and all differences were paid.

Years from 2011 till 2014

The company was not inspected till now.

C Stamp tax

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

The tax inspection was performed and the tax due was paid.

From 1/8/2006 till 31/12/2010

The Inspection is settled and awaiting for the forms.

Years from 1/1/2011 till 31/12/2014

The company was not inspected till now.

D Sales tax

The tax inspection was performed and the tax due was paid till 31/12/2012

E withholding tax

The Company submits the withhold amounts during legal duration.

15-2 Subsidiaries

First: Corporation tax

The Companies that enjoy the corporate tax exemption

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

10 years from the
beginning of the activity

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

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

The Companies that are not exempted.

Egyptian Company for Dairy Products

(the tax inspection was performed and tax due was paid till 2004)

Tiba for Trading and Distributing

The Inspection for year 2009 deliberated in front of the internal committee.

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 from 1/1/2010.

Inmaa for Agriculture Development and reclamation

The company was inspected till now

Inmaa for live stock

The company was inspected till now

Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting activity till 2011 and tax due was paid.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2012 and tax due was 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 tax due was paid.
The Egyptian Company For Food Industries "Egyfood"	- Inspection is in progress from starting activity till 2011.
Modern Concentrates Industrial Company	- Inspection was performed from starting activity till 2012 and tax due was paid.
Inmaa for Agriculture Development Co.	- Was not inspected till now.

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed and tax due was paid till 31/7/2011.
Al-Marwa for Food Industries	- Inspection was performed and tax due was paid till 31/12/2013.
Tiba for Trading and Distribution	- Inspection was performed and tax due was paid till 2013 .
International Company For Modern Food Industries	- Tax inspection has been performed till 31/12/2014.
The Egyptian Company for Food Industries "Egyfood"	- Has not been inspected yet.
Modern Concentrates Industrial Company	Inspection was performed from starting activity till 31/7/2006 .and tax due was paid
Inmaa for Agriculture development & biological wealth	- Has not been inspected yet.

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

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

Fourth: Sales tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	-The company is exempted from the sales tax and the company presents sales tax return on monthly basis, and the inspection was performed till 31/12/2012.
Al-Marwa for Food Industries	-Inspected and paid till 31/12/2013
International Company For Modern Food Industries	-The company submits the sales tax return on monthly basis and inspected and tax due was paid till 2011.
The Egyptian Company For Food Industries "Egyfood"	-Inspected and tax due was paid till 2013.
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 tax due was paid
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis and is was Inspected till 31/12/2012 and tax due was paid.
Inmaa for Agriculture Development Co.	-The company presents sales tax return on monthly basis & has not been inspected till now.

16 Inventories

	30/9/2015	31/12/2014
	L.E.	L.E.
Raw materials	227 592 967	151 873 793
Packaging & packing materials	105 195 624	94 698 775
Work in process	1 803 885	-
Finished products	179 794 604	215 299 840
Spare parts & miscellaneous supplies	44 089 278	40 249 672
L/C's for goods purchase	4 148 512	22 813 446
Biological assets	16 830 335	32 588 675
	579 455 205	557 524 201

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

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

17 Trade and other receivables (Net)

	30/9/2015	31/12/2014
	L.E.	L.E.
Trade receivables	103 729 222	80 654 155
Less: Impairment in trade receivables	(14 661 942)	(12 644 167)
	89 067 280	68 009 988
Notes receivables	8 587 015	31 334 992
Tetra Pak company	-	2 669 058
Suppliers – advance payments	15 120 116	13 507 830
Prepaid expenses	11 320 395	4 192 321
Export subsidy	10 492 991	12 337 645
Accrued revenues	2 744 608	2 294 588
Tax authority	13 925 183	30 919 375
Customs authority	11 190 714	7 081 285
Deposits with others	12 589 253	5 855 007
Other debit balances	29 398 173	25 591 864
	204 435 728	203 793 953
Less: Impairment in other debit balances	(3 983 342)	(3 983 342)
	200 452 386	199 810 611

18 Cash and cash equivalents

	30/9/2015	31/12/2014
	L.E.	L.E.
Time deposits *	484 714 362	376 512 182
Banks – current accounts	102 658 897	34 672 132
Cash in hand	12 657 497	4 051 946
Cash in transit	12 333 973	4 877 422
	612 364 729	420 113 682
Bank over draft	(22 199 980)	(17 197 765)
Cash and cash equivalents in the statement of cash flows	590 164 749	402 915 917

* 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 September 2015

19 Share capital

	30/9/2015	31/12/2014
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

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

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

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.	115 053 000	338 730 544	453 783 544
Granted loans to Company's Group from European Bank for Reconstruction & Development	30 000 000	190 000 000	220 000 000
Granted loans to Company's Group from HSBC.	20 942 591	52 356 479	73 299 070
Granted loans to Company's Group from QNB.	20 000 000	50 000 000	70 000 000
Granted loans to Company's Group from Egyptian Gulf Bank.	–	150 000 000	150 000 000
Granted loans to Company's Group from Barclays.	25 272 749	63 181 870	88 454 619
Balance at 30/9/2015	211 268 340	844 268 893	1 055 537 233
Balance at 31/12/2014	254 163 157	705 695 751	959 858 908

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

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

21 Banks – credit facilities

This balance which amount 715 943 268 at 30/9/2015 (against L.E 742 348 289 as at 31/12/2014), represents the drawn down portion of the L.E. 1 710 million (in aggregate principal) bank facilities. Interest is charged on such drawn down amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

22 Short term loans

This balance which amounted to L.E. Zero as at 30/9/2015 (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 30/9/2015 L.E.
Provision for claims	8 571 220	7 967 824	(4 868 326)	11 670 718

24 Creditors and other credit balances

	30/9/2015 L.E.	31/12/2014 L.E.
Suppliers	112 292 197	140 397 215
Notes payable	4 493 580	4 079 694
Accrued expenses	90 550 847	66 588 419
Fixed assets' creditors	3 485 542	9 520 427
Tax authority	10 119 162	18 824 534
Income tax for the period	53 913 756	-
Deposits to others	6 234 809	4 453 197
Sales tax installments on the imported machineries and equipment	9 710 923	7 911 119
Deferred revenue- current portion	4 251 515	1 738 584
Due to Sodic company- current portion	8 669 618	9 266 082
Due to Geran for investment and real estate company- current portion	1 144 924	1 268 749
Social insurance authority	2 889 476	2 619 199
Dividends payable	2 315	11 143
Advances from customers	1 574 174	3 262 214
Other credit balances	3 729 094	2 831 575
	313 061 932	272 772 151

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

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

25 Other long term liabilities

Description	30/9/2015 L.E.	31/12/2014 L.E.
The value of sales tax installments on the imported machineries and equipments due for settlement starting from October 2016 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 9 710 923 as of 30/9/2015 (L E 7 911 119as at 31/12/2014) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 24).	48 813 345	56 598 501
- The amount due to (Jeran for real state and investments Company) as a value of purchasing an administrative building according to agreed contract dated 17/4/2013 amounted to L.E 8 576 400. A down payments was paid amounted to L.E 6 385 405 and the rest will be settled over 4 equal installments starting from January 2016.	1 046 072	2 190 996
- The amount due to (Sodic Siac for real state and investments Company) as a value of purchasing an administrative building according to agreed contract dated 30/12/2012 amounted to L.E 83 106 655. A down payments was paid amounted to L.E 42 501 544 and the rest will be settled over 15 equal installments starting from December 2015.	19 783 714	26 213 568
	69 643 131	85 003 065

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

Notes to the interim consolidated financial statements for the period ended 30 September 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 and leaseback within 10 years starting on January 2008 through to December 2017. The deferred revenue is being amortized on straight line method base during the lease period starting from 1/1/2008. The amortization on the period ended amounted to L.E 1 303 938 while the short term portion amounted to L.E 1 738 584 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).

The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land Owned For Tiba Company With rerenting it with amount 121 848 259 L.E With 84 Monthly Installment started from 31 July 2015 Till 30 June 2022 With 1 402 750 L.E for each Installment, The amortization during the period ended amounted to L.E 628 233 while the short term portion amounted to L.E 2 512 931 included in the trade & other credit balances item of the consolidated balance sheet (Note 24).

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

14 449 353

-

16 622 5313 477 116**27 Deferred tax liabilities**

Deferred tax liability amounted to L.E 142 524 786 on 30/9/2015 is representing the accrued tax generated from the difference between net book value of assets on accounting basis and net book value of assets on tax basis.

	Balance on 1/1/2015	Deferred tax from 1 st Jan to 30 September 2015	Balance on 30/9/2015
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>74 837 328</u>	<u>67 687 458</u>	<u>142 524 786</u>

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

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

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities	
	30/9/2015	31/12/2014
	L.E.	L.E.
Fixed assets	143 404 932	76 575 912
Deferred revenue	(880 146)	(1 738 584)
Net tax liabilities	142 524 786	74 837 328

28 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/9/2015 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution	Contribution	Country
	percentage	percentage	
	30/9/2015	31/12/2014	
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
Inmaa for Live Stock	99.964	99.964	Egypt
	Indirect	Indirect	
Inmaa for Agriculture and improvement	99.964	99.964	Egypt
	Indirect	Indirect	
Sister Company			
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.

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

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

Credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk

Trade and other receivables

The Company is dealing with one main customer (related party), which in turn distributes the credit risk on a number of customers who enjoy strong and stable financial positions. It also deals with its customers through contracts and agreements concluded with them, in addition the Company (related party) review the credit limits granted to customers on a regular basis as it gets sufficient guarantees from its customers.

Credit risk**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		30/9/2015	31/12/2014
		L.E.	L.E.
Trade receivables	(17)	89 067 280	68 009 988
Banks credit facilities	(21)	715 943 268	742 348 289
Short term loans	(22)	–	16 000 000
Total long term loans	(20)	1 055 537 233	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 715 943 268 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

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

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

Liquidity risk

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

	Carrying amount L.E.	Contractual cash flows L.E.
Credit facilities	715 943 268	1 710 000 000

Market risk

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

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

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	687 954	-	-	-	-
Cash and cash equivalents	21 972 104	546 511	96	390	5
Credit facilities	(7 334 562)	(43 764)	-	-	-
Trade and other payables	(1 524 279)	(1 036 778)	(100 779)	(41 424)	(1 718)
30 September 2015	13 801 217	(534 031)	(100 779)	(40 034)	(1 713)
31 December 2014	15 661 221	(891 830)	96	(38 663)	-

The following significant exchange rates applied during the period:

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

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

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

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

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

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

Interest rate risk

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

Capital management

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

	30/9/2015	31/12/2014
	L.E.	L.E.
Total liabilities	2 347 203 579	2 230 546 705
Less: cash and cash equivalents	(612 364 729)	(420 113 682)
Net debt	1 734 838 850	1 810 433 023
Total equity	2 361 665 993	2 284 454 909
Net debt to equity ratio	%73.46	%79.25

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 and lease back)

On 30/10/2007 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 1/1/2008. The following is a summary of the above mentioned contract:

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

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

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

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

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

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

	L.E
Total amount of the contract	121 848 259
Down payment	(4 017 259)
Remaining amount	117 831 000
Paid monthly installment From The Rest Value Of 84 Installment By L.E 1 402 750 monthly	(4 208 250)
Unpaid (81 installment)	113 622 750

31 Contingent liabilities

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has given guarantees in 30/9/2015 amounting to LE 23 591 579 the covered amount L.E 10 127 547.

32 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 28 698 474 on 30/9/2015.

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	
		30/9/2015	31/12/2014	30/9/2015	31/12/2014
		L.E.	L.E.	L.E.	L.E.
Milkiez	Customer	-	587 775	-	815 558
	Vendor	-	30 770	-	815 558

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

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

34 Goodwill

	30/9/2015	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.

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

On August 20, 2015 A Presidential Decree was issued of Law No. (96) for the year 2015 amending certain regulations of the income tax law No. (91) of 2005 and Decree No. 44 of 2014 to impose a temporary additional income tax, and this decree will be effective from the day following its publication , the following are the most significant amendment: -

1. Reduction of income tax rate to become 22.5% of the annual net profit.
2. Amendment for the imposition of temporary tax of 5%.
3. Modifying the tax on dividends.

Suspending the imposition of the capital tax on the output of dealing in listed securities for two years starting from 17/5 / 2015.