

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the period ended 30 June 2011
and review report**

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Giza- Cairo – Egypt**

**Mohamed Hilal – Grant Thornton
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A member of Grant Thornton international
87 Ramsis St., Cairo**

Juhayna Food Industries

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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 2011 and the related consolidated statements of income, changes in equity and cash flows for the six-months 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." Except as described in Basis for qualified conclusion paragraph. 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.

Basis for Qualified Conclusion

As mentioned at note (34) of accompanying notes for consolidated financial statements, the consolidated assets includes a balance of Al Mohandes Insurance Company amounting to approximately EGP 170 million, that represents the value of a compensation claim for the fire losses and damages of The Egyptian Company for Food Industries "Egyfood" (subsidiary company) assets, which has been exposed to fire accident on 22/4/2010, in order to recover the assets book value losses amounting to approximately EGP 137.21 million, even though the Company did not reach a final settlement yet with Al Mohandes Insurance Company till our report date, We were not been able to perform any alternative audit procedures to assure the effect of the final settlement on the accuracy and valuation of the balance of Al Mohandes Insurance Company as at 30 June 2011.

Qualified Conclusion

Based on our limited review, except for what will be discussed in the Basis for Qualified Conclusion paragraph 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 financial position of the Company as at 30 June 2011, and of its financial performance and its cash flows for the six-months then ended in accordance with Egyptian Accounting Standards.

Salah El Missary
Register Auditors of Financial
Supervisory Authority No. (364)

Salah El Missary
Public Accountants and Consultants
Cairo, 8 August 2011

Mohamed Hilal – Grant Thornton
Register Auditors of Financial
Supervisory Authority No. (147)

Mohamed Hilal
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Public Accountants
The Egyptian Member Firm of

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of financial position
As at 30 June 2011

Translation from Arabic

	Note no.	30/6/2011 L.E.	31/12/2010 L.E.
Assets			
Non-current assets			
Property, plant and equipment	(13)	1 215 324 030	1 150 711 676
Projects under construction	(14)	203 394 023	137 816 754
Investments available for sale	(12)	41 160 420	38 627 037
Other - long term - debit balances		810 728	814 864
Goodwill		97 092 890	97 092 890
Total non-current assets		1 557 782 091	1 425 063 221
Current assets			
Inventories	(15)	446 565 863	279 613 977
Debtors and other debit balances	(16)	326 280 351	298 811 116
Due from related parties	(31-1)	294 864	794 864
Cash and cash equivalents	(17)	665 341 197	723 928 572
Total current assets		1 438 482 275	1 303 148 529
Current liabilities			
Provisions	(18)	7 207 702	7 342 900
Banks -current accounts		11 187 528	4 631 116
Banks - credit facilities	(19)	456 287 503	227 340 611
Short term loans	(20)	7 959 252	10 021 159
Creditors and other credit balances	(21)	242 906 780	216 600 040
Income Tax		1 693 570	21 932 200
Long-term loans-current portion	(22)	132 797 316	135 124 816
Total current liabilities		860 039 651	622 992 842
Working capital (Net current liabilities)		578 442 624	680 155 687
Total invested funds		2 136 224 715	2 105 218 908
These investments are financed as follows:			
Shareholders' Equity			
Issued and paid up capital	(32)	726 416 332	726 416 332
Legal reserve		382 369 923	380 489 181
General reserve - issuance premium	(32-1)	404 500 682	404 500 682
Retained earnings		206 802 545	12 405 873
Treasury stocks	(34)	(93 942 775)	(93 942 775)
Net profit for the period		112 124 795	213 568 361
Total equity attributable to the shareholders of the parent company		1 738 271 502	1 643 437 654
Non controlling interest		418 723	302 411
Total shareholders' equity		1 738 690 225	1 643 740 065
Non - current liabilities			
Long term loans	(22)	319 157 075	384 305 733
Other long term liabilities	(23)	39 482 626	39 697 356
Deferred revenues	(24)	9 562 161	10 431 452
Deferred tax liabilities	(25)	29 332 628	27 044 302
Total non-current liabilities		397 534 490	461 478 843
Total equity and non-current liabilities		2 136 224 715	2 105 218 908

The notes on pages from (5) to (32) are an integral part of these consolidated financial statements.

Financial General Manager
Sameh El-hodaiby

Chairman
Safwan Thabet

* Review report attached .

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated income statement
For the period ended 30 June 2011

		The financial period from 1/1/2011 to 30/06/2011	The financial period from 1/1/2010 to 30/06/2010	The financial period from 1/4/2011 to 30/06/2011	The financial period from 1/4/2010 to 30/06/2010
Note no.		L.E.	L.E.	L.E.	L.E.
	Net sales	1 000 405 300	819 482 116	572 794 249	414 654 715
	Cost of sales	(711 809 000)	(557 136 738)	(411 989 293)	(288 169 073)
	Gross profit	288 596 300	262 345 378	160 804 956	126 485 642
	Change in fair value in biological assets	(342 938)	-	(342 938)	-
	Other operating income	13 134 117	38 492 268	8 406 842	10 640 175
	Distribution expense	(105 725 872)	(99 791 704)	(64 081 728)	(50 169 111)
	General & administrative expense	(48 066 960)	(38 102 505)	(25 235 622)	(18 472 926)
	Compensations for fire losses	-	139 267 080	-	139 267 080
	Factory fire losses	-	(139 267 080)	-	(139 267 080)
	Other operating expense	(8 128 446)	(8 111 116)	(4 954 123)	(3 711 569)
	Board of directors remuneration	(387 000)	(622 000)	(225 000)	(221 000)
	Profit from operations	139 079 201	154 210 321	74 372 387	64 551 211
	Parent company's share in associates' net income	2 647 418	-	1 739 241	-
	Finance cost	(18 522 654)	(45 655 265)	(10 789 851)	(23 157 928)
	Net profit for the period before income tax	123 203 965	108 555 056	65 321 777	41 393 283
	Taxes differences from previous years	(1 006 955)	-	(1 006 955)	-
	Income tax expense	(7 747 556)	(9 656 639)	(2 265 344)	(2 770 145)
	Deferred tax	(2 288 326)	1 459 752	(24 952)	1 573 630
	Net profit for the period after income tax	112 161 128	100 358 169	62 024 526	40 196 768
	Distributed as follows				
	Parent company's share in profit	112 124 795	100 357 737	62 007 926	40 194 751
	Non controlling interest	36 333	432	16 600	2 017
		112 161 128	100 358 169	62 024 526	40 196 768
	Earning per share (L.E./share)	0.155	0.193	0.086	0.077

The notes on pages from (5) to (32) are an integral part of these consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of changes in shareholders' equity
For the period ended 30 June 2011

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Retained earnings L.E.	Treasury stocks L.E.	Net Profit for the year L.E.	Total L.E.
Balance as at 1 January 2010 before adjustments	377 955 350	10 746 245	-	28 926 573	(20 856 893)	176 439 183	573 210 458
Adjustments	-	-	-	2 361 148	-	-	2 361 148
Balance as at 1 January 2010 after adjustments	377 955 350	10 746 245	-	31 287 721	(20 856 893)	176 439 183	575 571 606
Reversal of beginning balance adjustments	-	10 962 161	-	(6 581 873)	-	16 188 290	20 568 578
Dividends for 2009	142 488 350	11 009 800	-	(24 158 766)	-	(193 604 403)	(64 265 019)
Capital increase through offering the shares for subscription	205 972 632	350 398 732	443 007 846	-	-	-	999 379 210
Expenses of offering the shares for subscription	-	-	(37 533 217)	-	-	-	(37 533 217)
Selling of treasury stocks	-	-	-	-	20 856 893	-	20 856 893
Gain from selling of treasury stocks	-	-	-	14 107 012	-	-	14 107 012
Parent company's share in legal reserve and retained earnings of subsidiary companies	-	14 583 876	-	(9 660 979)	-	-	4 922 897
Cosolidation adjustments on 30 June 2010	-	(24 447 707)	-	1 275 612	-	976 498	(22 195 597)
Net profit for the period ended 30 June 2010	-	-	-	-	-	100 358 169	100 358 169
Balance as at 30 June 2010	726 416 332	373 253 107	405 474 629	6 268 727	-	100 357 737	1 611 770 532
Balance as at 1 January 2011	726 416 332	380 489 181	404 500 682	12 405 873	(93 942 775)	213 568 361	1 643 437 654
Reversal of beginning balance adjustments	-	24 447 707	-	(1 022 164)	-	(974 614)	22 450 929
Dividends for 2010	-	-	-	205 982 561	-	(205 982 561)	-
Parent Company's share in reserves & retained earnings for subsidiaries	-	2 333 503	-	6 102 320	-	-	8 435 823
Cosolidation adjustments on 30 June 2011	-	(24 900 468)	-	(16 666 045)	-	(6 611 186)	(48 177 699)
Net profit for the period ended 30 June 2011	-	-	-	-	-	112 124 795	112 124 795
Balance as at 30 June 2011	726 416 332	382 369 923	404 500 682	206 802 545	(93 942 775)	112 124 795	1 738 271 502

The notes on pages from (5) to (32) are an integral part of these consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of cash flows
For the period ended 30 June 2011

	Note no.	The Financial period ended 30/06/2011	The Financial period ended 30/06/2010
		L.E.	L.E.
Cash flows from operating activities		123 203 965	108 555 056
Profit (loss) for the year			
Adjustments for:			
Fixed assets' depreciation		68 907 124	63 041 877
Capital gains		(3 281)	(19 600 335)
Impairment in fixed assets		-	773 729
Reversal of impairment in fixed assets		(113 692)	-
Impairment in debtors and other debit balances		2 925	10 263
Reversal of impairment in debtors and other debit balances		(118 902)	(731 391)
Write down of inventories		1 438 274	1 051 886
Reversal of write down of inventories		-	(1 029 387)
Provision for claims-formed		147 823	200 000
Financial lease installments		6 050 662	6 281 292
Finance interests & expenses		39 005 003	46 941 088
		238 519 901	205 494 078
Change in working capital			
inventories		(168 390 160)	(102 214 263)
Changes in debtors & other debit balances		(27 269 773)	25 029 185
due from related parties		500 000	1 229 998
creditors & other credit balances		(26 322 665)	(10 802 798)
due to related parties		-	(145 201)
Paid finance interests & expenses		(33 727 821)	(38 396 990)
Provision for claims - used		(283 021)	(5 690 161)
Net cash flows from operating activities		(16 973 539)	74 503 848
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(204 295 898)	(100 568 360)
Proceeds from sale of fixed assets		5 316 124	31 356 375
Acquisition of investments		(2 549 269)	-
Proceeds from sale of investments in subsidiaries		-	14 985 000
Net cash flows (used in) from investing activities		(201 529 043)	(54 226 985)
Cash flows from financing activities			
Proceeds from capital increase		-	999 379 210
Payment for bank credit facilities		228 946 892	(204 760 336)
Payment for bank loans		(69 538 065)	(26 236 026)
Payments for lease installments- sale with the right of lease back		(6 050 662)	(6 281 292)
Expenses of offering the shares for subscription		-	(37 533 217)
Change in other long-term debit balances		-	(819 000)
Payments for purchase of treasury stocks		-	(66 087 273)
Proceeds from sale of treasury stocks		-	34 963 904
Dividends paid		-	(26 398 293)
(Decrease) increase in minority interest		79 979	(284 799)
Net cash flows from (used in) financing activities		153 438 144	665 942 878
Net increase in cash & cash equivalents during the year		(65 064 438)	686 219 741
Cash & cash equivalents as at 1 January		714 168 107	61 788 949
Cash & cash equivalents as at 30 June	(17)	649 103 669	748 008 690

The notes on pages from (5) to (32) are an integral part of these consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements
For the financial period ended 30 June 2011

1 Reporting the entity

Juhayna Food Industries Company – “An Egyptian Joint Stock Company is a company domiciled in Egypt. The address of the Company’s registered office is 11 Aljihad Street- Lebanon Square- Almohandessien, and the address of the company’s factories is 6 of October city- First Industrial Zone- piece no. 39 and 40, Arab Republic of Egypt. Mr. Safwan Thabet is the Chairman of the Board of Directors. 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 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.

2 Basis of preparation

2-1 Statement of compliance

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

2-2 Basis of measurement

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

Available for sale investments are measured in fair value.

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 and its subsidiaries’ functional currency.

2-4 Use of estimates and judgments

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

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

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

- Note (28) : lease classification.

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

Notes to the consolidated financial statements for the period ended 30 June 2011

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 (13) : property, plant and equipment.
- Note (16) : impairment of trade and notes receivable.
- Note (18) : provisions.
- Note (25) : deferred tax.

3 Significant accounting policies

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

Certain comparative amounts have been reclassified to conform to the current period's presentation.

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

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. Associates are accounted for using the equity method. 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 or joint control commences until the date that significant influence or joint control 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 investments) is reduced to nil 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 denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

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

Notes to the consolidated financial statements for the period ended 30 June 2011

3-3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and 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.

Loans and receivables

Loans and 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. Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method, less any impairment losses. Generally, trade and other receivables are stated at their nominal value less an allowance for any doubtful debts.

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

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. Subsequent to initial recognition, they are measured at fair value and changes therein, other than (Not listed investments). When an investment is derecognised, gain or loss accumulated in equity is reclassified to profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

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

Notes to the consolidated financial statements for the period ended 30 June 2011

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 at fair value through profit and 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.

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 realize the asset and settle the liabilities simultaneously.

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

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

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

Capital

Authorized capital

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

Issued and paid up capital

The Company's issued and paid up capital amounts to L.E 726 416 332 divided into 726 416 332 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

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (note 13).

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

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

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

Notes to the consolidated financial statements for the period ended 30 June 2011

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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

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

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

Description	Estimated useful life (Years)
Buildings & Construction	13.3- 50
Machinery & Equipment	1-10
Transportation & Transport Vehicles	1.5- 5
Tools	1.08 – 6.67
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Computers	3.33

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Estimates in respect of certain items of plant and equipment were revised in 2011.

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. 14). No depreciation is charged until the project is completed and transferred to fixed assets.

3-6 biological assets

Is measured a biological asset on initial recognition and in all the history of the budget at its fair value less costs to sell capacity is measured a biological asset agricultural produce harvested from biological origin at the point of harvest at fair value less costs to point of sale costs, profit or loss

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

Notes to the consolidated financial statements for the period ended 30 June 2011

resulting from the initial recognition of a biological asset at fair value less cost point of sale costs and the change in fair value less costs to sell the estimated biological asset be included in profit or loss for the period in which it arises, profit or loss resulting from the initial recognition of agricultural produce at fair value less costs to point of sale costs included in profit or loss for the period in which it arises .

And when there is no market available to determine prices and values, which have shown alternative estimates of fair value clearly can not be relied upon, in this case biological asset measured at its cost less any accumulated consumption and any accumulated impairment of value. Once the possibility of measuring the fair value of these assets are reliably established then measured at fair value less costs to the point of sale capability.

3-7 Leases

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 recognised as deferred income and is released over the life of the lease.

3-8 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.

3-9 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.

3-10 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.

Loans and receivables and held – to maturity investment securities

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All

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

Notes to the consolidated financial statements for the period ended 30 June 2011

individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held – to – maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available – for – sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the loss accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in equity.

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 or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its related cash –generating unit (CGU) exceeds its estimated 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 that cannot be tested individually 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.

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Notes to the consolidated financial statements for the period ended 30 June 2011

The Company's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. An impairment loss in respect of other assets, that recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortisation, if no impairment loss had been recognised.

3-11 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.

3-12 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, the unwinding of the discount is recognized as finance cost.

3-13 Revenue recognition

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 buyer, 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.

3-14 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, unwinding of the discount on provisions and contingent consideration, losses on disposal of available - for - sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets.

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

Notes to the consolidated financial statements for the period ended 30 June 2011

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3-15 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.

3-16 Deferred tax

Deferred tax is recognised 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 recognised 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 utilised. 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.

3-17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3-18 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.

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.

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

Notes to the consolidated financial statements for the period ended 30 June 2011

4-1 Biological assets

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

5 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 / audit committee is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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/audit committee 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/Audit committee is assisted in its oversight role by Internal Audit/Management. Internal Audit/Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D./ audit committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade and other receivables

The Company is dealing with one main customer (related party) That is exposure 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.

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

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

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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 456 287 503 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

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, GBP 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.

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. This is achieved by entering into interest rate swaps.

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.

	30/6/2011	31/12/2010
Total liabilities	1 257 574 141	1 084 471 685
Less: cash and cash equivalents	(665 341 197)	(723 928 572)
Net debt	592 232 944	360 543 113
Total equity	1 738 690 225	1 643 740 065
Net debt to adjusted equity ratio at 31 March	34.06%	21.93 %

6 Other operating income

	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/1/2010 to 30/6/2010 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E	Financial period from 1/4/2010 to 30/6/2010 L.E
Export subsidy revenue	5 258 074	7 724 922	3 380 526	4 883 567
Deferred capital gains	869 292	869 292	434 646	434 646
Capital gain	3 281	19 624 911	132	30 970
Reversal of impairment of debtors	118 902	731 391	16 778	156 377
Reversal of impairment of fixed assets	113 692	-	75 332	-
Reversal of write down of inventory	-	1 029 387	-	-
Provisions- no longer required	-	1 591 729	-	1 074 326
Other revenue	6 770 876	6 920 636	4 499 428	4 060 289
	13 134 117	38 492 268	8 406 842	10 640 175

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Notes to the consolidated financial statements for the period ended 30 June 2011

7 General & administrative expense

	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/1/2010 to 30/6/2010 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E	Financial period from 1/4/2010 to 30/6/2010 L.E
Personnel expenses	26 557 144	18 121 047	13 795 597	9 299 740
Depreciation expense	5 227 048	5 061 250	2 521 842	2 727 794
Rents expense	2 510 344	2 257 332	1 335 530	1 153 191
Other administrative expense	13 772 424	12 662 876	7 582 653	5 292 201
	48 066 960	38 102 505	25 235 622	18 472 926

8 Other operating expenses

	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/1/2010 to 30/6/2010 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E	Financial period from 1/4/2010 to 30/6/2010 L.E
Leasing installment	6 050 662	6 050 662	3 025 331	3 025 331
Losses resulting from theft of money and goods	488 763	-	488 763	-
Impairment of account receivables	2 925	10 263	1 755	8 807
Impairment in fixed assets	-	773 729	-	-
Capital Loss	-	24 576	-	24 576
Inventory write down	1 438 274	1 051 886	1 438 274	652 855
Provision for claims-formed	147 822	200 000	-	-
	8 128 446	8 111 116	4 954 123	3 711 569

9 Finance cost

	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/1/2010 to 30/6/2010 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E	Financial period from 1/4/2010 to 30/6/2010 L.E
Interest expense	(39 005 003)	(46 941 088)	(20 912 988)	(23 434 262)
Interest income	24 028 011	2 558 879	12 281 288	2 546 731
Net foreign exchange(loss) / gain	(3 545 662)	(1 273 056)	(2 443 108)	(2 270 397)
Change in net present value	-	-	284 957	-
	(18 522 654)	(45 655 265)	(10 789 851)	(23 157 928)

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

Notes to the consolidated financial statements for the period ended 30 June 2011

10 Tax status**10-1 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 2004

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

Year 2005

Inspection is in progress.

Years from 2006 till 2010

Tax inspection has been done and the internal committee is in process.

The Company is 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 2003**

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

Year 2004

The inspection has been performed. Further, the internal committee finalized its work, settlement was made and an item was referred to appeal committee, payment of tax is in progress.

From year 2005 till 2008

The tax inspection has been performed and the inspection forms have been received. The Company objected to the results and the internal committee is currently working on it.

Year 2009

The Inspection is in progress by related tax authority

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 31/12/2009

The tax inspection has been performed and currently receiving the inspection forms.

D. Sales tax

The inspection made till 31/12/2009 and all tax inspection differences were paid.

10-2 Subsidiaries**First: Corporation tax**

The Companies that enjoy the corporate tax exemption.

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy and Juice Products	31/12/2011
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 starting activity

The Companies that are not exempted and have not been inspected as at 30/6/2011.

Tiba for Trading and Distributing

I-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 91of 2005

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Second: Salaries tax

Subsidiaries

Egyptian Company for Dairy and Juice Products

Al-Marwa for Food industries

Tiba for Trading and Distributing

International Company For Modern Food Industries

The Egyptian Company For Food Industries "Egyfood"

Modern Concentrates Industrial Company

Inmaa for Agriculture Development Co.

Tax inspection ending date

- Inspection was performed for the year 2005 till 2008 & The Company objected to the internal committee & The Inspection is in progress to 2009
- Inspection was performed till 2006 and paid for the period till 2010
- Inspection is in progress from 2006 till 2009.
- Has not been inspected yet.
- Inspection is in progress for the period from date of establishment till 31/12/2009. The Company pay tax regularly.
- Has not been inspected yet. The Company pay tax monthly.
- Has not been inspected yet. The Company pay tax monthly.

Third: Stamp tax

Subsidiaries

Egyptian Company for Dairy and Juice Products

Al-Marwa for Food Industries

Tiba for Trading and Distribution

International Company For Modern Food Industries

The Egyptian Company for Food Industries "Egyfood"

Modern Concentrates Industrial Company

Inmaa for Agriculture Development Co.

Tax inspection ending date

- Inspection has been performed and payments have been made till 31/7/2006.
- Inspection has been performed from 1/1/2006 till 31/7/2006 and inspection forms received and paid.
- Inspection has been performed tax forms were received and are in progress till 31/7/2006.
- Has not been inspected yet.
- Has not been inspected yet.
- The Company was addressed with an estimated claim and a request of re-inspection is in progress.
- Has not been inspected yet.

Juhayna Food Industries Company (S.A.E.)
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Fourth: Sales tax

Subsidiaries

Egyptian Company for Dairy and Juice Products

Al-Marwa for Food Industries

International Company For Modern Food Industries

The Egyptian Company For Food Industries "Egyfood"
Modern Concentrates Industrial Company

Tiba for Trading and Distribution

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 31/12/2007 and in progress for years 2008 and 2009.
- Inspected and paid till 31/12/2009
- The company present sales tax return on monthly basis and not inspected till date.
- Inspected and paid till 2008.
- The company is registered in sales tax and the company present sales tax return on monthly basis. The company's activity is exempted from sales tax, and was inspected from the inception till 31/12/2009
- The company is registered in sales tax and the company present 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 and payments have been made till 31/12/2008.

Juhayna Food Industries

Notes to the consolidated financial statements for the period ended 30 June 2011

11- Segmentation reports

11-1 Segmentation reports for the period ended 30 June 2011

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 L.E
	Dairy sector L.E	Yogurt sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	The period ended 30/06/2011	The period ended 30/06/2011	The period ended 30/06/2011	
Sales	506 487 188	247 514 129	192 190 618	37 064 575	17 148 790	-	-	-	1 000 405 300
Sales between segments	436 320 268	165 353 158	217 916 159	21 820 348	-	-	(841 409 933)	-	-
Total sales	942 807 456	412 867 287	410 106 777	58 884 923	17 148 790	-	(841 409 933)	-	1 000 405 300
Cost of sales	(367 719 320)	(161 680 467)	(140 382 254)	(33 427 654)	(8 599 305)	-	-	-	(711 809 000)
Segments' gross profit	138 767 868	85 833 662	51 808 364	3 636 921	8 549 485	-	-	-	288 596 300
Change in fair value in biological assets	-	-	-	-	(342 938)	-	-	-	(342 938)
Other operating income	7 192 443	412 470	1 142 027	4 353 542	33 635	-	-	-	13 134 117
Distribution expense	(53 741 147)	(29 133 159)	(22 622 671)	(228 895)	-	-	-	-	(105 725 872)
General & administrative expense	(23 273 537)	(7 701 660)	(9 483 127)	(4 581 757)	(3 026 879)	-	-	-	(48 066 960)
Other operating expense	(3 922 390)	(2 575 465)	(1 630 591)	-	-	-	-	-	(8 128 446)
Board of Directors' remuneration	(204 281)	(39 625)	(36 094)	(72 000)	(35 000)	-	-	-	(387 000)
Profits from operation	64 818 956	46 796 223	19 177 908	3 107 811	5 178 303	-	-	-	139 079 201
Parent company's share in associates' net losses	-	-	-	-	2 647 418	-	-	-	2 647 418
Finance cost, (net)	(9 472 406)	(3 044 091)	(2 646 615)	(3 339 520)	(20 022)	-	-	-	(18 522 654)
Net profit for the period before income tax	55 346 550	43 752 132	16 531 293	(231 709)	7 805 699	-	-	-	123 203 965
Taxes differences from previous years	-	-	-	-	-	(1 006 955)	-	-	(1 006 955)
Income tax provision	-	-	-	-	-	(7 747 556)	-	-	(7 747 556)
Deferred tax	-	-	-	-	-	(2 288 326)	-	-	(2 288 326)
Net profit for the period after income tax	55 346 550	43 752 132	16 531 293	(231 709)	7 805 699	(11 042 837)	-	-	112 161 128
Other Information									
Depreciation	27 441 604	6 835 697	24 951 644	7 529 674	2 148 505	-	-	-	68 907 124
Assets	1351 502 752	464 391 222	707 856 039	184 800 439	199 502 930	88 210 984	-	-	2 996 264 366
Investments accounted for using Equity method	-	-	-	-	41 160 420	-	-	-	41 160 420
Liabilities	924 405 296	136 265 999	127 155 851	62 821 729	6 925 266	-	-	-	1 257 574 141

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

Juhayna Food Industries
Notes to the consolidated financial statements for the period ended 30 June 2011

11-2 Segmentation reports for the period ended 30 June 2011

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	Yogurt sector L.E	Juices sector L.E	Concentrates sector L.E	items L.E	consolidated transactions L.E	Total L.E
	The period ended 30/06/2010	The period ended 30/06/2010	The period ended 30/06/2010	The period ended 30/06/2010	The period ended 30/06/2010	The period ended 30/06/2010	The period ended 30/06/2010
Sales	465 524 263	156 169 932	174 241 352	23 546 569	-	-	819 482 116
Sales between segments	422 373 885	132 711 531	151 010 895	28 882 172	-	(734 978 483)	-
Total sales	887 898 148	288 881 463	325 252 247	52 428 741	-	-	819 482 116
Cost of sales	(310 806 563)	(105 165 058)	(112 198 385)	(28 966 732)	-	(734 978 483)	(557 136 738)
Segments' gross profit	154 717 700	51 004 874	62 042 967	(5 420 163)	-	-	262 345 378
Other operating income	29 821 222	3 833 123	2 127 278	2 710 645	-	-	38 492 268
Distribution expense	(45 429 359)	(25 046 721)	(28 920 907)	(394 717)	-	-	(99 791 704)
General & administrative expense	(18 027 048)	(8 084 300)	(9 721 922)	(2 269 235)	-	-	(38 102 505)
Compensations for fire losses	-	139 267 080	-	-	-	-	139 267 080
Factory fire losses	-	(139 267 080)	-	-	-	-	(139 267 080)
Other operating expense	(6 746 894)	(26 775)	(531 791)	(805 656)	-	-	(8 111 116)
Board of Directors' remuneration	(386 918)	(110 335)	(63 942)	(60 805)	-	-	(622 000)
Profits from operation	113 948 703	21 569 866	24 931 683	(6 239 931)	-	-	154 210 321
Finance cost	(25 415 600)	(7 786 969)	(5 513 427)	(6 939 269)	-	-	(45 655 265)
Net profit for the year before income tax	88 533 103	13 782 897	19 418 256	(13 179 200)	-	-	108 555 056
Income tax provision	-	-	-	-	(9 656 639)	-	(9 656 639)
Deferred tax	-	-	-	-	1 459 752	-	1 459 752
Net profit for the year after income tax	88 533 103	13 782 897	19 418 256	(13 179 200)	(8 196 887)	-	100 358 169
Other Information							
Depreciation	23 376 056	10 779 318	23 257 715	5 628 788	-	-	63 041 877
Assets	1348 224 578	344 234 015	644 428 201	209 048 722	131 333 563	-	2 677 269 079
Investments accounted for using Equity method	-	-	-	-	36 000 000	-	36 000 000
Liabilities	935 156 629	78 596 597	73 127 160	74 402 694	1 079 699	-	1 162 362 779

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 consolidated financial statements for the period ended 30 June 2011

12- Investments in 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.	
December 31, 2010																					
Melcleys Company	39.988	28 977 577		79 439 256		108 416 833		11 847 267		-		11 847 267		59 084 091		51 887 934		7 196 157		38 627 037	
Balance as at 31 December 2010		28 977 577		79 439 256		108 416 833		11 847 267		-		11 847 267		59 084 091		51 887 934		7 196 157		38 627 037	
June 30, 2011																					
Melcleys Company	39.988	25 094 514		93 697 042		118 791 556		15 586 362		300 273		15 886 635		44 855 285		38 234 753		6 620 532		41 160 420	
Balance as at 30 June 2011		25 094 514		93 697 042		118 791 556		15 586 362		300 273		15 886 635		44 855 285		38 234 753		6 620 532		41 160 420	

Jubayna Food Industries

Notes to the consolidated financial statements for the period ended 30 June 2011

13- 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 Refg.'s L.E.	wells L.E.	Office Furniture & Equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2010	41 125 846	179 230 369	1 056 585 653	77 572 665	22 049 149	20 115 069	-	-	7 319 920	29 326 520	1 433 325 401
Additions of the year	32 364 384	198 294 307	71 548 066	3 966 855	6 644 118	8 886 020	3 502 586	8 908 741	1 617 075	6 038 164	341 770 316
Disposals of the year	(5 929 200)	(2 031 294)	(14 502 345)	(7 686 108)	(74 275)	(5 845 914)	-	-	(59 478)	(1 676 014)	(37 807 628)
Change in the present value	(284 957)	-	-	-	-	-	-	-	-	-	(284 957)
Disposals of damaged assets (fire accident)	-	(16 666 463)	(139 821 726)	-	(1 349 755)	-	-	-	(128 914)	(826 507)	(158 793 365)
Cost as at 31/12/2010	67 276 073	358 823 919	973 809 648	73 853 412	27 269 437	23 153 175	3 502 586	8 908 741	8 748 603	32 862 172	1 578 209 767
Adjustments											
Additions of the period	-	-	-	-	-	(9 882 372)	-	-	-	-	(9 882 372)
Disposals of the period	2 749 282	620 244	57 902 433	56 213 653	2 619 952	3 744 023	397 305	7 598 835	1 207 186	5 846 863	138 899 776
Cost as at 30/6/2011	70 025 355	359 444 163	1 025 102 970	130 067 065	29 889 389	16 313 280	3 899 891	16 507 576	9 955 789	38 618 491	1 699 823 969
Accumulated depreciation											
Accumulated depreciation as at 1/1/2010	-	12 175 899	257 274 200	41 632 523	8 084 365	6 503 745	-	-	3 123 302	16 621 354	345 416 388
Depreciation of the year	-	6 692 772	89 726 120	11 894 389	2 619 765	7 715 713	97 886	-	694 909	6 899 138	126 340 692
Accumulated depreciation of Disposals	-	(708 246)	(6 054 049)	(7 441 134)	(27 634)	(84 974)	-	-	(21 209)	(1 666 623)	(16 003 869)
Accumulated depreciation of damaged assets (fire)	-	(728 995)	(37 487 682)	-	(263 646)	-	-	-	(16 912)	(280 736)	(28 777 971)
Impairment of fixed assets	-	-	-	113 125	-	409 426	-	-	-	-	522 851
Accumulated depreciation as at 31/12/2010	-	17 431 430	313 459 589	46 199 203	10 412 850	14 543 910	97 886	-	3 780 090	21 573 133	427 498 091
Adjustments											
Reclassifying	-	-	-	-	-	(9 882 372)	-	-	-	-	(9 882 372)
Depreciation of the period	-	319 008	2 710 351	(133 847)	136 064	(3 031 576)	-	-	-	-	-
Accumulated depreciation of disposals of the period	-	4 298 514	48 503 860	7 697 521	1 695 864	1 926 774	364 202	283 824	382 768	3 753 797	68 907 124
Reverse of impairment of fixed assets	-	-	(1 506 446)	-	-	(352 333)	-	-	-	(50 433)	(1 909 212)
Accumulated depreciation as at 30/6/2011	-	22 048 952	363 167 354	53 762 877	12 244 778	3 090 711	462 088	283 824	4 162 858	25 276 497	484 499 939
Net book value as at 30/6/2011	70 025 355	337 395 211	661 935 616	76 394 188	17 644 611	13 222 569	3 437 803	16 223 752	5 792 931	13 341 994	1 215 324 030
Net book value as at 31/12/2010	67 276 073	341 392 489	660 350 059	27 654 209	16 856 587	8 611 265	3 404 700	8 908 741	4 968 513	11 289 040	1 150 711 676

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

Notes to the consolidated financial statements for the period ended 30 June 2011

The land item amounted to L.E 70 025 355 on 30/6/2011 includes an amount of L.E 61 519 284 representing the not registered land thus procedures of registering the land are in progress.

1- Land of Juhayna Food Industries Co.

Description	Amount L.E	Instrument Of possess
Pc. 38	1 099 065	Elementary contract
Pc. 39	1 099 065	Elementary contract
Pc. 40	1 100 500	Elementary contract
Service koridor No.1	1 072 585	Registration document
Service koridor No.2	803 205	Registration document
Marsa Allam	1 367 244	Elementary contract
Other	653 466	
	7 195 130	

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

Description	Amount L.E	Instrument Of possess
Baleares land	15 495 080	Elementary contract
Olaykat arab land	2 589 300	Auction
Other	5 894 000	
	23 978 380	

3- Land of Aldawlia for Modern Industries Co.

Description	Amount L.E	Instrument Of possess
Pc. 112:118 m3 6 th of October	6 085 045	Registration document

4- Land of Almarwa for Food Industries Co.

Description	Amount L.E	Instrument Of possess
Pc. 43 m3 6 th of October	2 117 918	Deed

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	Registration document
Alsada Land	2 611 004	Registration document
	4 852 865	

6- Land of Modern Concentration Co.

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

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

Notes to the consolidated financial statements for the period ended 30 June 2011

7- Land of Inmaa for Agriculture Development & Biological wealth

The Land item includes as follows:

- Area of 2 500 Acres on Farafra zone amounted to L.E 1 287 500 with the virtue of elementary 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.
- Area of 2 000 Acres amounted to L.E 2 000 000 in the virtue of a contract with Arabya for investment and development Company according to contract with the squatter dated May 4, 2010. The necessary legal procedures with government for legal convey of land are in progress
- Area of 2 000 Acres amounted to L.E 1 200 000 in the virtue of a contract with Abd Elazeem Abdallah according to contract with the squatter dated May 5, 2010. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 3 146 Acres amounted to L.E 4 719 000 in the virtue of a contract with Abd elaziz Aly according to contract with the squatter dated September 5, 2010. The necessary legal procedures with government for legal convey of land are in progress.

13 Projects under constructions

	30/6/2011	31/12/2010
	L.E.	L.E.
Buildings and constructions in progress	52 516 550	23 945 824
Machineries under installation	73 000 090	54 871 999
Vehicles modification under progress	15 718 830	-
Advance payments for fixed assets purchase	47 914 615	42 310 296
Land reclamation	7 183 927	4 149 904
Research, development and drilling	7 060 011	12 538 731
	203 394 023	137 816 754

14 Inventories

	30/6/2011	31/12/2010
	L.E.	L.E.
Raw materials	257 964 832	119 021 271
Packaging & packing materials	116 840 142	69 068 548
Finished products	29 488 722	62 920 655
Work in process	2 189 679	17 693
Plant wealth	13 463 183	5 001 756
Spare parts & miscellaneous supplies	26 962 243	23 584 054
	446 908 801	279 613 977
L/C's for purchase raw material	(342 938)	-
	446 565 863	279 613 977

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

Notes to the consolidated financial statements for the period ended 30 June 2011

15 Debtors and other debit balances

	30/6/2011	31/12/2010
	L.E	L.E
Trade receivables	67 932 802	70 943 313
Less: Impairment in trade receivables	(18 556 404)	(17 234 108)
	49 376 398	53 709 205
Notes receivables – Customers	5 457 486	4 593 537
Tetra Pak company	8 043 900	5 068 416
Suppliers – advance payments	29 335 650	13 654 862
Prepaid expenses	6 661 354	3 734 031
Export subsidy	8 332 110	7 824 149
Accrued revenues	132 296	16 190 013
Insurance policy compensation “Egyfood fire”*	170 073 207	176 600 585
Tax authority	3 918 160	8 821 481
Customs authority	2 028 520	875 843
Deposits with others	1 683 022	2 122 076
Accrued interest payable	32 744 526	-
Other debit balances	8 731 824	5 855 020
	326 518 453	299 049 218
Less: Impairment in debtors & other debit balances	(238 102)	(238 102)
	326 280 351	298 811 116

16 Cash and cash equivalents

	30/6/2011	31/12/2010
	L.E	L.E.
Time deposits	626 280 595	657 008 767
Banks – current accounts	21 909 222	46 994 544
Cheques under collection	1 970 736	180 533
Cash in hand	10 130 644	14 615 379
L /G’s cash margin	5 050 000	5 129 349
	665 341 197	723 928 572
Bank over draft	(11 187 528)	(4 631 116)
L /G’s cash margin (due after 3 months)	(5 050 000)	(5 129 349)
	649 103 669	714 168 107

17 Provision of claims

Description	30/6/2011	31/12/2010
	L.E	L.E.
Balance at the beginning of the year	7 342 900	8 810 031
Formed during the year	147 823	4 360 000
Used during the year	(283 021)	(5 827 131)
Balance at the end of the year	7 207 702	7 342 900

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

Notes to the consolidated financial statements for the period ended 30 June 2011

18 Banks – credit facilities

This balance which amounted to L.E 456 287 503 as at 30 June 2011 (against L.E 227 340 611 as at 31 December 2010), represents the drawn down portion of the L.E. 853 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.

19 Short term loans

This balance which amounted to L.E. 7 959 252 as at 30 June 2011 (against L.E. 10 021 159 as at 31/12/2010) represents the short term instalments of the loans granted to the Parent Company by the Commercial International Bank, and the refinance granted by Credit Agricole Bank that are due for repayment within three months from the date of drawn down.

20 Trade and other credit balances

	30/6/2011	31/12/2010
	L.E	L.E
Suppliers	143 408 219	105 608 714
Notes payable	11 069	2 055 656
Accrued expenses	27 069 004	23 687 863
Fixed assets' creditors	7 594 833	19 445 031
Deferred insurance revenue "Egyfood factory fire accident	32 858 604	39 385 982
Tax authority	4 759 398	4 003 852
Deposits from others	2 468 176	2 225 449
Tax income	7 747 557	-
Sales tax installments on the imported machineries and equipments	5 907 079	6 380 714
Deferred capital gains	1 738 584	1 738 584
Social insurance authority	658 638	372 411
Dividends payable for employees	2 324 415	165 994
Advances from customers	2 244 968	2 795 333
Other credit balances	4 116 236	8 734 457
	242 906 780	216 600 040

21 Loans

Details	Long term loans	Long term loan – current portion	Total
	L.E	L.E	L.E
Granted loans to Company's Group from CIB.	134 654 653	58 046 105	192 700 758
Granted loans to Company's Group from HSBC.	184 502 422	72 251 211	256 753 633
Granted loans to Company's Group from Egyptian Exports Development bank.	-	2 500 000	2 500 000
Balance on 30/6/2011	319 157 075	132 797 316	451 954 391
Balance on 31/12/2010	384 305 733	135 124 816	519 430 549

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

Notes to the consolidated financial statements for the period ended 30 June 2011

22 Other long term liabilities

Description	30/6/2011 L.E.	31/12/2010 L.E.
The value of sales tax installments on the imported machineries and equipments due for settlement starting from February 2009 till December 2025 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 5 907 079 as at 30/6/2011(L.E. 6 380 714 as at 31/12/2010) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 20).	39 482 626	39 282 484
The value of accrued installments of the purchased land at Al-Wadi Al-Gadeed.	-	414 872
	<u>39 482 626</u>	<u>39 697 356</u>

23 Deferred revenues

	30/6/2011 L.E	31/12/2010 L.E
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/1/2008. The amortization during the period ended 30/6/2011 amounted to L.E 869 292 while the short term portion amounted to L.E 1 738 584 as at 30/6/2011 (L.E. 1 738 584 as at 31/12/2010) included in the trade & other credit balances item of the consolidated balance sheet (Note 20).	9 562 161	10 431 452
	<u>9 562 161</u>	<u>10 431 452</u>

24 Deferred tax assets and liabilities

Deferred tax liability amounted to L.E 29 332 628 on 30/6/2011 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 1/1/2011 L.E	Deferred tax from 1 st Jan To 30 June 2011 L.E	Balance on 30/6/2011 L.E
Deferred tax liability from fixed assets	<u>27 044 302</u>	<u>2 288 326</u>	<u>29 332 628</u>

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

Notes to the consolidated financial statements for the period ended 30 June 2011

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	Liabilities	
	30/6/2011	31/12/2010
	L.E	L.E
Fixed assets	31 592 778	29 478 310
Deferred revenue	(2 260 150)	(2 434 008)
Net tax liabilities	29 332 628	27 044 302

25 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2011 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 30/6/2011	Contribution percentage 31/12/2010	Country
Egyptian Co. for Dairy & Juice 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
Inmaa for Agriculture Development Co.	99.97 %	99.97 %	Egypt
Sister Company			
Milkiez	39.988 % Indirect	39.988 % Indirect	Egypt

26 Financial instruments**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	
		30/6/2011	31/12/2010
		L.E.	L.E.
Cash & equivalents	(17)	665 341 197	723 928 572
Banks credit facilities	(19)	456 287 503	227 340 611
Short term loans	(20)	7 959 252	10 021 159
Total long term loans	(22)	451 954 391	519 430 549

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	456 287 503	853 000 000

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

Notes to the consolidated financial statements for the period ended 30 June 2011

Currency risk**Exposure to currency risk**

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

	USD	Euro	DKK	GBP
Debtors and other debit balances	504 905	4 254	-	-
Cash and cash equivalents	1 579 457	65 781	-	-
Credit facilities	(62 041)	-	-	-
Creditors and other credit balances	(10 893 349)	(28 490)	(1 045)	-
30 June 2011	(8 871 028)	41 545	(1 045)	-
31 December 2010	(5 531 985)	(2 117 916)	-	(502 673)

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	6/2011	2010	6/2011	2010
USD	5.886	5.630	5.985	5.785
Euro	8.171	7.650	8.798	7.545
CHF	6.782	6.101	7.304	6.261
DKK	1.630	1.508	1.654	1.606

27

Financial lease contracts**First: Land lease contracts (Sale with the right of lease back)**

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

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

As previously mentioned in note no. (9), 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. 170 000 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 General and administrative expenses and other operating expenses item in the income statement. Thus, total installments of the financial year ended 30/6/2011 amounted to L.E. 6 050 662.

28

Contingencies

On 30 June 2011 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 9 988 719 the cover amount to L.E 5 050 000.

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

Notes to the consolidated financial statements for the period ended 30 June 2011

29 Capital commitments

The capital commitments amounted to L.E 13 608 068 on 30/6/2011 and the paid portion amounted to L.E 8 157 771 on same date.

30 Related party transactions

During the normal course of its business, the Group conducts certain sale and purchase transactions with certain related parties.

The following presents a brief summary of nature, value of such transactions during the current period :

31-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/6/2011	31/12/2010	30/6/2011	31/12/2010
				L.E.	L.E.
Bonian for Development & Investment	Current account	500 000	2 150 000	294 866	794 864
				294 866	794 864

31 Share capital

	30/6/2010	31/12/2010
	L.E	L.E
Authorized capital	5 000 000 000 000	5 000 000 000 000
Issued & paid up capital (divided into 726 416 332 shares with nominal value L.E 1 each	726 416 332	726 416 332

32-1 General reserve - issuance premium

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

32 Treasury shares

The value of treasury shares purchased through the Support Fund and the stability of the stock, according to the prospectus approved by the General Authority for Financial Control has been the transfer of stock from the support account and the stability of the stock to the account of treasury shares the company in 23/8/2010 by Misr Clearing, Central Depository.

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

Notes to the consolidated financial statements for the period ended 30 June 2011

33 Earning per share

Earnings per share of the year net profit is calculated using the weighted average method for the number of outstanding shares during the period as follows:

	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/1/2010 to 30/6/2010 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E	Financial period from 1/4/2010 to 30/6/2010 L.E
Net profit for the year according to consolidated income statement	112 740 773	100 358 169	62 604 171	40 196 76
Weighted average number of outstanding shares	726 416 322	519 932 473	726 416 322	519 932 47
Earning per share (L.E./share)	0.155	0.193	0.086	0.077

34 The fire accident of the factory of The Egyptian Company for Food Industries "Egyfood" (subsidiary company)

The factory of one of the Group Company's (The Egyptian Company for Food Industries "Egyfood") located in 6th of October city has been exposed to fire accident on 22/4/2010 which resulted in losses and damages in most of the Company's assets which are insured with a total value of L.E. 299 million. The said company managed to determine the final losses as per the book balances resulting from such assets with the amount of L.E. 137.21 million, and the said company evidenced a claim against Al Mohandes Insurance Company within the extent of the redemption value of such assets with the amount of L.E. 176.6 million while the insurance company did not finish counting and approving the damaged assets resulting from the fire and Al Mohandes Insurance Company is currently in process of carrying out an adjustment of the value of the said damaged assets. The company send another claim to the insurance company amounted to L.E 170 million represent the replacement value of damaged assets because of fire accident which has a book value of L.E. 137.21 million.