Translation from Arabic

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the Period ended
31 March 2014
and review report

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

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

Translation from Arabic

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended 31 March 2014

Contents

Translation from Arabic

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

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

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 31 March 2014 and the related consolidated statements of income, changes in equity and cash flows for the three-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 financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2014, and of its financial performance and its cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

Without qualifying our opinion, and as described in detail in note (28) of the notes to the financial statements, given the current economic conditions faced by the Arab Republic of Egypt and the shortage of cash in foreign currency by the official banking markets which increased the exchange rates and operation risks, the Company's management applies exceptional policies to manage these risks, by covering some of its foreign currency cash needss with exceptional exchange rates, which differ from quoted prices in official banking markets, 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.

Salah El Missary

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

Hossam Hilal

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

Cairo, 15 May 2014

	Note no.	31/3/2014 L.E.	31/12/2013 L.E.
Assets			
Property, plant and equipment	(11)	1 722 175 712	1 698 981 216
Projects under construction	(12)	1 173 675 663	1 071 427 199
Plant wealth	(13)	46 788 531	48 088 049
Investments in equity - accounted investees	(10)	47 658 194	47 658 194
Other - long term - debit balances		787 980	790 048
Goodwill	(33)	97 092 890	97 092 890
Non-current assets		**3 088 178 970**	**2 964 037 596**
Inventories	(15)	600 275 291	616 189 984
Trade and other receivables	(16)	197 208 152	190 496 653
Due from related parties	(32-1)	1 378 190	785 434
Cash and cash equivalents	(17)	555 142 950	575 932 728
Current assets		**1 354 004 583**	**1 383 404 799**
Current liabilities			
Provisions of claims	(22)	9 702 109	10 090 042
Banks - overdraft		128 531 290	17 509 193
Banks - credit facilities	(20)	639 538 701	765 244 202
Short term loans	(21)	10 000 000	10 000 000
Creditors and other credit balances	(23)	265 745 286	243 344 257
Income tax		48 762 310	48 762 310
Long-term loans-current portion	(19)	287 095 019	256 895 019
Current liabilities		**1 389 374 715**	**1 351 845 023**
(Net non current assets) working capital		**(35 370 132)**	**31 559 776**
Total invested funds		**3 052 808 838**	**2 995 597 372**
These investments are financed as follows:			
Equity			
Issued and paid up capital	(18)	706 053 811	706 053 811
Legal reserve		425 541 404	421 792 281
General reserve - issuance premium	(18-1)	330 920 428	330 920 428
Suspended from net profit for the year 2013	(35)	235 351 271	
Retained earnings		416 341 906	391 834 289
Net profit for the period/year after periodic dividends		43 167 132	313 080 142
Total equity attributable to the shareholders of the parent company		**2 157 375 952**	**2 163 680 951**
Minority interest		601 549	**639 093**
Total equity		**2 157 977 501**	**2 164 320 044**
Non-current liabilities			
Long term loans	(19)	726 873 437	675 112 460
Other long term liabilities	(24)	93 201 810	83 995 990
Deferred revenues	(25)	4 781 055	5 215 700
Deferred tax liabilities	(26)	69 975 035	66 953 178
Non-current liabilities		894 831 337	831 277 328
Shareholders' equity and non current liabilities		3 052 808 838	2 995 597 372

The notes on pages from (5) to (33) are an integral part of these interim consolidated financial statements.

Finance Director
Sameh El-hodaiby

Chairman
Safwan Thabet

"Review report attached."

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated income statement
For the period ended 31 March 2014

Translation from Arabic

	Note no.	The financial period from 1/1/2014 till 31/03/2014	The financial period from 1/1/2013 till 31/03/2013
		L.E.	L.E.
Net sales		812 186 780	716 673 637
Cost of sales		(594 032 886)	(489 151 935)
Gross profit		**218 153 894**	**227 521 702**
Other income	(5)	3 244 099	4 886 322
Sales & distribution expenses		(104 675 368)	(86 204 599)
General & administrative expenses	(6)	(34 423 477)	(29 154 489)
Other expenses	(7)	(3 611 198)	(12 658 564)
Board of directors remuneration		(430 000)	(325 000)
Results from operating activities		**78 257 950**	**104 065 372**
Holding company's share in associates' net income		-	695 989
Finance income and finance costs	(8)	(21 325 556)	10 252 369
Profit before income tax		**56 932 394**	**115 013 730**
Taxes differences from previous period		-	-
Income tax expense		(10 725 346)	(16 877 744)
Deferred tax		(3 021 857)	(2 265 883)
Net profit for the period		**43 185 191**	**95 870 103**
Distributed as follows			
Parent Company's share in profit		43 167 132	95 822 338
Non controling interest		18 059	47 765
		43 185 191	**95 870 103**

The notes on pages from (5) to (33) are an integral part of these interim consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of changes in equity
For the Period ended 31 March 2014

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- issuance premium L.E.	Suspended from net profit for the year 2013 L.E.	Retained earnings L.E.	Net Profit L.E.	Total L.E.
Balance as at 1 January 2013	706 053 811	401 654 644	330 920 428	-	236 914 651	312 576 862	1 988 120 396
Reversal of beginning balance adjustments	-	24 117 719	-	-	(19 088 603)	26 796 198	31 825 314
Dividends for 2012	-	-	-	-	110 632 405	(262 975 565)	(152 343 160)
Holding Company's share in reserves & retained earnings of subsidiaries	-	4 997 035	-	-	(22 329 485)	-	(17 332 450)
Consolidation adjustments on 31 March 2013	-	(24 119 315)	-	-	85 956 852	(76 397 495)	(14 559 958)
Net profit for the period ended 31 March 2013	-	-	-	-	-	95 822 338	95 822 338
Balance as at 31 March 2013	706 053 811	406 650 083	330 920 428	-	392 085 820	95 822 338	1 931 532 480
Balance as at 1 January 2014	706 053 811	421 792 281	330 920 428	-	391 834 289	313 080 142	2 163 680 951
Reversal of beginning balance adjustments	-	24 119 315	-		(85 956 852)	76 397 495	14 559 958
Dividends for 2013	-	-	-	235 351 271	19 325 435	(304 169 677)	(49 492 971)
Holding Company's share in reserves & retained earnings of subsidiaries	-	3 581 453	-		(5 793 432)	-	(2 211 979)
Consolidation adjustments on 31 March 2014	-	(23 951 645)	-		96 932 466	(85 307 960)	(12 327 139)
Net profit for the period ended 31 March 2014	-	-	-		-	43 167 132	43 167 132
Balance as at 31 March 2014	706 053 811	425 541 404	330 920 428	235 351 271	416 341 906	43 167 132	2 157 375 952

The notes on pages from (5) to (33) are an integral part of these interim consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of cash flows
For the period ended 31 March 2014

	Note no.	The financial period from 1/1/2014 till 31/03/2014	The financial period from 1/1/2013 till 31/03/2013
		L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		56 932 394	115 013 730
Adjustments for:			
Fixed assets' depreciation	(11)	45 283 519	41 153 445
Capital losses (gains)		508 054	(13 771)
Impairment in fixed assets		-	3 771 868
Change in Investments in equity accounted investees		-	(632 864)
Reversal of impairment in trade and other receivables		-	(48 580)
Provision for claims-formed		-	5 855 429
Financial lease installments		3 025 331	3 025 331
Credit interests		(3 094 688)	(8 976 622)
Finance interests & expenses		34 052 772	21 595 621
		136 707 382	**180 743 587**
Collected time deposits interests		3 571 317	8 043 446
Interest finance expenses paid		(33 655 803)	(16 973 811)
Changes in:			
Inventories		15 914 693	(219 509 269)
Trade and other receivables		(2 984 200)	(70 079 371)
Due from related parties		(592 756)	(337 228)
Creditors & other credit balances		(29 276 003)	(36 464 240)
Provision for claims used		(387 933)	(105 690)
Net cash flows from operating activities		**89 296 697**	**(154 682 576)**
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(171 602 811)	(237 035 336)
Proceeds from sale of fixed assets		203 980	51 702
Proceeds from(acquisition) of treasury stock		-	73 812 553
Acquisition of animal wealth		(2 902 342)	(1 298 644)
Net cash flows from investing activities		**(174 301 173)**	**(164 469 725)**
Cash flows from financing activities			
Proceeds from (payments) bank credit facilities		(125 705 501)	337 350 136
Proceeds from bank loans		81 960 977	23 878 633
Payments in lease installments - sales with the right of release		(3 025 331)	(3 025 331)
Decrese / increase in minority interest		(37 544)	35 749
Net cash flows from financing activities		**(46 807 399)**	**358 239 187**
Increase (Decrease) in cash & cash equivalents during the period		**(131 811 875)**	**39 086 886**
Cash & cash equivalents at 1 January		553 373 535	511 558 585
Cash & cash equivalents at 31 March	(17)	421 561 660	550 645 471

The notes on pages from (5) to (33) are an integral part of these interim consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the intrem consolidated financial statements
For the financial period ended 31 March 2014

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 official schedule of 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 15/5/2014

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.
- Derivative financial instrument measured at fair value .
- Non-derivative financial liabilities at fair value less costs to sell 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 financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note (3-9) : Lease classification.

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

- Note (16) : Impairment of trade and notes receivable.
- Note (22) : Provisions & contingent liabilities
- Note (26) : Deferred tax.

3 Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

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

Investments in equity accounted investees (associates)

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

Transactions eliminated on consolidation

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

3-2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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.

Receivables

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

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

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

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

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

Non-derivative financial liabilities

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

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

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

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

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

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

Issued and paid up capital
The Company's issued and fully paid up capital at the beginning of the year was amounted to L.E 726 416 332 divided into 726 416 332 shares at par value L.E 1 each.

According to the extra ordinary general assembly decree on 5th February 2012, it was agreed to reduce the company's capital by treasury bills with par value of L.E 20 362 521 to be L.E. 706 053 811 after reduction divided into 706 053 811 shares at par value of L.E 1 each.

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

3-4 Property, plant and equipment

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

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

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

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

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

Subsequent costs

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

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.
The estimated useful lives for the current and comparative periods are as follows:

Description	Estimated useful life (Years)
Buildings & Construction	13.3- 50
Machinery & Equipment	1-10
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Computers	3.33-5
Wells	25 or Wells useful life

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 for sometimes of property, plant and equipment have been modified during year 2012 (note 11)

3-5 Projects under construction

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

3-6 Government grants

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

3-7 Plant wealth

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

3-8 Biological assets

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

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

3-9 Leases

Company is the lessee:

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

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.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held –to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets 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 judgement 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 an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or cash – generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3-13 Defined contribution plans

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

3-14 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3-15 Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognized.

3-16 Rental income

Rental income from other assets is recognized in other income.

3-17 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income received from investments is recognised in profit or loss on the date of collection.

Finance costs comprise interest expense on borrowings, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets.

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

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

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 Compay's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

3-21 Legal reserve

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

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 instruments

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the date of financial statement.

4-2 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.

4-3 Biological assets

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

5 Other operating revenue

	Financial period ended 31/3/2014 L.E	Financial period ended 31/3/2013 L.E
Export subsidy revenue	1 265 557	2 699 499
Deferred capital gains	434 646	434 646
Capital gain	57 813	19 707
Reversal of impairment of receivables	-	48 580
Drawback of sales tax	236 112	204 676
Other revenue	1 249 971	1 479 214
	3 244 099	**4 886 322**

6 General & administrative expenses

	Financial period ended 31/3/2014 L.E	Financial period ended 31/3/2013 L.E
Personnel expenses	20 395 579	17 859 664
Depreciation expense	4 387 356	3 316 104
Rents expense	2 069 817	1 803 314
Other administrative expense	7 570 725	6 175 407
	34 423 477	**29 154 489**

7 Other expenses

	Financial period ended 31/3/2014 L.E	Financial period ended 31/3/2013 L.E
Financial lease installments	3 025 331	3 025 331
Impairment of fixed assets	-	3 771 868
Capital losses	565 867	5 936
Provision for claims	-	5 855 429
Other	20 000	-
	3 611 198	**12 658 564**

8 Finance income and finance costs

	Financial period ended 31/3/2014 L.E	Financial period ended 31/3/2013 L.E
Finance interest & expense	(34 052 772)	(21 595 621)
Credit interest	3 094 688	7 938 625
Net finance cost	(30 958 084)	(13 656 996)
Foreign exchange gains	9 632 528	23 909 365
	(21 325 556)	**10 252 369**

9- Segmentation reports

Translation from Arabic

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

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

	Activity Segments							
	Dairy sector L.E 31/03/2014	chilled sector L.E 31/03/2014	Juices sector L.E 31/03/2014	Concentrates sector L.E 31/03/2014	Agriculture sector L.E 31/03/2014	Undistributed items L.E 31/03/2014	Elemenation of cosolidated transactions L.E 31/03/2014	Total L.E 31/03/2014
Sales	428 333 876	193 179 227	154 109 251	21 231 845	15 332 581			812 186 780
Sales between segments	396 803 524	133 015 155	161 679 075	19 905 899			(711 403 653)	--
Total sales	825 137 400	326 194 382	315 788 326	41 137 744	15 332 581	-	(711 403 653)	812 186 780
Cost of sales	(317 081 719)	(132 062 936)	(114 826 261)	(15 536 565)	(14 525 405)	-	-	(594 032 886)
Segments' gross profit	111 252 157	61 116 291	39 282 990	5 695 280	807 176	-	-	218 153 894
Other operating income	2 358 831	162 964	499 995	108 101	114 208	-	-	3 244 099
Sales & distribution expense	(37 945 944)	(48 051 564)	(18 049 746)	(126 803)	(501 311)	-	-	(104 675 368)
General & administrative expense	(17 125 307)	(7 759 425)	(6 179 125)	(888 890)	(2 470 730)	-	-	(34 423 477)
Other operating expense	(3 589 326)	(1 041)	(831)	-	(20 000)	-	-	(3 611 198)
Board of Directors' remuneration	(247 090)	(9 963)	(37 947)	(115 000)	(20 000)	-	-	(430 000)
Profits from operation	54 703 321	5 457 262	15 515 336	4 672 688	(2 090 657)	-	-	78 257 950
Holding company's share in associates' net profit	-	-	-	-	-	-	-	
Finance cost,	(12 589 604)	(4 896 629)	(3 772 524)	(259 735)	192 936		-	(21 325 556)
Net profit for the period before income tax	42 113 717	560 633	11 742 812	4 412 953	(1 897 721)	-	-	56 932 394
Income tax provision	-	-	-	-	-	(10 725 346)	-	(10 725 346)
Deferred tax	-	-	-	-	-	(3 021 857)	-	(3 021 857)
Net profit for the period	42 113 717	560 633	11 742 812	4 412 953	(1 897 721)	(13 747 203)	-	43 185 191
Other Information								
Depreciation	17 601 504	6 889 384	13 869 717	3 602 537	3 320 377	-	-	45 283 519
Assets	1 572 003 007	1209 216 679	909 089 455	269 409 267	501 586 585	100 878 560	-	4 562 183 553
Investements accounted for using Equity method	-	-	-	-	-	47 658 194	-	47 658 194
Liabilities	1124 162 215	775 961 777	345 927 791	129 161 807	28 992 462	-	-	2 404 206 052

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

Translation from Arabic

9- Segmentation reports

9-2 Segmentation reports for the period ended 31 March 2013

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

	Activity Segments							
	Dairy sector L.E 31/03/2013	chilled sector L.E 31/03/2013	Juices sector L.E 31/03/2013	Concentrates sector L.E 31/03/2013	Agriculture sector L.E 31/03/2013	Undistributed items L.E 31/03/2013	Elemenation of cosolidated transactions L.E 31/03/2013	Total L.E 31/03/2013
Sales	367 622 759	181 388 330	129 220 937	26 002 703	12 438 908	-	-	716 673 637
Sales between segments	337 096 255	151 260 066	108 549 884	22 619 563	-	-	(619 525 768)	-
Total sales	704 719 014	332 648 396	237 770 821	48 622 266	12 438 908	-	(619 525 768)	716 673 637
Cost of sales	(255 772 739)	(114 089 879)	(95 898 164)	(15 931 876)	(7 459 277)	-	-	(489 151 935)
Segments' gross profit	111 850 020	67 298 451	33 322 773	10 070 827	4 979 631	-	-	227 521 702
Other operating income	2 707 665	212 623	493 028	1 430 069	42 937	-	-	4 886 322
Sales & distribution expense	(38 839 985)	(29 416 565)	(16 918 211)	(372 419)	(657 419)	-	-	(86 204 599)
General & administrative expense	(13 163 664)	(7 222 616)	(5 523 999)	(731 020)	(2 513 190)	-	-	(29 154 489)
Other operating expense	(3 025 331)	(9 627 297)	(5 936)	-	-	-	-	(12 658 564)
Board of Directors' remuneration	(178 363)	(71 395)	(40 242)	(10 000)	(25 000)	-	-	(325 000)
Profits from operation	59 350 342	21 173 201	11 327 413	10 387 457	1 826 959	-	-	104 065 372
Holding company's share in associates' net profit	-	-	-	-	695 989	-	-	695 989
Finance cost, (net)	3 393 492	3 538 887	3 995 576	(1 064 865)	389 279	-	-	10 252 369
Net profit for the period before income tax	62 743 834	24 712 088	15 322 989	9 322 592	2 912 227	-	-	115 013 730
Income tax expense	-	-	-	-	-	(16 877 744)	-	(16 877 744)
Deferred tax	-	-	-	-	-	(2 265 883)	-	(2 265 883)
Net profit for the period	62 743 834	24 712 088	15 322 989	9 322 592	2 912 227	(19 143 627)	-	95 870 103
Other Information								
Depreciation	15 698 226	6 010 481	12 828 145	3 697 290	2 919 303	-	-	41 153 445
Assets	1 576 406 268	897 999 444	724 186 033	211 508 476	390 278 047	98 474 163	-	3 898 852 431
Investements accounted for using Equity method	-	-	-	-	43 742 181	-	-	43 742 181
Liabilities	1195 995 375	543 423 714	152 265 869	54 742 006	20 336 743	-	-	1 966 763 707

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

10- Equity - accounted investees (investments in associates)

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

Name of the investee company	Share percentage	Current assets	Non current assets	Total assets	Current liabilities	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.
December 31, 2013										
Milkiez . Company	39.988	28 718 485	109 209 597	137 928 082	18 770 848	18 770 848	116 236 480	104 205 430	12 031 050	47 658 194
Balance as at 31 December 2013		28 718 485	109 209 597	137 928 082	18 770 848	18 770 848	116 236 480	104 205 430	12 031 050	47 658 194
March 31, 2014										
Milkiez Company	39.988	28 718 485	109 209 597	137 928 082	18 770 848	18 770 848	116 236 480	104 205 430	12 031 050	47 658 194
Balance as at 31 March 2014		28 718 485	109 209 597	137 928 082	18 770 848	18 770 848	116 236 480	104 205 430	12 031 050	47 658 194

The company apply the owners equity method using 31 december 2013 values.

Translation from Arabic

11-Property, plant, and equipment

Description	Land*	Buildings & constructions	Machinery & equipment	Transportation &transport vehicles	Tools	Empty plastic containers & Paletts	Display refg.'s	Wells	Office furniture & equipment	Computers	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost											
Cost as at 1/1/2013	124 005 382	502 504 967	1 182 901 921	164 332 901	46 119 251	23 861 803	4 223 515	19 094 191	12 139 926	53 570 665	2 132 754 522
Additions of the period	22 614 857	159 947 505	121 607 848	65 202 630	9 217 274	5 299 022	16 014 370	47 659	4 220 119	10 536 030	414 707 314
Disposals of the period	(4 218 733)	(7 125 499)	(15 357 680)	(10 979 499)	(12 805)	(2 506 475)	(37 641)	-	(139 653)	(229 738)	(40 607 723)
Reclassification	9 391 037	(17 428 147)	7 047 352	-	-	-	-	-	418 460	571 298	-
Impairment in fixed assets	-	-	(9 805 516)	-	-	-	-	-	-	-	(9 805 516)
Cost as at 31/12/2013	151 792 543	637 898 826	1 286 393 925	218 556 032	55 323 720	26 654 350	20 200 244	19 141 850	16 638 852	64 448 255	2 497 048 597
Additions of the period	8 422 531	1 877 550	40 739 731	833 900	2 265 752	29 577	12 851 940	161 432	592 339	1 385 290	69 160 042
Disposals of the period	-	(237 394)	(7 289 245)	(350 000)	-	(908 550)	-	-	-	(60 418)	(8 845 607)
Cost as at 31/3/2014	160 215 074	639 538 982	1 319 844 411	219 039 932	57 589 472	25 775 377	33 052 184	19 303 282	17 231 191	65 773 127	2 557 363 032
Accumulated depreciation											
Accumulated depreciation as at 1/1/2013	-	35 381 058	473 685 289	65 222 831	19 268 254	13 540 858	1 728 893	1 373 369	5 473 031	37 356 555	653 030 138
Depreciation of the period	-	13 219 999	110 718 012	22 193 145	5 645 218	5 929 349	2 023 793	823 960	1 218 468	9 169 599	170 941 543
Accumulated depreciation of disposals of the period	-	(1 240 968)	(11 982 846)	(9 909 059)	(11 696)	(2 506 475)	(18 121)	-	(104 638)	(130 497)	(25 904 300)
Reclassification	-	(752 321)	571 833	-	-	-	-	-	33 302	147 186	-
Accumulated depreciation as at 31/12/2013	-	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 period	-	3 598 430	29 107 337	5 125 790	1 572 207	1 429 132	1 183 328	233 981	352 323	2 680 991	45 283 519
Accumulated depreciation of disposals of the period	-	(1 187)	(7 032 340)	(207 813)	-	(908 550)	-	-	-	(13 690)	(8 163 580)
Accumulated depreciation as at 31/3/2014	-	50 205 011	595 067 285	82 424 894	26 473 983	17 484 314	4 917 893	2 431 310	6 972 486	49 210 144	835 187 320
Net book value as at 31/3/2014	160 215 074	589 333 971	724 777 126	136 615 038	31 115 489	8 291 063	28 134 291	16 871 972	10 258 705	16 562 983	1 722 175 712
Net book value as at 31/12/2013	151 792 543	591 291 058	713 401 637	141 049 115	30 421 944	9 690 618	16 465 679	16 944 521	10 018 689	17 905 412	1 698 981 216

* Fully depreciated assets are amounted to L.E. 194 113 769 as at 31 March 2014.

The land item amounted to L.E 160 215 074 on 31/3/2014 includes an amount of L.E 142 155 990 representing the unregistered 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
Service corridor No.1	1 072 585	Registration document
Service corridor No.2	803 205	Registration document
Marsa Allam	1 367 244	Preliminary contract
	3 243 034	

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

Description	Amount L.E	Instrument of possess
New Mansheya (Alex.) Land	25 931 752	Preliminary contract
Polaris land	15 495 080	Preliminary contract
Damitta land	10 942 734	Preliminary contract
Obour land- Industerial zone	9 002 650	Preliminary contract
Shabrament- Almansoria	7 408 350	Preliminary contract
New Cairo- plot No. 60, 62- Industerial zone	6 852 125	Preliminary contract
Olaykat Arab land	2 589 300	Auction
Others	15 638 923	
	93 860 914	

11-3 Land of International Company for Modern food Industries Co.

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

11-4 Land of Almarwa for Food Industries Co.

Description	Amount L.E	Instrument of possess
Pc. 43 m4 6th of October	2 117 918	Deed

11-5 Land of Almasrya Co. (Egyfood)

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

11-6 Land of Modern Concentration Co.

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

11-7 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 preliminary contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation.

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

11-8 Land of Inmaa for live stock

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

11-9 Land of Inmaa for Agriculture Development

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

11-10 Changes in Accounting estimated for Fixed Assets

Enma company for agriculture development & biological wealth (subsidiary company) held a test during the period for operating assets where the company owned this test result on change the useful life and economic benefits that estimated for this type of assets and became expected that it will going to produce for a period more than the determined period before which lead to increase the useful life for this assets

	Depreciation before change L.E.	Depreciation after change L.E.	Difference L.E.
Buildings Under construction	636 077	222 375	(413 702)
Agriculture machinary	3 658 666	3 881 171	222 505
Wells	698 388	698 388	–
Transportation & Transport Vehicles	259 478	250 847	(8 631)
Computers	218 253	365 219	146 966
Office equipment & Furniture	83 906	124 052	40 146
	5 554 768	**5 542 052**	**(12 716)**

11-11 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 LE 2 516 750, in case that the company did not obligate the conditions of acquiring these lands, the letters of guarantee will be liquidated to beneficiaries and these are the lands as follows:-

- land plots from 637 to 650 in Assuit its total area 30 000 m^2 to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots number (67,68,69,75,76) in Beni suef to its total area 10.335 thousands m^2 to establish a factory for the production of natural juices , dairy products , white cheese freezing & cooling vegetables , fruits , meat & fish
- Land plot in sohag its total area 10000 m^2 to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. (186,187,188 , huge area of 185) its total area 5960 m^2 to establish a factory for keeping , cooling and freezing dairy products , juices and concentrates
- Land plot in Aswan – Industrial area, Al Alaki Valley. its total area 10000 m^2 to establish a factory for keeping, cooling and freezing foodstuff.

12 Projects under constructions

	31/3/2014 L.E.	31/12/2013 L.E.
Vehicles under installation	99 002	-
Buildings and constructions in progress	600 544 267	547 049 505
Machineries under installation	417 314 160	260 518 111
Advance payments for fixed assets purchase	155 718 234	263 859 583
	1173 675 663	**1071 427 199**

13 Plant wealth

	31/3/2014 L.E.	31/12/2013 L.E.
Land reclamation	34 267 676	36 411 757
Fruit trees	12 100 077	11 414 888
Protection trees (Kazhurana)	420 778	261 404
	46 788 531	**48 088 049**

14 Tax status

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

A. Corporation tax

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and payments due over the operating result on annual basis.

The period from inception till year 2004

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

Year 2005, 2007

The tax inspection is being ended against the internal committee.

Years from 2008 till 2012

The tax inspection is in progress.

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 inception till 2010
The tax inspection has been performed, tax forms were received and tax inspection differences were paid.

C. **Stamp tax**
The period till 31/7/2006
The tax inspection has been performed and paid.

From 1/8/2006 till 31/12/2012
The tax inspection is in progress.

D. **Sales tax**
Tax inspection has been performed and paid till 31/12/2012.

14-2 Subsidiaries
First: Corporation tax

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

The Companies that are not exempted.
Egyptian Company for Dairy Products
(the tax inspection has been performed and paid till 31/12/2004)
Tiba for Trading and Distributing
(the tax inspection for year 2009 is in progress by the related tax authority.)
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 91of 2005and company is Subject to tax from 1/1/2011.

Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting activity till 2011 and paid.
Al-Marwa for Food industries	- Inspected and paid till 2006 and inspected from 2007 till 2010 and inspection forms have been received and the Company objected to the results.
Tiba for Trading and Distributing	- Inspection is in progress for years from 2006 to 2012.
International Company For Modern Food Industries	- Inspection differences till 2005 have been settled and inspection was performed from year 2006 to 2010 and inspection forms have been received and an internal committee is in process.
The Egyptian Company For Food Industries "Egyfood"	Inspection is in progress for years from 2006 to 2009.
Modern Concentrates Industrial Company	- Has not been inspected yet. The Company pay tax monthly.

Inmaa for Agriculture development & biological wealth	- Has not been inspected yet. The Company pay tax monthly.

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection has been performed and paid till 31/7/2006.
Al-Marwa for Food Industries	- Inspection has been performed and paid till 31/12/2010.
Tiba for Trading and Distribution	- Inspection has been performed and paid till 31/12/2011 .
International Company For Modern Food Industries	- Tax inspection has been performed till 2011.
The Egyptian Company for Food Industries "Egyfood"	- Has not been inspected yet.
Modern Concentrates Industrial Company	- An estimated payment form without inspection were received and the Company objected to the results on 31/12/2103 and payments are in progress.
Inmaa for Agriculture development & biological wealth	- Has not been inspected yet.

Fourth: Sales tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	-The company is exempted from the sales tax and the company presents sales tax return on monthly basis, and the inspection was performed till 31/12/2012.
Al-Marwa for Food Industries	-Inspected and paid till 31/12/2009
International Company For Modern Food Industries	-The company present sales tax return on monthly basis and inspected and paid till 2011.
The Egyptian Company For Food Industries "Egyfood"	-Inspected and paid till 2011.and tax differences has been paid
Modern Concentrates Industrial Company	-The company presents sales tax return on monthly basis. The company's activity is exempted from sales tax, and was inspected from the inception till 31/12/2009 and paid and inspection differences has been paid
Tiba for Trading and Distribution	-The company presents sales tax return on monthly basis and the company is exempted from tax according to law No. (11) of 1991 and its executive tariffs and Inspection has been performed till 31/12/2012 and tax differences were paid
Inmaa for Agriculture Development Co.	-The company presents sales tax return on monthly &has not been inspected yet

15 Inventories

	31/3/2014 L.E.	31/12/2013 L.E.
Raw materials	246 042 506	259 267 094
Packaging & packing materials	84 438 810	101 610 456
Finished products	188 514 576	193 212 459
Spare parts & miscellaneous supplies	40 095 894	40 180 050
L/C's for goods purchase	36 385 520	15 744 193
Biological assets	4 797 985	6 175 732
	600 275 291	**616 189 984**

16 Trade and other receivables

	31/3/2014 L.E.	31/12/2013 L.E.
Trade receivables	97 863 622	86 157 684
Less: Impairment in trade receivables	(12 900 619)	(12 900 619)
	84 963 003	**73 257 065**
Notes receivables	6 162 278	8 256 033
Tetra Pak company	2 883 132	630 173
Suppliers – advance payments	28 233 201	32 155 658
Prepaid expenses	9 333 762	4 398 132
Export subsidy	9 150 946	13 010 385
Accrued revenues	132 296	132 296
Tax authority	14 642 840	21 644 113
Customs authority	22 928 848	20 766 982
Deposits with others	6 571 879	4 594 981
Other debit balances	13 814 401	13 259 269
	198 816 586	**192 105 087**
Less: Impairment in other debit balances	(1 608 434)	(1 608 434)
	197 208 152	**190 496 653**

17 Cash and cash equivalents

	31/3/2014 L.E.	31/12/2013 L.E.
Time deposits *	412 715 093	558 395 256
Banks – current accounts	121 981 632	7 506 070
Cash in hand	8 363 599	488 227
Cash in transit	7 032 626	4 493 175
L/G's cash margin	5 050 000	5 050 000
	555 142 950	575 932 728
Bank over draft	(128 531 290)	(17 509 193)
L/G's cash margin (due after 3 months)	(5 050 000)	(5 050 000)
Cash and cash equivalents in the statement of cash flows	421 561 660	553 373 535

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

18 Share capital

	31/3/2014	31/12/2013
	L.E.	L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 706 053 811 shares with nominal value L.E 1 each)	706 053 811	706 053 811

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.

18-1 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.
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.

19 Loans

Details	Long term loans – current portion	Long term loans	Total
	L.E	L.E	L.E
Granted loans to Company's Group from CIB.	171 696 664	391 073 132	562 769 796
Granted loans to Company's Group from European Bank for Reconstruction & Development	-	105 000 000	105 000 000
Granted loans to Company's Group from HSBC.	70 125 606	55 982 015	126 107 621
Granted loans to Company's Group from QNB.	20 000 000	73 664 079	93 664 079
Granted loans to Company's Group from Barclays.	25 272 749	101 154 211	126 426 960
Balance at 31/3/2014	**287 095 019**	**726 873 437**	**1013 968 456**
Balance at 31/12/2013	**256 895 019**	**675 112 460**	**932 007 479**

20 Banks – credit facilities

This balance which amounted to L.E 639 538 701 as at 31/3/2014 (against L.E 765 244 202 as at 31/12/2013), represents the drawn down portion of the L.E. 1 315 million (in aggregate principal) bank facilities. Interest is charged on such drawn down amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

21 Short term loans

This balance which amounted to L.E. 10 000 000 as at 31/3/2014 (against L.E.10 000 000 as at 31/12/2013) represents the short term instalments of the loans granted to the Parent Company by the Commercial International Bank.

22 Provision for claims

Description	Balance on 1/1/2014 L.E	Provision formed during the period L.E	Provision used during the period L.E	Balance on 31/3/2014 L.E.
Provision for claims	10 090 042	-	(387 933)	9 702 109

23 Creditors and other credit balances

	31/3/2014 L.E.	31/12/2013 L.E.
Suppliers	94 519 214	130 742 724
Accrued expenses	52 510 175	53 117 628
Fixed assets' creditors	3 757 030	7 782 006
Tax authority	14 276 947	13 865 175
Income tax	10 725 347	-
Deposits from others	10 856 246	10 509 369
Sales tax installments on the imported machineries and equipment	6 005 122	6 435 851
Deferred capital gains	1 738 584	1 738 584
Due to Sodic company- current portion	10 869 851	11 591 680
Social insurance authority	2 653 112	2 557 120
Dividends payable	49 778 612	695 222
Advances from customers	5 594 366	2 343 799
Other credit balances	2 460 680	1 965 099
	265 745 286	**243 344 257**

24 Other long term liabilities

Description	31/3/2014 L.E.	31/12/2013 L.E.
The value of sales tax installments on the imported machineries and equipment due for settlement starting from April 2015 till December 2025 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 6 005 122 as at 31/3/2014 (L E 6 435 851 as at 31/12/2013) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 23).	93 201 810	83 995 990
	93 201 810	83 995 990

25 Deferred revenues

	31/3/2014	31/12/2013
	L.E.	L.E.
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon. The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/1/2008. The amortization during the period ended amounted to L.E 434 646 while the short term portion amounted to L.E 1 738 584 as at 31/3/2014 (L.E. 1 738 584 as at 31/12/2013) included in the trade & other credit balances item of the consolidated balance sheet (Note 23).	4 781 055	5 215 700
	4 781 055	**5 215 700**

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 69 975 035 on 31/3/2014 is represented in 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 1/1/2014	Deferred tax from 1st Jan to 31 March 2014	Balance on 31/3/2014
	L.E	L.E	L.E
Deferred tax liability from fixed assets	66 953 178	3 021 857	69 975 035

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities	
	31/3/2014	31/12/2013
	L.E.	L.E.
Fixed assets	71 604 949	68 691 754
Deferred revenue	(1 629 914)	(1 738 576)
Net tax liabilities	69 975 035	66 953 178

27 **Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/3/2014 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 31/3/2014	Contribution percentage 31/12/2013	Count
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	99.81 % Indirect	99.81 % Indirect	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Animal wealth	99.964% Indirect	99.964 Indirect	Egypt
Inmaa for Agriculture and improvement	99.964%Indirect	99.964 Indirect	Egypt
Associated Company			
Milkiez	39.988 % Indirect	39.988 % Indirect	Egypt

28 **Financial instruments**

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

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

Credit risk

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

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

Credit risk

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

		Carrying amount	
	Note	**31/3/2014**	**31/12/2013**
		L.E.	**L.E.**
Trade receivables	(16)	84 963 003	73 257 065
Banks credit facilities	(20)	639 538 701	765 244 202
Short term loans	(21)	10 000 000	10 000 000
Total long term loans	(19)	1013 968 456	932 007 479

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 639 538 701 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

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

	Carrying amount	**Contractual cash flows**
	L.E.	**L.E.**
Credit facilities	639 538 701	1 315 000 000

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	CHF	GBP
Trade and other debit balances	791 866	437 927	-	-	-
Cash and cash equivalents	35 187 187	223 655	-	-	812
Credit facilities	(7 794 614)	(2 990 778)	-	-	-
Trade and other payables	(2 071 961)	(978 001)	-	(136 158)	(47 487)
31 March 2014	**26 112 478**	**(3 307 197)**	-	**(136 158)**	**(46 675)**
31 December 2013	**21 517 171**	**591 092**	**96**	-	**(7 283)**

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	3/2014	**2013**	**3/2014**	**2013**
USD	6.979	6.694	6.967	6.964
Euro	9.535	9.093	9.536	9.589

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

This has affected the Company's ability to provide its foreign currency operating needs to ensure the continuing of its operations / production process on a regular basis. the Company's management resorted, in the context of applying exceptional policies to manage market and operation risks, to cover some of its foreign currency cash requirements with exceptional exchange rates, during the period, which differ from quoted prices in official banking markets, in light of the circumstances, after getting approval along with the related internal documents by the Company's senior management, to the best estimate of the price from its point of view.

Interest rate risk

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

	31/3/2014	31/12/2013
	L.E.	L.E.
Total liabilities	2 284 206 052	2 183 122 351
Less: cash and cash equivalents	(555 142 950)	(575 932 728)
Net debt	1 729 063 102	1 607 189 623
Total equity	2 157 977 501	2 164 320 044
Net debt to equity ratio	%80.12	%74.26

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

29 Financial lease contracts

The company signed a contract with Segolease Leasing company to lease land and buildings and of system construction and leasing, as follows:

Land lease contracts (Sale with the right of lease back)

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

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

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

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

The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total installments of the financial year ended 31/3/2014 amounted to L.E. 3 025 331.

30 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has issued letters of guarantees on 31/3/2014 amounting to LE **12 495 371** the covered amount to L.E **11 200 587**.

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E **218 986 568** on 31/3/2014.

32 Related party transactions

The related parties are represented in the Company's shareholders and companies in which they own directly or indirectly shares giving them significant influence or controls over these companies.

The following is a summary of significant transactions concluded, during the current year, between the Company and its related parties.

32-1Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/3/2014	31/12/2013	31/3/2014	31/12/2013
		L.E.	L.E.	L.E.	L.E.
Milkiez	Customer	508 633	4 354 419	1 378 190	785 434
	Vendor	30 770	42 799		
				1 378 190	785 434

33 Goodwill

	31/3/2014 L.E.	31/12/2013 L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	97 092 890	**97 092 890**

34 Political and economical events

The Arab Republic of Egypt has encountered certain events that have a significant impact on the economic sectors in general, a matter which may lead to a substantial decline in the economic activities in the foreseeable future.

Therefore, there is a possibility that the above mentioned events will have a significant impact on the Company's assets, liabilities, their recoverable/settlement amounts and the results of operations in the foreseeable future.

At the present, it is not possible to quantify the effect on the Company's assets and liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected extent and the time frame, when these events and their consequences, are expected to be finished.

35 General assembly approval for the financial statements of the year 31 December 2013

According to board of director decision dated 26 February 2013 that includes the proposed profit appropriation of bonus share from the year income approved by the General assembly that approved the increase of the issued share capital from year ended 31 December 2013 dividends amounted to L.E 235 351 271 equals to 33.33% of issued share capital as bonus shares that is deducted from the profit of the year ended 31 December 2013 by distributing 1 bonus share for every 5 ordinary shares for the shareholders and the begin of the required legal procedures according to Article No. 16 of the procedures , Laws and regulations of Egyptian Stock Authority to approve the increase from the Egyptian Financial Supervisory Authority.