

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the period ended
31 March 2013
and Auditors' report**

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the period ended 31 March 2013

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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 31 March 2013 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." 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.

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 2013, and of its financial performance and its cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public Accountants and Consultants
⑦ Salah EL Missary

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

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

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

Cairo, 7 May 2013

Samir M.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated balance sheet
As at 31 March 2013

Translation from Arabic

	Note no.	31/3/2013 L.E.	31/12/2012 L.E.
Assets			
Property, plant and equipment	(11)	1 496 391 846	1 479 724 384
Projects under construction	(12)	705 981 121	530 576 491
Plant wealth	(13)	30 889 989	29 591 345
Investments in equity - accounted investees	(10)	43 742 181	43 109 317
Other - long term - debit balances		796 252	798 320
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		2 374 894 279	2 180 892 747
Assets held for sale	(14)	538 899	538 899
Inventories	(16)	567 109 363	347 600 094
Trade and other receivables	(17)	215 145 281	145 120 083
Due from related parties	(33-1)	1 674 791	1 337 563
Treasury bills		167 254 661	240 029 217
Cash and cash equivalents	(18)	572 235 157	529 817 146
Current assets		1 523 958 152	1 264 443 002
Provisions	(23)	17 304 271	11 554 532
Banks - overdraft		16 539 686	13 208 561
Banks - credit facilities	(21)	688 447 179	351 097 043
Short term loans	(22)	46 447 801	32 476 634
Creditors and other credit balances	(24)	372 896 705	236 719 943
Income tax		43 067 213	43 067 213
Long-term loans-current portion	(20)	184 240 537	152 034 537
Current liabilities		1 368 943 392	840 158 463
Working capital		155 014 760	424 284 539
Total invested funds		2 529 909 039	2 605 177 286
These investments are financed as follows:			
Equity			
Issued and paid up capital	(19)	706 053 811	706 053 811
Legal reserve		406 650 083	401 654 644
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		392 085 820	236 914 651
Net profit for the period/ year after periodic dividends		95 822 338	312 576 862
Total equity attributable to the shareholders of the parent company		1 931 532 480	1 988 120 396
Minority interest		556 244	520 495
Total equity		1 932 088 724	1 988 640 891
Long term loans	(20)	503 342 989	525 641 523
Other long term liabilities	(25)	33 720 995	31 969 777
Deferred revenues	(26)	6 519 638	6 954 285
Deferred tax liabilities	(27)	54 236 693	51 970 810
Non-current liabilities		597 820 315	616 536 395
Shareholders' equity and non current liabilities		2 529 909 039	2 605 177 286

The notes on pages from (5) to (34) are an integral part of these interim consolidated financial statements.

Finance Director
Sameh El-hodaiby

Chairman
Safwan Thabet

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated income statement
For the period ended 31 March 2013

Translation from Arabic

		The financial period from 1/1/2013 till 31/03/2013	The financial period from 1/1/2012 till 31/03/2012
	Note no.	L.E.	L.E.
Net sales		716 673 637	561 090 436
Cost of sales		(489 151 935)	(409 717 206)
Gross profit		227 521 702	151 373 230
Other operating income	(5)	4 886 322	4 022 563
Sales & distribution expenses		(86 204 599)	(70 274 177)
General & administrative expenses	(6)	(29 154 489)	(24 679 162)
Other expenses	(7)	(12 658 564)	(5 961 884)
Board of directors remuneration		(325 000)	(355 000)
Results from operating activities		104 065 372	54 125 570
Holding company's share in associates' net income		695 989	1 180 292
Finance income and finance costs	(8)	10 252 369	(12 027 201)
Profit before income tax		115 013 730	43 278 661
Income tax expense		(16 877 744)	(3 697 889)
Deferred tax		(2 265 883)	1 723 369
Taxes differences from previous years		-	1 679 026
Net profit for the period		95 870 103	42 983 167
Distributed as follows			
Parent Company's share in profit		95 822 338	42 969 783
Minority interest		47 765	13 384
		95 870 103	42 983 167

The notes on pages from (5) to (34) 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 2013

	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/period L.E.	Total L.E.
Balance as at 1 January 2012	726 416 332	390 106 391	404 500 682	201 846 829	(93 942 775)	182 867 264	1 811 794 723
Reversal of beginning balance adjustments	-	24 322 057	-	6 331 239	-	9 631 669	40 284 965
Dividends for 2011	-	-	-	(152 690)	-	(178 449 703)	(178 602 393)
Capital reduction by the treasury stocks value	(20 362 521)	-	(73 580 254)	-	93 942 775	-	-
Holding Company's share in reserves & retained earnings of subsidiaries	-	95 898	-	8 301 158	-	-	8 397 056
Consolidation adjustments on 31 March 2012	-	(24 119 274)	-	(10 518 195)	-	(14 049 230)	(48 686 699)
Net profit for the period ended 31 March 2012	-	-	-	-	-	42 969 783	42 969 783
Balance as at 31 March 2012	706 053 811	390 405 072	330 920 428	205 808 341	-	42 969 783	1 676 157 435
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

The notes on pages from (5) to (34) 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 2013

		The Financial period from 1/1/2013 till 31/03/2013	The Financial period from 1/1/2012 till 31/03/2012
	Note no.	L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		115 013 730	43 278 661
Adjustments for:			
Fixed assets' depreciation	(11)	41 153 445	37 161 951
Capital gains		(13 771)	(44 894)
Impairment in fixed assets	(7)	3 771 868	-
Reversal of impairment in fixed assets		-	(38 215)
Change in Investments in equity accounted investees		(632 864)	(1 180 293)
Reversal of impairment in trade and other receivables		(48 580)	(182 823)
Reversal of write-down of inventories		-	2 511 573
Provision for claims-formed	(23)	5 855 429	10 000
Provision for claims-used	(23)	(105 690)	(235 645)
Financial lease installments		3 025 331	3 025 331
Credit interests		(8 976 622)	(11 009 770)
Finance interests & expenses		21 595 621	23 392 622
		180 637 897	96 688 498
Changes in:			
Inventories		(219 509 269)	18 452 895
Trade and other receivables		(70 079 371)	3 756 847
Due from related parties		(337 228)	(1 788 375)
Creditors & other credit balances		(36 464 240)	(10 901 652)
Collected time deposits interests		8 043 446	23 090 804
Paid finance interests & expenses		(16 973 811)	(18 555 292)
Net cash flows from operating activities		(154 682 576)	110 743 725
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(237 035 336)	(79 785 325)
Proceeds from sale of fixed assets		51 702	-
Proceeds from (acquisition of) treasury bills		73 812 553	(102 177 290)
Acquisition of animal wealth		(1 298 644)	-
Net cash flows (used in) investing activities		(164 469 725)	(181 962 615)
Cash flows from financing activities			
Proceeds from bank credit facilities		337 350 136	35 274 634
Proceeds from bank loans		23 878 633	31 600 000
Payments for lease installments- sale with the right of release		(3 025 331)	(3 025 331)
Increase in minority interest		35 749	24 798
Net cash flows from financing activities		358 239 187	63 874 101
Increase (Decrease) in cash & cash equivalents during the period		39 086 886	(7 344 789)
Cash & cash equivalents at 1 January		511 558 585	624 906 979
Cash & cash equivalents at 31 March	(18)	550 645 471	617 562 190

The notes on pages from (5) to (34) are an integral part of these interim consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the interim consolidated financial statements
For the financial period ended 31 March 2013

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 [1] 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 7/5/2013.

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 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.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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) : write down of inventories.
- Note (17) : impairment of trade and notes receivable.
- Note (23) : provisions & contingent liabilities
- Note (27) : deferred tax.

3 Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

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

Investments in equity accounted investees (associates)

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

Transactions eliminated on consolidation

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

3-2 Foreign currency

Foreign currency transactions

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

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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.

Held - to - maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses, Held – to – maturity financial assets comprise debentures.

Receivables

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

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

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

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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.

The extra ordinary general assembly meeting dated 5 February 2012 approved a capital reduction by the nominal value of treasury stock amounted to L.E 20 362 521 to be L.E 706 053 811 divided into 706 053 811 shares at par value L.E 1 each.

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

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

3-4 Property, plant and equipment**Recognition and measurement**

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

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

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

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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

3-6 Government grants

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

3-7 Plant wealth

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

3-8 Biological assets

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

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

3-9 Leases

Company is the lessee:

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

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.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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 is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3-17 Finance income and finance costs

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

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

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

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

3-18 Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly on equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3-19 Deferred tax

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

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

3-20 Assets held for sale or held for distribution

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

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

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

3-21 Legal reserve

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

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 interim consolidated financial statements for the period ended 31 March 2013

4-1 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4-2 Biological assets

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

5 Other operating revenue

	Financial period ended 31/3/2013 L.E	Financial period ended 31/3/2012 L.E
Export subsidy revenue	2 699 499	2 183 240
Deferred capital gains	434 646	434 646
Capital gain	19 707	44 894
Reversal of impairment of receivables	48 580	182 823
Reversal of impairment of fixed assets	-	38 215
Refund of sales tax	204 676	364 339
Other revenue	1 479 214	774 406
	4 886 322	4 022 563

6 General & administrative expenses

	Financial period ended 31/3/2013 L.E	Financial period ended 31/3/2012 L.E
Personnel expenses	17 859 664	13 142 467
Depreciation expense	3 316 104	2 735 310
Rents expense	1 803 314	1 495 504
Other administrative expense	6 175 407	7 305 881
	29 154 489	24 679 162

7 Other expenses

	Financial period ended 31/3/2013 L.E	Financial period ended 31/3/2012 L.E
Leasing installment	3 025 331	3 025 331
Losses resulting from thefts of money & goods	-	414 980
Impairment of fixed assets	3 771 868	-
Capital loss	5 936	-
Inventory write-down	-	2 511 573
Provision for claims	5 855 429	10 000
	12 658 564	5 961 884

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

8 Finance income and finance costs

	Financial period ended 31/3/2013	Financial period ended 31/3/2012
	L.E	L.E
Interest expense	(21 595 621)	(23 392 622)
Interest income	7 938 625	11 009 770
Net financed interest	(13 656 996)	(12 382 852)
Net foreign exchange gain	23 909 365	355 651
	10 252 369	(12 027 201)

9- Segmentation reports

9-1 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:

	Dairy sector L.E 31/03/2013	Yogurt 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	Elimination of consolidated 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	(16 877 744)	-	115 013 730
Income tax expense	-	-	-	-	-	(2 265 883)	-	(2 265 883)
Deferred tax	-	-	-	-	-	(19 143 627)	-	(19 143 627)
Net profit for the period	62 743 834	24 712 088	15 322 989	9 322 592	2 912 227	-	-	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
Investments 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.

9- Segmentation reports

9-2 Segmentation reports for the period ended 31 March 2012

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:

	Dairy sector L.E 31/03/2012	Yogurt sector L.E 31/03/2012	Juices sector L.E 31/03/2012	Concentrates sector L.E 31/03/2012	Agriculture sector L.E 31/03/2012	Undistributed items L.E 31/03/2012	Elementation of consolidated transactions L.E 31/03/2012	Total L.E 31/03/2012
Sales	300 418 592	149 242 542	100 295 829	4 676 285	6 457 188	-	-	561 090 436
Sales between segments	271 168 724	130 031 492	84 596 701	21 116 875	-	-	(506 913 792)	-
Total sales	571 587 316	279 274 034	184 892 530	25 793 160	6 457 188	-	(506 913 792)	561 090 436
Cost of sales	(224 093 879)	(98 409 730)	(77 465 472)	(4 510 531)	(5 237 594)	-	-	(409 717 206)
Segments' gross profit	76 324 713	50 832 812	22 830 357	165 754	1 219 594	-	-	151 373 230
Other operating income	3 373 948	158 886	309 809	144 421	35 499	-	-	4 022 563
Selling & Distribution expense	(24 902 901)	(30 940 682)	(14 356 068)	(74 526)	-	-	-	(70 274 177)
General & administrative expense	(21 007 123)	(423 151)	(1 129 500)	(535 237)	(1 584 151)	-	-	(24 679 162)
Other operating expense	(3 252 017)	(112 614)	(75 680)	(10 000)	(2 511 573)	-	-	(5 961 884)
Board of Directors' remuneration	(219 163)	(49 423)	(41 414)	-	(45 000)	-	-	(355 000)
Profits from operation	30 317 457	19 465 828	7 537 504	(309 588)	(2 885 631)	-	-	54 125 570
Holding company's share in associates' net income	-	-	-	-	1 180 292	-	-	1 180 292
Finance cost, (net)	(7 903 931)	(762 534)	(1 796 290)	(1 608 474)	44 028	-	-	(12 027 201)
Net profit for the year before income tax	22 413 526	18 703 294	5 741 214	(1 918 062)	(1 661 311)	-	-	43 278 661
Taxes differences from previous years	-	-	-	-	-	1 679 026	-	1 679 026
Income tax expense	-	-	-	-	-	(3 697 889)	-	(3 697 889)
Deferred tax	-	-	-	-	-	1 723 369	-	1 723 369
Net profit for the year after income tax	22 413 526	18 703 294	5 741 214	(1 918 062)	(1 661 311)	(295 494)	-	42 983 167
Other Information								
Depreciation	12 328 373	5 675 181	12 485 269	3 709 782	2 963 346	-	-	37 161 951
Assets	1240 600 030	478 341 588	687 483 530	202 591 516	320 284 296	98 265 396	-	3 027 566 356
Investments accounted for using Equity method	-	-	-	-	43 509 341	-	-	43 509 341
Liabilities	948 658 283	180 299 701	128 867 152	74 029 686	19 118 054	-	-	1 350 972 876

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

0- Equity - accounted investees (investments in associates)

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

Name of the investee company	Share percentage %	Current assets L.E.	Non current assets L.E.	Total assets L.E.	Current liabilities L.E.	Non current liabilities L.E.	Total liabilities L.E.	Revenues L.E.	Expenses L.E.	Net profit (loss) L.E.	Cost of investment L.E.
December 31, 2012											
Milktez . Company	39,988	24 184 136	109 800 988	133 985 124	26 183 946	22 551	26 206 497	63 317 507	60 330 904	2 986 603	43 109 317
Balance as at 31 December 2012		24 184 136	109 800 988	133 985 124	26 183 946	22 551	26 206 497	63 317 507	60 330 904	2 986 603	43 109 317
March 31, 2013											
Milktez Company	39,988	36 167 497	99 307 620	135 475 117	26 141 307	-	26 141 307	28 753 950	27 013 456	1 740 494	43 742 181
Balance as at 31 March 2013		36 167 497	99 307 620	135 475 117	26 141 307	-	26 141 307	28 753 950	27 013 456	1 740 494	43 742 181

1-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 1/1/2012	85 306 338	400 847 659	1 114 481 649	1 441 815 521	35 619 711	19 223 348	4 220 442	18 628 353	10 299 657	43 760 013	1 877 302 691
Cost as at 31/12/2012	38 699 044	111 103 240	111 731 093	28 699 627	10 863 436	5 108 228	3 073	552 781	1 903 680	10 387 230	319 031 432
Additions of the year	-	(9 445 932)	(34 312 281)	(8 572 897)	(363 896)	(1 896 115)	-	(66 943)	(63 411)	(576 578)	(55 298 053)
Disposals of the year	-	-	(8 998 540)	(609 350)	-	-	-	-	-	-	(9 607 890)
Impairment in fixed assets	-	-	-	-	-	-	-	-	-	-	-
Cost as at 31/12/2012	124 005 382	502 504 967	1 182 901 921	1 643 332 901	46 119 251	22 435 461	4 223 515	19 094 191	12 139 926	53 570 665	2 131 328 180
Additions of the period	7 402 500	24 655 081	25 738 148	2 238 595	898 700	84 804	-	-	480 479	145 393	61 643 700
Disposals of the period	-	(14 402)	(44 328)	-	(10 530)	(572 112)	-	-	(12 965)	(51 844)	(706 181)
Impairment in fixed assets	-	-	(3 771 868)	-	-	-	-	-	-	-	(3 771 868)
Cost as at 31/3/2013	131 407 882	527 145 646	1 204 823 873	1 665 571 496	47 007 421	21 948 153	4 223 515	19 094 191	12 607 440	53 664 214	2 188 493 831
Accumulated depreciation											
Accumulated depreciation as at 1/1/2012	-	26 110 481	409 525 154	54 109 694	14 832 952	8 451 492	884 650	697 449	4 557 501	29 289 540	548 458 913
Depreciation of the year	-	10 454 314	100 886 635	18 033 411	4 610 631	5 559 139	844 243	742 865	966 851	8 543 270	150 641 359
Accumulated depreciation of disposals of the year	-	(1 183 757)	(36 726 500)	(6 831 410)	(175 329)	(1 896 115)	-	(66 945)	(51 321)	(476 255)	(47 407 612)
Accumulated depreciation of impairment in fixed assets	-	-	-	(88 864)	-	-	-	-	-	-	(88 864)
Accumulated depreciation as at 31/12/2012	-	35 381 058	473 685 289	65 222 831	19 268 254	12 114 516	1 728 893	1 373 369	5 473 031	37 356 555	651 603 796
Depreciation of the period	-	3 441 619	27 152 024	4 793 632	1 298 352	1 648 805	211 177	185 987	257 713	2 164 126	41 153 445
Accumulated depreciation of disposals of the period	-	(624)	(23 272)	-	(10 530)	(572 112)	-	-	(6 807)	(41 911)	(655 256)
Accumulated depreciation as at 31/3/2013	-	38 822 053	500 814 041	70 016 463	20 556 076	13 191 209	1 940 070	1 559 366	5 723 937	39 478 770	692 101 985
Net book value as at 31/3/2013	131 407 882	488 323 593	704 009 832	96 555 033	26 451 345	8 756 944	2 283 445	17 534 825	6 883 503	14 185 444	1 496 391 846
Net book value as at 31/12/2012	124 005 382	467 123 909	709 216 632	99 110 070	26 850 997	10 320 945	2 494 622	17 720 822	6 666 895	16 214 110	1 479 724 384

* Fully depreciated assets are amounted to L.E. 167 766 350 as at 31 March 2013.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

The land item amounted to L.E 131 407 882 on 31/3/2013 includes an amount of L.E 115 014 279 representing the not registered land thus procedures of registering the land are in progress.

11-1 Land of Juhayna Food Industries Co.

Description	Amount L.E	Instrument of possess
Service koridor No.1	1 072 585	Registration document
Service koridor No.2	803 205	Registration document
Marsa Allam	1 367 244	Preliminary contract
Other	1 005 171	
	4 248 205	

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

Description	Amount L.E	Instrument of possess
New Mansheya (Alex.) Land	25 715 403	Preliminary contract
Bolaris land	15 495 080	Preliminary contract
Olaykat Arab land	2 589 300	Auction
Obour land	9 002 650	Preliminary contract
New cairo land pc.60,62	6 852 125	Preliminary contract
Mansoureyia land	7 402 500	Preliminary contract
Other	6 109 064	
	73 166 122	

11-3 Land of Aldawlia for Modern Industries Co.

Description	Amount L.E	Instrument of possess
Pc. 112:118 m3 6 th 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 6 th 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 6 th 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 6 th of October	4 333 446	Deed

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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 1 426 380 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 Biological Wealth

- Area of 550 Acres amounted to L.E 550 000 in the virtue of a contract with the squatter dated May 4, 2010. The necessary legal procedures with government for legal convey of land are in progress.

11-9 Land of Inmaa for Agriculture Development

- Area of 1 450 Acres amounted to L.E 1 450 000 in the virtue of a contract with the squatter dated May 4, 2010. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 2000 Acres amounted to L.E 1 200 000 in the virtue of a 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 the squatter dated September 5, 2010. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 980 Acres amount to L.E 870 000 in the virtue of a contract with the squatter dated January 27, 2011. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 700 Acres amount to L.E 1 269 750 in the virtue of a contract with the squatter dated January 3, 2012. The necessary legal procedures with government for legal convey of land are in progress.

11-10 Changes in Accounting estimed for Fixed Assets (cars)

Enma company for agriculture development & biological wealth (subsidiary company) held a test on the ending period 30 June 2012 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

Confirmation done by the effect of this changes during the current period & further period on the depreciation expense which stated in the income statement as an expense

	2012
(Decrease) in depreciation expense	225 219

Tiba company for trade and distribution (subsidiary company) held attest for operating the cars where the company owned on 31 December 2011 this test result on change the useful life and economic benefits that estimated for this type of assets which board of directors are going to sell it after 5 years and became estimated that its going to produce for 8 years from date of purchased which lead to increase useful life for the cars

Confirmation done by the effevt of this changes during the year 2011 and 2012 on the depreciation expense which stated in the income statement as an expense

	2012	2011
(Decrease) in depreciation expense	5 464 529	7 543 863

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

11-11 land grants

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

- land plots from 637 to 650 in Assuit its total area 30 000 m² to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates
- Plots number (67,68,69,75,76) in Beni suef to its total area 10.335 thousands m² to establish a factory for the production of natural juices , dairy products , white cheese freezing & cooling vegetables , fruits , meat & fish
- Land plot in sohag its total area 10000 m² to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. (186,187,188 , huge area of 185) its total area 5960 m² to establish a factory for keeping , cooling and freezing dairy products , juices and concentrates

12 Projects under constructions

	31/3/2013 L.E.	31/12/2012 L.E.
Buildings and constructions in progress	328 177 199	248 899 103
Machineries under installation	83 303 260	50 792 185
LC's for fixed assets purchase	432 381	-
Advance payments for fixed assets purchase	294 068 281	230 885 203
	705 981 121	530 576 491

13 Plant wealth

	31/3/2013 L.E.	31/12/2012 L.E.
Land reclamation	21 844 917	21 219 345
Fruit trees	8 860 533	8 206 770
Protection trees (Kazhurana)	184 539	165 230
	30 889 989	29 591 345

14 Assets held for sale

This balance amounted to L.E. 538 899 as at 31/3/2013 represents the fair value of the assets available for sale which been classified according to the Company's plan to sell it through a year.

15 Tax status**15-1 Juhayna Food Industries-S.A.E.(the Parent Company)****A. Corporation tax**

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

The period from the beginning of operation till year 2004

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

Year 2005, 2006

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.

Years from 2007 till 2010

The tax inspection has not been performed to date.

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.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

B. Salaries tax

The period from the beginning of operation till year 2008

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

Year 2009 till 2010

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.

Year 2010

The tax inspection has not been performed to date.

D. Sales tax

The tax inspection has been performed and paid till 31/12/2009

Year 2010

The tax inspection has not been performed to date.

15-2 Subsidiaries

First: Corporation tax

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

Tax inspection ending date

The Egyptian Company For Food Industries
"Egyfood"

31/12/2018

Modern Concentrates Industrial Company
International Company For Modern Food Industries
Inmaa for agriculture development & biological
wealth

31/12/2018

31/12/2018

10 years from starting activity

Inmaa for agriculture reclamation
Inmaa for live stock

Activity has not started yet
Activity has not started yet

The Companies that are not exempted.

Egyptian Company for Dairy and Juice Products (the tax inspection has been performed and paid till 2004)

Tiba for Trading and Distributing (the tax inspection has not been performed to date)

Al Marwa for Food Industries (inspected from the beginning of operation till 31/12/2004 and the company submits the annual tax returns during legal duration required by law no 91 of 2005 and company is Subject to tax in 1-1-2011.

Second: Salaries tax

Subsidiaries

Tax inspection ending date

Egyptian Company for Dairy and Juice Products

- Inspection was performed from starting activity till 2008 and paid & The Company objected inspection is in progress to 2009 till 2010

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 2009.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

International Company For Modern Food Industries	- Inspection differences till 2005 have been settled and inspection is in progress from year 2006 to 2010.
The Egyptian Company For Food Industries "Egyfood"	- Inspection is in progress for the period from date of establishment till 31/12/2009. The Company pay tax regularly.
Modern Concentrates Industrial Company	- Has not been inspected yet. The Company pay tax monthly.
Inmaa for Agriculture Development Co.	- Has not been inspected yet. The Company pay tax monthly.
Inmaa for agriculture reclamation	- Has not been inspected yet. The Company pay tax monthly.
Inmaa for live stock	- Has not been inspected yet. The Company pay tax monthly.

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy and Juice Products	- Inspection has been performed and payments have been made till 31/7/2006.
Al-Marwa for Food Industries	- Inspection has been performed till 31/12/2010, payments have been made.
Tiba for Trading and Distribution	- Inspection has been performed till 31/12/2008 and paid, Inspection in progress from 1/1/2009 till 31/12/2011.
International Company For Modern Food Industries	- Has not been inspected yet.
The Egyptian Company for Food Industries "Egyfood"	- Has not been inspected yet.
Modern Concentrates Industrial Company	- The Company was addressed with an estimated claim and a request of re-inspection is in progress.
Inmaa for Agriculture Development Co.	- Has not been inspected yet.
Inmaa for agriculture reclamation	- Has not been inspected yet.
Inmaa for live stock	- Has not been inspected yet.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

Fourth: Sales tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy and Juice 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 31/12/2010.
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 2008.and tax differences has been paid
Modern Concentrates Industrial Company	- 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 and paid.and inspection differences has been paid
Tiba for Trading and Distribution	- 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 and tax different has been paid
Inmaa for Agriculture Development Co.	-The company presents sales tax return on monthly &has not been inspected yet
Inmaa for agriculture reclamation	-The company presents sales tax return on monthly &has not been inspected yet
Inmaa for live stock	-The company presents sales tax return on monthly &has not been inspected yet

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Inventories

	31/3/2013	31/12/2012
	L.E.	L.E.
Raw materials	244 204 988	81 190 688
Packaging & packing materials	81 547 371	75 213 028
Finished products	123 667 094	127 504 480
Work in process	18 384 260	6 975 777
Plant wealth	-	10 366 137
Spare parts & miscellaneous supplies	33 122 145	31 940 818
L/C's for purchase raw material	57 319 407	14 409 166
Vital assets	8 864 098	-
	567 109 363	347 600 094

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

17 Trade and other receivables

	31/3/2013	31/12/2012
	L.E.	L.E.
Trade receivables	99 217 757	83 298 619
Less: Impairment in trade receivables	(12 900 619)	(16 661 400)
	86 317 138	66 637 219
Notes receivables	9 054 056	4 173 149
Tetra Pak company	2 321 428	954 940
Suppliers – advance payments	54 525 059	22 505 790
Prepaid expenses	10 230 626	4 377 743
Export subsidy	12 243 044	11 550 359
Accrued revenues	132 296	132 296
Tax authority	20 750 672	15 493 358
Customs authority	10 850 118	10 587 535
Deposits with others	2 239 793	2 157 741
Accrued interest payable	-	65 587
Other debit balances	8 147 485	8 150 800
	216 811 715	146 786 517
Less: Impairment in debtors & other debit balances	(1 666 434)	(1 666 434)
	215 145 281	145 120 083

18 Cash and cash equivalents

	31/3/2013	31/12/2012
	L.E.	L.E.
	486 236 786	509 216 016
Time deposits *		
	58 432 764	4 621 444
Banks – current accounts	16 253 243	988 146
Cheques under collection	5 707 946	3 908 103
Cash in hand	554 418	6 033 437
Cash in transit	5 050 000	5 050 000
L /G's cash margin	572 235 157	529 817 146
Bank over draft	(16 539 686)	(13 208 561)
	(5 050 000)	(5 050 000)
L /G's cash margin (due after 3 months)		
	550 645 471	511 558 585
Cash and cash equivalents in the statement of cash flows		

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

19 Share capital

	31/3/2013	31/12/2012
	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.

19-1 General reserve - issuance premium

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

The Company had reduced issuance premium during the period by an amount of L.E 73 580 254 representing the difference between nominal value and the cost of purchasing treasury stock which reduced the capital with its value due to the increase more than one year of the acquisition according to extra ordinary general assembly meeting dated February 5th 2012.

20 Loans

Details	Long term loans – current portion L.E	Long term loans L.E	Total L.E
Granted loans to Company's Group from CIB.	98 352 326	357 566 931	455 919 257
Granted loans to Company's Group from HSBC.	72 251 211	56 125 605	128 376 816
Granted loans to Company's Group from Barclays.	13 637 000	89 650 453	103 287 453
Balance at 31/3/2013	184 240 537	503 342 989	687 583 526
Balance at 31/12/2012	152 034 537	525 641 523	677 676 060

21 Banks – credit facilities

This balance which amounted to L.E 688 447 179 as at 31/3/2013 (against L.E 351 097 043 as at 31/12/2012), represents the drawn down portion of the L.E. 1 010 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.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

22 Short term loans

This balance which amounted to L.E. 46 447 801 as at 31/3/2013 (against L.E.32 476 634 as at 31/12/2012) 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 four months from the date of drawn down.

23 Provision for claims

Description	Balance on 1/1/2013 L.E.	Provision formed during the year L.E.	Provision used during the year L.E.	Balance on 31/3/2013 L.E.
Provision for claims	11 554 532	5 855 429	(105 690)	17 304 271
	11 554 532	5 855 429	(105 690)	17 304 271

24 Creditors and other credit balances

	31/3/2013 L.E.	31/12/2012 L.E.
Suppliers	106 163 751	134 869 854
Notes payable	-	9 433 940
Accrued expenses	70 042 762	55 786 944
Fixed assets' creditors	15 291 973	4 535 631
Tax authority	7 765 895	7 242 996
Deposits from others	9 167 449	10 986 548
Sales tax installments on the imported machineries and equipments	6 637 234	6 612 857
Deferred capital gains	1 738 584	1 738 584
Social insurance authority	2 776 248	2 761 150
Dividends payable	132 339 229	133 600
Advances from customers	2 920 023	1 159 541
Income tax	16 877 744	-
Other credit balances	1 175 813	1 458 299
	372 896 705	236 719 943

25 Other long term liabilities

Description	31/3/2013 L.E.	31/12/2012 L.E.
The value of sales tax installments on the imported machineries and equipments due for settlement starting from April 2014 till December 2025 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 6 637 234 as at 31/3/2013(L E 6 612 856 as at 31/12/2012) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 24).	33 720 995	31 969 777
	33 720 995	31 969 777

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

26 Deferred revenues

The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/1/2008. The amortization during the period ended amounted to L.E 434 646 while the short term portion amounted to L.E 1 738 584 as at 31/3/2013 (L.E. 1 738 584 as at 31/12/2012) included in the trade & other credit balances item of the consolidated balance sheet (Note 24).

31/3/2013 L.E.	31/12/2012 L.E.
6 519 638	6 954 285

<u>6 519 638</u>	<u>6 954 285</u>
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27 Deferred tax liabilities

Deferred tax liability amounted to L.E 54 236 693 on 31/3/2013 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 1/1/2013 L.E.	Deferred tax from 1 st Jan to 31 March 2013 L.E.	Balance on 31/3/2013 L.E.
Deferred tax liability from fixed assets	<u>51 970 810</u>	<u>2 265 883</u>	<u>54 236 693</u>

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities	
	31/3/2013 L.E.	31/12/2012 L.E.
Fixed assets	56 301 252	54 144 030
Deferred revenue	(2 064 559)	(2 173 220)
Net tax liabilities	<u>54 236 693</u>	<u>51 970 810</u>

28 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/3/2013 shown together with this respective contribution percentage held as at the balance sheet date.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

Subsidiary Name	Contribution percentage 31/3/2013	Contribution percentage 31/12/2012	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.	99.994 %	99.994 %	Egypt
Inmaa for Animal welth	99.964 Indirect	99.964 Indirect	Egypt
Inmaa for Agriculture and improvement	99.964 Indirect	99.964 Indirect	Egypt
Sister Company			
Milkiez	39.988 % Indirect	39.988 % Indirect	Egypt

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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

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.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

Trade and other receivables

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

Credit risk**Exposure to credit risk**

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

	Note	Carrying amount	
		31/3/2013 L.E.	31/12/2012 L.E.
Trade receivables	(17)	86 317 138	66 637 219
Banks credit facilities	(21)	688 447 179	351 097 043
Short term loans	(22)	46 447 801	32 476 634
Total long term loans	(20)	687 583 526	677 676 060

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 688 447 179 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

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

	Carrying amount L.E.	Contractual cash flows L.E.
Credit facilities	688 447 179	1 010 000 000

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.

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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.

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	2 287 026	394 385	-	-	-
Cash and cash equivalents	27 804 661	15 181 933	-	-	107
Credit facilities	(2 479 877)	-	-	-	-
Creditors and other credit balances	(11 795 943)	(721 251)	-	(32 563)	-
31 March 2013	15 815 867	14 855 067	-	(32 563)	107
31 December 2012	34 164 595	18 350 413	(1 880)	(166 771)	107

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	2013	2012	2013	2012
USD	6.621	6.235	6.818	6.423
Euro	8.719	8.265	8.840	8.597

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.

	31/3/2013 L.E.	31/12/2012 L.E.
Total liabilities	1 966 763 707	1 456 694 858
Less: cash and cash equivalents	(572 235 157)	(529 817 146)
Net debt	1 394 528 550	926 877 712
Total equity	1 932 088 724	1 988 640 891
Net debt to adjusted equity ratio	72.20%	46.61%

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

Financial lease contracts

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

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. 195 500 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 31/3/2013 amounted to L.E. 3 025 331.

31 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has given guarantees amounting to LE 19 039 683 the cover amount to L.E 5 050 000.

32 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 572 248 381 on 31/3/2013.

33 Related party transactions

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

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

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

Notes to the interim consolidated financial statements for the period ended 31 March 2013

33-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/3/2013	31/12/2012	31/3/2013	31/12/2012
		L.E.	L.E.	L.E.	L.E.
Milkiez	Customer	2 204 912	927 582	1 674 791	1 337 563
	Vendor	12 550	185 652		
				1 674 791	1 337 563

34 Goodwill

	31/3/2013	31/12/2012
	L.E.	L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy & Juice Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	97 092 890	97 092 890

35 Political and economical events

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

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

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

36 Other events during the year

Several resolutions were issued to amend some income tax laws articles and were published in the Official newspaper on December 6, 2012 that shall come into effect as from the day following the date of publication. These amendments are as follows:

- Amending some articles of income tax law issued by the law no. 91 for the year 2005.
- Amending some articles of general sales tax law issued by the law no. 11 for the year 1991.
- Amending some articles of real estate tax law issued by the law no. 196 for the year 2008.
- Amending some articles of stamp tax law issued by the law no. 111 for the year 1980.

Officials' statements about freezing those decisions have been released so the financial statements were not affected by those amendments, in the case of availability of reliable information about the validity of those decisions and the date of activation it is probable that the mentioned amendments will have an effect on the tax bases and related assets and liabilities, as well as business results and the resulting net profit available for distribution during the fiscal year.