Translation from Arabic

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the period ended
30 June 2013
and review report

KPMG Hazem Hassan	Mohamed Hilal – Grant Thornton
Public Accountants & Consultancies	Public Accountants
Pyramids Heights Office Park	A member of Grant Thornton international
Km 22 Cairo/Alex Road	87 Ramsis St., Cairo
Giza- Cairo – Egypt	

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Contents

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Report on Limited Review of Interim Consolidated Financial Statements

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

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of Juhayna Food Industries S.A.E, as of 30 June 2013 and the related consolidated statements of income, changes in equity and cash flows for the six-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Consolidated Financial Statements Performed by the Independent Auditor of the Entity." 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 30 June 2013, and of its financial performance and its cash flows for the six-month then ended in accordance with Egyptian Accounting Standards.

Without qualifying our opinion, and as described in detail in note (29) 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
Capital Authority Controller
Register N0.(364)
KPMG Hazem Hassan

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

Cairo, 27 August 2013

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated balance sheet
As at 30 June 2013

Translation from Arabic

	Note no.	30/6/2013 L.E.	31/12/2012 L.E.
Assets			
Property, plant and equipment	(11)	1 536 741 563	1 479 724 384
Projects under construction	(12)	920 492 441	530 576 491
Plant wealth	(13)	40 898 146	29 591 345
Investments in equity - accounted investees	(10)	44 252 443	43 109 317
Other - long term - debit balances		794 184	798 320
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		**2 640 271 667**	**2 180 892 747**
Assets held for sale	(14)	538 899	538 899
Inventories	(16)	741 010 074	347 600 094
Trade and other receivables	(17)	214 528 370	145 120 083
Due from related parties	(33-1)	2 684 897	1 337 563
Treasury bills		119 206 211	240 029 217
Cash and cash equivalents	(18)	306 644 057	529 817 146
Current assets		**1 384 612 508**	**1 264 443 002**
Provisions	(23)	16 659 294	11 554 532
Banks - overdraft		7 556 776	13 208 561
Banks - credit facilities	(21)	812 698 763	351 097 043
Short term loans	(22)	15 000 000	32 476 634
Creditors and other credit balances	(24)	279 840 024	236 719 943
Income tax		-	43 067 213
Long-term loans-current portion	(20)	207 283 874	152 034 537
Current liabilities		**1 339 038 731**	**840 158 463**
Working capital		**45 573 777**	**424 284 539**
Total invested funds		**2 685 845 444**	**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		406 705 200	401 654 644
General reserve - issuance premium	(19-1)	330 920 428	330 920 428
Retained earnings		391 831 585	236 914 651
Net profit for the period/ year after periodic dividends		214 949 796	312 576 862
Total equity attributable to the shareholders of the parent company		**2 050 460 820**	**1 988 120 396**
Minority interest		**637 532**	**520 495**
Total equity		**2 051 098 352**	**1 988 640 891**
Long term loans	(20)	529 504 623	525 641 523
Other long term liabilities	(25)	38 797 667	31 969 777
Deferred revenues	(26)	6 084 993	6 954 285
Deferred tax liabilities	(27)	60 359 809	51 970 810
Non-current liabilities		**634 747 092**	**616 536 395**
Shareholders' equity and non current liabilities		**2 685 845 444**	**2 605 177 286**

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

Finance Director	Chairman
Sameh El-hodaiby	Safwan Thabet

*Limited review report attached .

Juhayna Food Industries

(An Egyptian Joint Stock Company) **Translation from Arabic**

Consolidated income statement

For the period ended 30 June 2013

	Note no.	The financial period from 1/1/2013 till 30/06/2013	The financial period from 1/1/2012 till 30/06/2012	The financial period from 1/4/2013 to 30/06/2013	The financial period from 1/4/2012 to 30/06/2012
		L.E.	**L.E.**	**L.E.**	**L.E.**
Net sales		1 610 654 809	1 267 439 709	893 981 172	706 349 273
Cost of sales		(1 106 208 569)	(895 582 676)	(617 056 634)	(485 865 470)
Gross profit		**504 446 240**	**371 857 033**	**276 924 538**	**220 483 803**
Other operating income	(5)	18 323 331	13 000 016	13 437 009	8 977 453
Sales & distribution expenses		(192 186 293)	(161 358 787)	(105 981 694)	(91 084 610)
General & administrative expenses	(6)	(61 776 206)	(54 216 276)	(32 621 717)	(29 537 114)
Other expenses	(7)	(24 319 687)	(10 764 697)	(11 661 123)	(4 802 813)
Board of directors remuneration		(395 000)	(690 000)	(70 000)	(335 000)
Results from operating activities		**244 092 385**	**157 827 289**	**140 027 013**	**103 701 719**
Holding company's share in associates' net income		1 405 225	1 425 187	709 236	244 895
Finance income and finance costs	(8)	3 241 361	(27 953 387)	(7 011 008)	(15 926 186)
Profit before income tax		**248 738 971**	**131 299 089**	**133 725 241**	**88 020 428**
Taxes differences from previous years		424 456	1 684 087	424 456	5 061
Income tax expense		(25 724 958)	(13 755 986)	(8 847 214)	(10 058 097)
Deferred tax		(8 388 999)	156 082	(6 123 116)	(1 567 287)
Net profit for the period		**215 049 470**	**119 383 272**	**119 179 367**	**76 400 105**
Distributed as follows					
Parent Company's share in profit		214 949 796	119 352 114	119 127 458	76 382 331
Minority interest		99 674	31 158	51 909	17 774
		215 049 470	**119 383 272**	**119 179 367**	**76 400 105**

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 30 June 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 L.E.	Minority interest 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**	**411 247**	**1 812 205 970**
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 30 June 2012	-	(24 119 318)	-	19 091 299	-	(14 049 230)	–	**(19 077 249)**
Minority interest	–	–	–	–	–	–	10 693	**10 693**
Net profit for the period ended 30 June 2012	-	–	-	–	-	119 352 114	31 158	**119 383 272**
Balance as at 30 June 2012	**706 053 811**	**390 405 028**	**330 920 428**	**235 417 835**	**-**	**119 352 114**	**453 098**	**1 782 602 314**
Balance as at 1 January 2013	**706 053 811**	**401 654 644**	**330 920 428**	**236 914 651**	**-**	**312 576 862**	**520 495**	**1 988 640 891**
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 30 June 2013	-	(24 064 198)	-	85 702 617	-	(76 397 495)	-	**(14 759 076)**
Minority interest	–	–	–	–	–	–	17 363	**17 363**
Net profit for the period ended 30 June 2013	-	–	–	–	–	214 949 796	99 674	**215 049 470**
Balance as at 30 June 2013	**706 053 811**	**406 705 200**	**330 920 428**	**391 831 585**	**-**	**214 949 796**	**637 532**	**2 051 098 352**

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 30 June 2013

	Note no.	The Financial period from 1/1/2013 till 30/06/2013	The Financial period from 1/1/2012 till 30/06/2012
		L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		248 738 971	131 299 089
Adjustments for:			
Fixed assets' depreciation	(11)	82 519 852	73 362 473
Capital gains		(3 709 155)	(2 854 965)
Impairment in fixed assets	(7)	11 879 819	−
Change in Investments in equity accounted investees		(1 143 126)	(1 039 982)
Reversal of impairment in trade and other receivables		(48 580)	(209 872)
Reversal of write-down of inventories		−	2 511 573
Provision for claims-formed	(23)	5 855 429	10 000
Provision for claims-used	(23)	(750 667)	(235 645)
Financial lease installments		6 050 662	6 050 662
Credit interests		(12 983 514)	(19 472 754)
Finance interests & expenses		51 933 359	47 350 423
		388 343 050	**236 771 002**
Changes in:			
Inventories		(393 409 980)	(54 318 039)
Trade and other receivables		(74 733 253)	31 431 933
Due from related parties		(1 347 334)	(2 276 180)
Creditors & other credit balances		(46 726 501)	(4 518 411)
Dividends paid to employees during the period		(26 145 065)	(21 388 961)
Collected time deposits interests		13 047 263	29 877 705
Paid finance interests & expenses		(45 151 803)	(46 434 117)
Net cash flows from operating activities		**(186 123 623)**	**169 144 932**
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(541 288 234)	(263 357 471)
Proceeds from sale of fixed assets		3 664 589	3 868 862
Proceeds from (acquisition of) treasury bills		126 136 939	(155 400 858)
Acquisition of animal wealth		(11 306 801)	(1 720 624)
Net cash flows (used in) investing activities		**(422 793 507)**	**(416 610 091)**
Cash flows from financing activities			
Proceeds from bank credit facilities		461 601 720	209 197 230
Proceeds from bank loans		41 635 803	35 639 662
Payments for lease installments- sale with the right of release		(6 050 662)	(6 050 662)
Dividends paid to share holders		(105 908 072)	(105 908 072)
Increase in minority interest		117 037	41 851
Net cash flows from financing activities		**391 395 826**	**132 920 009**
Increase (Decreace) in cash & cash equivalents during the period		**(217 521 304)**	**(114 545 150)**
Cash & cash equivalents at 1 January		511 558 585	624 906 979
Cash & cash equivalents at 30 June	(18)	**294 037 281**	**510 361 829**

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 30 June 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 27/8/2013.

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.

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.

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.

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 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.

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 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.

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 liabilities

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

4-2 Biological assets

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

5 Other operating revenue

	Financial period from 1/1/2013 to 30/6/2013 L.E	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/4/2013 to 30/6/2013 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E
Export subsidy revenue	8 206 558	5 610 196	5 507 059	3 426 956
Deferred capital gains	869 292	869 292	434 646	434 646
Capital gain	3 940 972	2 854 965	3 921 265	2 810 071
Reversal of impairment of receivables	48 580	209 872	-	27 049
Reversal of impairment of fixed assets	-	-	-	(38 215)
Drawback of sales tax	809 577	852 993	604 901	852 993
Other revenue	4 448 352	2 602 698	2 969 138	1 463 953
	18 323 331	**13 000 016**	**13 437 009**	**8 977 453**

6 General & administrative expenses

	Financial period from 1/1/2013 to 30/6/2013 L.E	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/4/2013 to 30/6/2013 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E
Personnel expenses	34 652 175	28 134 090	16 792 511	14 991 623
Depreciation expense	7 109 826	6 147 477	3 793 722	3 412 167
Rents expense	3 547 668	3 059 594	1 744 354	1 564 090
Other administrative expense	16 466 537	16 875 115	10 291 130	9 569 234
	61 776 206	**54 216 276**	**32 621 717**	**29 537 114**

Juhayna Food Industries Company (S.A.E.)
Notes to the interim consolidated financial statements for the period ended 30 June 2013

7 Other expenses

	Financial period from 1/1/2013 to 30/6/2013 L.E	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/4/2013 to 30/6/2013 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E
Leasing installment	6 050 662	6 050 662	3 025 331	3 025 331
Capital loss	231 817	-	225 881	-
Losses resulting from thefts of money	-	414 180	-	(800)
Impairment of fixed assets	11 879 819	-	8 107 951	-
Inventory write down	-	2 511 573	-	-
Provision for claims	5 855 429	10 000	-	-
Other	301 960	1 778 282	301 960	1 778 282
	24 319 687	**10 764 697**	**11 661 123**	**4 802 813**

8 Finance income and finance costs

	Financial period from 1/1/2013 to 30/6/2013 L.E	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/4/2013 to 30/6/2013 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E
Interest expense	(51 933 359)	(47 350 423)	(30 337 738)	(23 957 801)
Interest income	12 983 514	19 472 754	5 044 889	8 462 984
Foreign exchange gain/(loss)	42 191 206	(75 718)	18 281 841	(431 369)
	3 241 361	**(27 953 387)**	**(7 011 008)**	**(15 926 186)**

9- Segmentation reports

9-1 Segmentation reports for the period ended 30 June 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						**Elemenation of**	
	Dairy sector	**Yogurt sector**	**Juices sector**	**Concentrates sector**	**Agriculture sector**	**Undistributed items**	**cosolidated transactions**	**Total**
	L.E	**L.E**	**L.E**	**L.E**	**L.E**	**L.E**	**L.E**	**L.E**
	30/06/2013	**30/06/2013**	**30/06/2013**	**30/06/2013**	**30/06/2013**	**30/06/2013**	**30/06/2013**	**30/06/2013**
Sales	785 376 804	412 409 315	309 455 117	64 598 339	38 815 234	-	-	1 610 654 809
Sales between segments	703 849 961	351 907 862	270 347 503	34 022 194	-	-	(1 360 127 520)	-
Total sales	**1 489 226 765**	**764 317 177**	**579 802 620**	**98 620 533**	**38 815 234**	**-**	**(1 360 127 520)**	**1 610 654 809**
Cost of sales	**(557 129 592)**	**(266 871 058)**	**(214 446 702)**	**(38 425 869)**	**(29 335 348)**	**-**	**-**	**(1 106 208 569)**
Segments' gross profit	**228 247 212**	**145 538 257**	**95 008 415**	**26 172 470**	**9 479 886**	**-**	**-**	**504 446 240**
Other operating income	10 766 982	1 808 637	2 116 749	3 371 759	259 204	-	-	18 323 331
Sales & distribution expense	(87 362 767)	(65 762 863)	(36 279 109)	(574 983)	(2 206 571)	-	-	(192 186 293)
General & administrative expense	(17 650 019)	(28 339 077)	(9 162 426)	(1 674 608)	(4 950 076)	-	-	(61 776 206)
Other operating expense	(12 088 460)	(6 757 149)	(4 991 262)	(19 133)	(463 683)	-	-	(24 319 687)
Board of Directors' remuneration	(245 571)	(72 678)	(41 751)	(10 000)	(25 000)	-	-	(395 000)
Profits from operation	**121 667 377**	**46 415 127**	**46 650 616**	**27 265 505**	**2 093 760**	**-**	**-**	**244 092 385**
Holding company's share in associates' net profit	-	-	-	-	1 405 225	-	-	1 405 225
Finance cost, (net)	860 908	(261 415)	(534 621)	(416 252)	3 592 741	-	-	3 241 361
Net profit for the period before income tax	**122 528 285**	**46 153 712**	**46 115 995**	**26 849 253**	**7 091 726**	**-**	**-**	**248 738 971**
Taxes differences from previous years	-	-	-	-	-	424 456	-	424 456
Income tax expense	-	-	-	-	-	(25 724 958)	-	(25 724 958)
Deferred tax	-	-	-	-	-	(8 388 999)	-	(8 388 999)
Net profit for the period	**122 528 285**	**46 153 712**	**46 115 995**	**26 849 253**	**7 091 726**	**(33 689 501)**	**-**	**215 049 470**
<u>Other Information</u>								
Depreciation	**30 821 054**	**12 175 084**	**26 071 254**	**7 388 975**	**6 063 485**	**-**	**-**	**82 519 852**
Assets	**1 449 717 058**	**1025 216 992**	**776 212 421**	**246 256 630**	**430 207 152**	**97 273 922**	**-**	**4 024 884 175**
Investements accounted for using Equity method	**-**	**-**	**-**	**-**	**44 252 443**	**-**	**-**	**44 252 443**
Liabilities	**1032 761 909**	**641 436 403**	**198 727 704**	**74 686 984**	**26 172 823**	**-**	**-**	**1 973 785 823**

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

9- Segmentation reports

9-2 Segmentation reports for the period ended 30 June 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:

	Activity Segments							
	Dairy sector L.E 30/06/2012	**Yogurt sector L.E 30/06/2012**	**Juices sector L.E 30/06/2012**	**Concentrates sector L.E 30/06/2012**	**Agriculture sector L.E 30/06/2012**	**Undistributed items L.E 30/06/2012**	**Elemenation of cosolidated transactions L.E 30/06/2012**	**Total L.E 30/06/2012**
Sales	643 933 149	346 047 771	240 216 202	17 449 513	19 793 074	-	-	1 267 439 709
Sales between segments	569 928 444	299 558 993	208 759 246	36 395 569	-	-	(1 114 642 252)	-
Total sales	**1 213 861 593**	**645 606 764**	**448 975 448**	**53 845 082**	**19 793 074**	**-**	**(1 114 642 252)**	**1 267 439 709**
Cost of sales	**(467 923 362)**	**(224 525 346)**	**(171 229 857)**	**(13 715 510)**	**(18 188 601)**	-	-	**(895 582 676)**
Segments' gross profit	**176 009 787**	**121 522 425**	**68 986 345**	**3 734 003**	**1 604 473**	**-**	**-**	**371 857 033**
Other operating income	9 335 709	1 266 978	1 626 661	724 159	46 509	-	-	13 000 016
Selling & Distribution expense	(67 350 425)	(64 005 417)	(27 858 552)	(249 772)	(1 894 621)	-	-	(161 358 787)
General & administrative expense	(30 876 746)	(9 856 709)	(9 254 232)	(1 179 828)	(3 048 761)	-	-	(54 216 276)
Other operating expense	(6 274 265)	(120 163)	(83 414)	(10 000)	(4 276 855)	-	-	(10 764 697)
Board of Directors' remuneration	(377 110)	(90 316)	(82 574)	(95 000)	(45 000)	-	-	(690 000)
Profits from operation	**80 466 950**	**48 716 798**	**33 334 234**	**2 923 562**	**(7 614 255)**	**-**	**-**	**157 827 289**
Holding company's share in associates' net income	-	-	-	-	1 425 187	-	-	1 425 187
Finance cost, (net)	(19 077 598)	(1 418 365)	(3 829 695)	(3 379 761)	(247 968)	-	-	(27 953 387)
Net profit for the year before income tax	**61 389 352**	**47 298 433**	**29 504 539**	**(456 199)**	**(6 437 036)**	**-**	**-**	**131 299 089**
Taxes differences from previous years	-	-	-	-	-	1 684 087	-	1 684 087
Income tax expense	-	-	-	-	-	(13 755 986)	-	(13 755 986)
Deferred tax	-	-	-	-	-	156 082	-	156 082
Net profit for the year after income tax	**61 389 352**	**47 298 433**	**29 504 539**	**(456 199)**	**(6 437 036)**	**(11 915 817)**	**-**	**119 383 272**
<u>Other Information</u>								
Depreciation	**21 776 072**	**14 084 976**	**25 586 701**	**7 495 461**	**4 419 263**	**-**	**-**	**73 362 473**
Assets	**1343 414 619**	**531 558 254**	**703 941 028**	**202 418 509**	**304 572 726**	**98 340 824**	**-**	**3 184 245 960**
Investements accounted for using Equity method	**-**	**-**	**-**	**-**	**43 369 030**	**-**	**-**	**43 369 030**
Liabilities	**949 204 402**	**230 097 448**	**141 374 322**	**64 271 169**	**16 696 305**	**-**	**-**	**1 401 643 646**

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	Non current liabilities	Total liabilities	Revenues	Expenses	Net profit (loss)	Cost of investment
	%	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
December 31, 2012											
Milkiez . 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
June 30, 2013											
Milkiez Company	39.988	22 708 125	126 610 345	149 318 470	38 555 034	126 138	38 681 172	52 647 695	49 133 578	3 514 117	44 252 443
Balance as at 30 June 2013		22 708 125	126 610 345	149 318 470	38 555 034	126 138	38 681 172	52 647 695	49 133 578	3 514 117	44 252 443

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 1/1/2012	85 306 338	400 847 659	1 114 481 649	144 815 521	35 619 711	19 223 348	4 220 442	18 628 353	10 299 657	43 760 013	1 877 202 691
Additions of the year	38 699 044	111 103 240	111 731 093	28 699 627	10 863 436	5 108 228	3 073	532 781	1 903 680	10 387 230	319 031 432
Disposals 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)
Impairment in fixed assets	–	–	(8 998 540)	(609 350)	–	-	–	–	–	–	(9 607 890)
Cost as at 31/12/2012	**124 005 382**	**502 504 967**	**1 182 901 921**	**164 332 901**	**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	7 408 350	43 590 667	57 750 130	22 986 533	3 345 625	5 304 858	6 188 314	–	2 897 539	3 196 856	152 668 872
Disposals of the period	(89 960)	(238 323)	(828 278)	(7 043 935)	(12 805)	(1 329 273)	–	–	(139 653)	(95 464)	(9 777 691)
Impairment in fixed assets	–	–	(11 879 819)	–	–	-	-	–	–	–	(11 879 819)
Cost as at 30/6/2013	**131 323 772**	**545 857 311**	**1 227 943 954**	**180 275 499**	**49 452 071**	**26 411 046**	**10 411 829**	**19 094 191**	**14 897 812**	**56 672 057**	**2 262 339 542**
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	–	(1 183 737)	(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	–	7 017 209	53 621 886	9 829 094	2 646 697	3 544 769	564 405	371 994	552 779	4 371 019	82 519 852
Accumulated depreciation of disposals of the period	–	(46 005)	(766 430)	(6 201 589)	(11 696)	(1 329 273)	–	–	(104 638)	(66 038)	(8 525 669)
Accumulated depreciation as at 30/6/2013	**-**	**42 352 262**	**526 540 745**	**68 850 336**	**21 903 255**	**14 330 012**	**2 293 298**	**1 745 363**	**5 921 172**	**41 661 536**	**725 597 979**
Net book value as at 30/6/2013	**131 323 772**	**503 505 049**	**701 403 209**	**111 425 163**	**27 548 816**	**12 081 034**	**8 118 531**	**17 348 828**	**8 976 640**	**15 010 521**	**1 536 741 563**
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 30 June 2013.

The land item amounted to L.E 131 323 772 on 30/6/2013 includes an amount of L.E 121 745 704 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	278 656	
	3 521 690	

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
Mansoureya land	7 402 500	Preliminary contract
Other	6 114 914	
	73 171 972	

11-3 Land of Aldawlia for Modern 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.

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

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 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

12 Projects under constructions

	30/6/2013 L.E.	31/12/2012 L.E.
Buildings and constructions in progress	400 245 120	248 899 103
Machineries under installation	221 134 406	50 792 185
Wells and pumps	9 376 711	−
Biological production farm	1 103 987	−
materials on site	13 840 000	−
Advance payments for fixed assets purchase	274 792 217	230 885 203
	920 492 441	**530 576 491**

13 Plant wealth

	30/6/2013 L.E.	31/12/2012 L.E.
Land reclamation	30 934 141	21 219 345
Fruit trees	9 740 732	8 206 770
Protection trees (Kazhurana)	223 273	165 230
	40 898 146	**29 591 345**

14 Assets held for sale

This balance amounted to L.E. 538 899 as at 30/6/2013 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 2011

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.

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 31/12/2010

The Inspection is in progress by related tax authority.

Year 2010 till 2012

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 till 2012

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	31/12/2018
International Company For Modern Food Industries	31/12/2018
Inmaa for agriculture development & biological wealth	19/03/2021
Inmaa for agriculture reclamation	Activity has not started yet
Inmaa for live stock	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 31/07/2004)

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 91of 2005and company is Subject to tax in 1-1-2010.

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 2009till 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.
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 in 21/12/2010 .
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.

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 2011.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

16 Inventories

	30/6/2013 L.E.	31/12/2012 L.E.
Raw materials	383 698 859	88 166 465
Packaging & packing materials	117 502 631	75 213 028
Finished products	135 742 608	127 504 480
Plant wealth	-	10 366 137
Spare parts & miscellaneous supplies	38 770 645	31 940 818
L/C’s for purchase raw material	55 998 447	14 409 166
Biological assets	9 296 884	-
	741 010 074	**347 600 094**

17 Trade and other receivables

	30/6/2013	31/12/2012
	L.E.	**L.E.**
Trade receivables	112 497 311	83 298 619
Less: Impairment in trade receivables	(12 900 619)	(16 661 400)
	99 596 692	**66 637 219**
Notes receivables	3 494 694	4 173 149
Tetra Pak company	1 672 853	954 940
Suppliers – advance payments	42 015 195	22 505 790
Prepaid expenses	7 905 397	4 377 743
Export subsidy	14 308 906	11 550 359
Accrued revenues	661 998	132 296
Tax authority	9 380 976	15 493 358
Customs authority	22 681 824	10 587 535
Deposits with others	2 472 146	2 157 741
Purchase of fixed assets debtors	900 742	-
Accrued interest payable	-	65 587
Other debit balances	11 103 381	8 150 800
	216 194 804	**146 786 517**
Less: Impairment in debtors & other debit balances	(1 666 434)	(1 666 434)
	214 528 370	**145 120 083**

18 Cash and cash equivalents

	30/6/2013	31/12/2012
	L.E.	**L.E.**
Time deposits *	239 061 990	509 216 016
Banks – current accounts	33 639 816	4 621 444
Cheques under collection	2 311 896	988 146
Cash in hand	7 105 902	3 908 103
Cash in transit	19 474 453	6 033 437
L /G's cash margin	5 050 000	5 050 000
	306 644 057	**529 817 146**
Bank over draft	(7 556 776)	(13 208 561)
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	**294 037 281**	**511 558 585**

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

19 Share capital

	30/6/2013 L.E.	31/12/2012 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.	121 395 663	387 793 442	509 189 105
Granted loans to Company's Group from HSBC.	72 251 211	40 000 000	112 251 211
Granted loans to Company's Group from Barclays.	13 637 000	101 711 181	115 348 181
Balance at 30/6/2013	**207 283 874**	**529 504 623**	**736 788 497**
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 812 698 763 as at 30/6/2013 (against L.E 351 097 043 as at 31/12/2012), 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.

22 Short term loans

This balance which amounted to L.E. 15 000 000 as at 30/6/2013 (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.

23 Provision for claims

Description	Balance on 1/1/2013	Provision formed during the year	Provision used during the year	Balance on 30/6/2013
	L.E	L.E	L.E	L.E.
Provision for claims	11 554 532	5 855 429	(750 667)	16 659 294
	11 554 532	**5 855 429**	**(750 667)**	**16 659 294**

24 Creditors and other credit balances

	30/6/2013	31/12/2012
	L.E.	L.E.
Suppliers	141 602 887	134 869 854
Notes payable	-	9 433 940
Accrued expenses	65 065 375	55 786 944
Fixed assets' creditors	9 200 962	4 535 631
Tetra Pak company	553 828	-
Tax authority	8 476 421	7 242 996
Deposits from others	11 117 432	10 986 548
Sales tax installments on the imported machineries and equipments	6 776 571	6 612 857
Deferred capital gains	1 738 584	1 738 584
Social insurance authority	2 840 030	2 761 150
Dividends payable	286 092	133 600
Advances from customers	4 323 511	1 159 541
Income tax	25 724 958	-
Other credit balances	2 133 373	1 458 299
	279 840 024	**236 719 943**

25 Other long term liabilities

Description	30/6/2013	31/12/2012
	L.E.	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 6 776 571 as at 30/6/2013(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).	38 797 667	31 969 777
	38 797 667	**31 969 777**

26 Deferred revenues

	30/6/2013 L.E.	31/12/2012 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 869 292 while the short term portion amounted to L.E 1 **738** 584 as at 30/6/2013 (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).	6 084 993	6 954 285
	6 084 993	**6 954 285**

27 Deferred tax liabilities

Deferred tax liability amounted to L.E 60 359 809 on 30/6/2013 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 1st Jan to 30 June 2013 L.E	Balance on 30/6/2013 L.E
Deferred tax liability from fixed assets	**51 970 810**	**8 388 999**	**60 359 809**

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities 30/6/2013 L.E.	31/12/2012 L.E.
Fixed assets	62 315 707	54 144 030
Deferred revenue	(1 955 898)	(2 173 220)
Net tax liabilities	**60 359 809**	**51 970 810**

28 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2013 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 30/6/2013	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 wealth	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

29 Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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.

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	**30/6/2013**	**31/12/2012**
		L.E.	**L.E.**
Trade receivables	(17)	99 596 692	66 637 219
Banks credit facilities	(21)	812 698 763	351 097 043
Short term loans	(22)	15 000 000	32 476 634
Total long term loans	(20)	736 788 497	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 812 698 763 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	812 698 763	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.

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	802 438	512 541	-	-	-
Cash and cash equivalents	11 289 895	16 691 004	-	-	8
Credit facilities	(9 987 558)	(19 617)	-	-	-
Creditors and other credit balances	(3 718 637)	(3 409 761)	-	(1 167)	-
30 June 2013	**(1 613 862)**	**13 774 167**	**-**	**(1 167)**	**8**
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	
	6/2013	**2012**	**6/2013**	**2012**
USD	6.728	6.235	7.034	6.423
Euro	8.875	8.265	9.153	8.597

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.

	30/6/2013 L.E.	31/12/2012 L.E.
Total liabilities	1 973 785 823	1 456 694 858
Less: cash and cash equivalents	(306 644 057)	(529 817 146)
Net debt	**1 667 141 766**	**926 877 712**
Total equity	2 051 098 352	1 988 640 891
Net debt to adjusted equity ratio	**%81.28**	**46.61%**

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

30 Financial lease contracts

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

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

On 30/10/2007 the Company signed a contract with regard to a land lease (including the building built thereon), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 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 30/6/2013 amounted to L.E. 6 050 662.

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 14 713 537 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 548 591 060 on 30/6/2013.

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.

33-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions 30/6/2013 L.E.	Total value of transactions 31/12/2012 L.E.	Balance as at 30/6/2013 L.E.	Balance as at 31/12/2012 L.E.
Milkiez	Customer	377 387	927 582	2 684 897	1 337 563
	Vendor	36 928	185 652		
	Current	2 270 582			
				2 684 897	**1 337 563**

34 Goodwill

	30/6/2013 L.E.	31/12/2012 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.

Law no. 11 for the year 2013 was issued during May 2013 for amending some articles of income tax law issued by the law no. 91 for the year 2005 and law no. 101 for the year 2012 which was previously suspended based on Officials' statements about freezing those decisions. the financial statements will not be affected by this law as it was issued after the conclusion of the financial year of the company .