

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the period ended
30 June 2012
and review report**

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A member of Grant Thornton international
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Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the period ended 30 June 2012

Contents

	Page
Auditors' report	-
Consolidated balance sheet	1
Consolidated income statement	2
Consolidated statement of changes in shareholders' equity	3
Consolidated statement of cash flows	4
Notes to the consolidated financial statements	5 – 34

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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

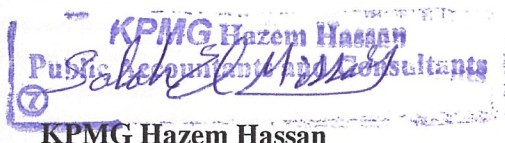
We have performed a limited review for the accompanying consolidated balance sheet of Juhayna Food Industries S.A.E, as of 30 June 2012 and the related consolidated statements of income, changes in equity and cash flows for the six-month then ended, and a summary of significant accounting policies and 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". 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 2012, and of its financial performance and its cash flows for the six-month then ended in accordance with Egyptian Accounting Standards.


KPMG Hazem Hassan

Mohamed Helal – Grant Thornton

Cairo, 8 August 2012

Samir A

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated balance sheet
As at 30 June 2012

Translation from Arabic

Assets	Note no.	30/6/2012 L.E.	31/12/2011 L.E.
Property, plant and equipment	(11)	1 335 406 271	1 328 743 778
Projects under construction	(12)	375 646 510	195 147 105
Plant wealth	(13)	22 675 150	19 135 323
Investments in equity - accounted investees	(10)	43 369 030	42 329 048
Other - long term - debit balances		802 456	806 592
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		1 874 992 307	1 683 254 736
Inventories	(15)	448 988 479	397 182 013
Trade and other receivables	(16)	179 433 920	188 012 096
Due from related parties	(33-1)	3 757 655	1 481 475
Treasury bills		155 400 858	-
Cash and cash equivalents	(17)	521 672 741	688 413 238
Assets held for sale		-	3 000 000
Current assets		1 309 253 653	1 278 088 822
Provisions	(23)	7 374 821	7 600 466
Banks - overdraft		6 260 912	58 406 259
Banks - credit facilities	(21)	657 198 141	448 000 911
Short term loans	(22)	28 998 297	8 352 761
Creditors and other credit balances	(24)	227 934 390	148 620 953
Income tax		-	12 818 649
Long-term loans-current portion	(20)	135 996 537	131 809 926
Current liabilities		1 063 763 098	815 609 925
Working capital		245 490 555	462 478 897
Total invested funds		2 120 482 862	2 145 733 633
These investments are financed as follows:			
Equity			
Issued and paid up capital	(18)	706 053 811	726 416 332
Legal reserve		390 405 028	390 106 391
General reserve - issuance premium	(18-1)	330 920 428	404 500 682
Retained earnings		235 417 835	201 846 829
Treasury stocks		-	(93 942 775)
Net profit for the period/ year after periodic dividends		119 352 114	182 867 264
Total equity attributable to the shareholders of the parent company		1 782 149 216	1 811 794 723
Non controlling interest		453 098	411 247
Total equity		1 782 602 314	1 812 205 970
Long term loans	(20)	263 303 322	252 495 807
Other long term liabilities	(25)	30 841 021	36 270 276
Deferred revenues	(26)	7 823 576	8 692 869
Deferred tax liabilities	(27)	35 912 629	36 068 711
Non-current liabilities		337 880 548	333 527 663
Shareholders' equity and non current liabilities		2 120 482 862	2 145 733 633

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

Finance Director
Sameh El-hodaiby

Chairman
Safwan Thabet

*Limited review report attached .

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated income statement
For the period ended 30 June 2012

Translation from Arabic

		The financial Period from 1/1/2012 to 30/06/2012	The financial Period from 1/1/2011 to 30/06/2011	The financial period from 1/4/2012 to 30/06/2011	The financial period from 1/4/2011 to 30/06/2011
	Note no.	L.E.	L.E.	L.E.	L.E.
Net sales		1 267 439 709	1 000 405 300	706 349 273	572 794 249
Cost of sales		(895 582 676)	(711 809 000)	(485 865 470)	(411 989 293)
Gross profit		371 857 033	288 596 300	220 483 803	160 804 956
Change in fair value of biological assets		-	(342 938)	-	(342 938)
Other income	(5)	13 000 016	13 134 117	8 977 453	8 406 842
Sales & distribution expenses		(161 358 787)	(105 725 872)	(91 084 610)	(64 081 728)
General & administrative expenses	(6)	(54 216 276)	(48 066 960)	(29 537 114)	(25 235 622)
Other expenses	(7)	(10 764 697)	(8 128 446)	(4 802 813)	(4 954 123)
Board of directors remuneration		(690 000)	(387 000)	(335 000)	(225 000)
Results from operating activities		157 827 289	139 079 201	103 701 719	74 372 387
Parent company's share in associates' net income		1 425 187	2 647 418	244 895	1 739 241
Finance income and finance costs	(8)	(27 953 387)	(18 522 654)	(15 926 186)	(10 789 851)
Profit before income tax		131 299 089	123 203 965	88 020 428	65 321 777
Taxes differences from previous years		1 684 087	(1 006 955)	5 061	(1 006 955)
Income tax expense		(13 755 986)	(7 747 556)	(10 058 097)	(2 265 344)
Deferred tax		156 082	(2 288 326)	(1 567 287)	(24 952)
Net profit for the period		119 383 272	112 161 128	76 400 105	62 024 526
Distributed as follows					
Holding Company's share in profit		119 352 114	112 124 795	76 382 331	62 007 926
Non controlling interest		31 158	36 333	17 774	16 600
		119 383 272	112 161 128	76 400 105	62 024 526
Earning per share (L.E./share)	(19)	0.169	0.159	0.108	0.088

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of changes in equity
For the period ended 30 June 2012

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve- insurance premium L.E.	Retained earnings L.E.	Treasury stocks L.E.	Net Profit for the period L.E.	Total L.E.
Balance as at 1 January 2011	726 416 332	380 489 181	404 500 682	12 405 873	(93 942 775)	213 568 361	1 643 437 654
Reversal of beginning balance adjustments	-	24 447 707	-	(1 022 164)	-	(974 614)	22 450 929
Dividends for 2010	-	-	-	205 982 561	-	(205 982 561)	-
Holding Company's share in reserves & retained earnings of subsidiaries	-	2 333 503	-	6 102 320	-	-	8 435 823
Consolidation adjustments on 30 June 2011	-	(24 900 468)	-	(16 666 045)	-	(6 611 186)	(48 177 699)
Net profit for the period ended 30 June 2011	-	-	-	-	-	112 124 795	112 124 795
Balance as at 30 June 2011	726 416 332	382 369 923	404 500 682	206 802 545	(93 942 775)	112 124 795	1 738 271 502
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 30 June 2012	-	(24 119 318)	-	19 091 299	-	(14 049 230)	(19 077 249)
Net profit for the period ended 30 June 2012	-	-	-	-	-	119 352 114	119 352 114
Balance as at 30 June 2012	706 053 811	390 405 028	330 920 428	235 417 835	-	119 352 114	1 782 149 216

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of cash flows
For the Period ended 30 June 2012

	The Financial Period ended 30/06/2012	The Financial Period ended 30/06/2011
Note no.	L.E.	L.E.
Cash flows from operating activities		
Net profit for the period before income tax and minority interest in profits	131 299 089	123 203 965
Adjustments for:		
Fixed assets' depreciation	73 362 473	68 907 124
Capital gains	(2 854 965)	(3 281)
Reversal of impairment in fixed assets	-	(113 692)
Change in Investments in equity accounted investees (investments in associates)	(1 039 982)	-
Impairment in trade and other receivables	-	2 925
Reversal of impairment in trade and other receivables	(209 872)	(118 902)
write down of inventories	-	1 438 274
Reversal of write down of inventories	2 511 573	-
Provision for claims-formed	10 000	147 823
Financial lease installments	6 050 662	6 050 662
Time deposits interests	(19 472 754)	-
Finance interests & expenses	47 350 423	39 005 003
	<u>237 006 647</u>	<u>238 519 901</u>
Changes in:		
Inventories	(54 318 039)	(168 390 160)
Trade and other receivables	31 431 933	(27 269 773)
Due from related parties	(2 276 180)	500 000
Creditors & other credit balances	(4 518 411)	(26 322 665)
Dividends paid to employees	(21 388 961)	-
Collected time deposits interests	29 877 705	-
Paid finance interests & expenses	(46 434 117)	(33 727 821)
Provision for claims-used	(235 645)	(283 021)
Net cash flows from (used in) operating activities	<u>169 144 932</u>	<u>(16 973 539)</u>
Cash flows from investing activities		
Acquisition of fixed assets & projects under construction	(263 357 471)	(204 295 898)
Proceeds from sale of fixed assets	3 868 862	5 316 124
Acquisition of treasury stocks	(155 400 858)	-
Acquisition of animal wealth	(1 720 624)	-
Acquisition of investments in subsidiaries	-	(2 549 269)
Net cash flows used in investing activities	<u>(416 610 091)</u>	<u>(201 529 043)</u>
Cash flows from financing activities		
Proceeds from bank credit facilities	209 197 230	228 946 892
Proceeds from (payment for) bank loans	35 639 662	(69 538 065)
Payments for lease installments- sale with the right of lease back	(6 050 662)	(6 050 662)
Dividends paid to shareholders	(105 908 072)	-
Increase in minority interest	41 851	79 979
Net cash flows from financing activities	<u>132 920 009</u>	<u>153 438 144</u>
Change in cash & cash equivalents during the period	<u>(114 545 150)</u>	<u>(65 064 438)</u>
Cash & cash equivalents at 1 January	624 906 979	714 168 107
Cash & cash equivalents at 30 June	<u>(17) 510 361 829</u>	<u>649 103 669</u>

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

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements
For the financial period ended 30 June 2012

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 Company is domiciled in Egypt. The address of the Company's registered office is 11 Aljihad Street- Lebanon Square- Almohandessien, and the address of the company's factories is 6 of October city- First Industrial Zone- piece no. 39 and 40, Arab Republic of Egypt. Mr. Safwan Thabet is the Chairman of the Board of Directors.

The Company 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 by the Board of Directors on 8/8/2012.

2-2 Basis of measurement

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

Non-derivative financial liabilities(note 4-1).

Biological assets and Agricultural crops at fair value (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 consolidated financial statements for the Period ended 30 June 2012

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 (3-8) : 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 (15) : Write down of inventories.
- Note (16) : Impairment of trade and notes receivable.
- Note (23) : Provisions.
- Note (27) : Deferred tax.

3 Significant accounting policies

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

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 denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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

Non-derivative financial liabilities

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

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

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

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

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

Capital

Authorized capital

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

Issued and paid up capital

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

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

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.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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 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 assets.

3-6 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.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

3-7 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.

3-8 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.

3-9 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.

3-10 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 consolidated financial statements for the Period ended 30 June 2012

3-11 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 recognised 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 amortisation, if no impairment loss had been recognised.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

3-12 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.

3-13 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.

**3-14 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.

3-15 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.

3-16 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 consolidated financial statements for the Period ended 30 June 2012

3-17 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.

3-18 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.

3-19 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.

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.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

5 Other income

	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E
Export subsidy revenue	5 610 196	5 258 074	3 426 956	3 380 526
Deferred capital gains	869 292	869 292	434 646	434 646
Capital gain	2 854 965	3 281	2 810 071	132
Reversal of impairment of receivables	209 872	118 902	27 049	16 778
Reversal of write down of inventory	-	113 692	-	75 332
Reversal of impairment of fixed assets	-	-	(38 215)	-
Drawback of sales tax	852 993	319 902	852 993	201 264
Other revenue	2 602 698	6 450 974	1 463 953	4 298 164
	<u>13 000 016</u>	<u>13 134 117</u>	<u>8 977 453</u>	<u>8 406 842</u>

6 General & administrative expense

	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E
Personnel expenses	28 134 090	26 557 144	14 991 623	13 795 597
Depreciation expense	6 147 477	5 227 048	3 412 167	2 521 842
Rents expense	3 059 594	2 510 344	1 564 090	1 335 530
Other administrative expense	16 875 115	13 772 424	9 569 234	7 582 653
	<u>54 216 276</u>	<u>48 066 960</u>	<u>29 537 114</u>	<u>25 235 622</u>

7 Other expenses

	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E
Leasing installment	6 050 662	6 050 662	3 025 331	3 025 331
Losses resulting from thefts of money	414 180	488 763	(800)	488 763
Impairment of account receivables	-	2 925	-	1 755
Inventory write down	2 511 573	1 438 274	-	1 438 274
Provision for claims	10 000	147 822	-	-
Other	1 778 282	-	1 778 282	-
	<u>10 764 697</u>	<u>8 128 446</u>	<u>4 802 813</u>	<u>4 954 123</u>

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

8 Finance income and finance costs

	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E
Interest expense	(47 350 423)	(39 005 003)	(23 957 801)	(20 912 988)
Interest income	19 472 754	24 028 011	8 462 984	12 281 288
Net foreign exchange(loss) / gain	(75 718)	(3 545 662)	(431 369)	(2 443 108)
Change in net present value	-	-	-	284 957
	<u>(27 953 387)</u>	<u>(18 522 654)</u>	<u>(15 926 186)</u>	<u>(10 789 851)</u>

Juhayna Food Industries

Notes to the consolidated financial statements for the period ended 30 June 2012

9- Segmentation reports

9-1 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:

	Dairy sector L.E	Yogurt sector L.E	Juices sector L.E	Activity Segments Concentrates sector L.E	Agriculture sector L.E	Undistributed items L.E	Elementation of consolidated transactions L.E	Total L.E
	The period ended 30/06/2012	The period ended 30/06/2012	The period ended 30/06/2012	The period ended 30/06/2012	The period ended 30/06/2012	The period ended 30/06/2012	The period ended 30/06/2012	The period ended 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
Sales & distribution expense	(67 350 425)	(64 005 417)	(27 858 552)	(1 249 772)	(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)	(1 120 163)	(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
Parent company's share in associates' net profit	-	-	-	-	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 period 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 provision	-	-	-	-	-	(13 755 986)	-	(13 755 986)
Deferred tax	-	-	-	-	-	156 082	-	156 082
Net profit for the period	61 389 352	47 298 433	29 504 539	(456 199)	(6 437 036)	(11 915 817)	-	119 383 272
Other Information								
Depreciation	21 776 072	14 084 976	25 586 701	7 495 461	4 419 263	-	-	73 362 473
Assets	1 343 414 619	531 558 254	703 941 028	202 418 509	304 572 726	98 340 824	-	3 184 245 960
Investments 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.

9-2 Segmentation reports for the period ended 30 June 2011

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

The primary report for activity segmentations:

Revenues and expenses according to activity segmentations were as follows:

	Activity Segments				Undistributed items L.E	Elimination of consolidated transactions L.E	Total L.E
	Dairy sector L.E	Yogurt sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture Sector L.E	The period ended 30/06/2011	The period ended 30/06/2011
Sales	506 487 188	247 514 129	192 190 618	37 064 575	17 148 790	-	1 000 405 300
Sales between segments	436 320 268	165 353 158	217 916 159	21 820 348	-	-	-
Total sales	942 807 456	412 867 287	410 106 777	58 884 923	17 148 790	-	1 000 405 300
Cost of sales	(367 719 320)	(161 680 467)	(140 382 254)	(33 427 654)	(8 599 305)	-	(711 809 000)
Segments' gross profit	138 767 868	85 833 662	51 808 364	3 636 921	8 549 485	-	288 596 300
Change in fair value of biological assets	-	-	-	-	(342 938)	-	(342 938)
Other operating income	7 192 443	412 470	1 142 027	4 353 542	33 635	-	13 134 117
Sales & distribution expense	(53 741 147)	(29 133 159)	(22 622 671)	(228 895)	-	-	(105 725 872)
General & administrative expense	(23 273 537)	(7 701 660)	(9 483 127)	(4 581 757)	(3 026 879)	-	(48 066 960)
Other operating expense	(3 922 390)	(2 575 465)	(1 630 591)	-	-	-	(8 128 446)
Board of Directors' remuneration	(204 281)	(39 625)	(36 094)	(72 000)	(35 000)	-	(387 000)
Profits from operation	64 818 956	46 796 223	19 177 908	3 107 811	5 178 303	-	139 079 201
Parent company's share in associates' net profit	-	-	-	-	2 647 418	-	2 647 418
Finance cost	(9 472 406)	(3 044 091)	(2 646 615)	(3 339 520)	(20 022)	-	(18 522 654)
Net profit for the period before income tax	55 346 550	43 752 132	16 531 293	(231 709)	7 805 699	-	123 203 965
Taxes differences from previous years	-	-	-	-	-	(1 006 955)	(1 006 955)
Income tax provision	-	-	-	-	-	(7 747 556)	(7 747 556)
Deferred tax	-	-	-	-	-	(2 288 326)	(2 288 326)
Net profit for the period	55 346 550	43 752 132	16 531 293	(231 709)	7 805 699	(11 042 837)	112 161 128
Other Information							
Depreciation	27 441 604	6 835 697	24 951 644	7 529 674	2 148 505	-	68 907 124
Assets	1 351 502 752	464 391 222	707 856 039	184 800 439	199 502 930	88 210 984	2 996 264 366
Investments accounted for using Equity method	-	-	-	-	-	41 160 420	41 160 420
Liabilities	924 405 296	136 265 999	127 155 851	62 821 729	6 925 266	-	1 257 574 141

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

Juhayna Food Industries
Notes to the consolidated financial statements for the period ended 30 June 2012

10- Equity - accounted investees (investments in associates)

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

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Current liabilities		Non current liabilities		Total liabilities		Revenues		Expenses		Net profit (loss)		Cost of investment	
		L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
December 31, 2011																					
Melceys Company	39.988	25 920 191	95 612 648	121 532 839	15 351 078	354 391	15 705 469	89 378 074	79 238 076	10 139 998	42 329 048										
Balance as at 31 December 2011		25 920 191	95 612 648	121 532 839	15 351 078	354 391	15 705 469	89 378 074	79 238 076	10 139 998	42 329 048										
June 30, 2012																					
Melceys Company	39.988	31 885 299	86 156 715	118 042 014	9 417 175	196 734	9 613 909	33 733 629	30 169 594	3 564 035	43 369 030										
Balance as at 30 June 2012		31 885 299	86 156 715	118 042 014	9 417 175	196 734	9 613 909	33 733 629	30 169 594	3 564 035	43 369 030										

11-Property, plant, and equipment

Description	Land*	Buildings & constructions	Machinery & equipment	Transportation & transport vehicles	Tools	Empty plastic containers & Pallets	Display ref.'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 1/1/2011	67 276 073	358 823 919	973 809 648	73 853 412	27 269 437	23 155 175	3 502 586	8 908 741	8 748 603	32 862 173	1 578 209 767
Adjustments	-	-	-	-	-	(9 882 372)	-	-	-	-	(9 882 372)
Reclassification	-	-	-	(1 420 484)	1 420 484	-	-	-	-	-	-
Additions of the year	18 030 265	42 023 740	147 281 112	82 385 296	7 281 805	7 954 357	717 856	9 719 612	1 597 938	11 554 621	328 546 602
Disposals of the year	-	-	(6 609 111)	(10 002 703)	(352 015)	(2 003 812)	-	-	(46 884)	(656 781)	(19 671 306)
Cost as at 31/12/2011	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 period	27 558 618	11 325 829	12 494 122	21 559 738	4 643 045	2 495 214	-	-	770 143	802 298	81 649 007
Disposals of the period	-	-	(275 427)	(6 365 388)	(53 740)	(1 304 056)	-	-	(17 900)	(390 242)	(8 406 753)
Reclassification	-	-	-	-	-	-	-	-	(282 359)	282 359	-
Cost as at 30/6/2012	112 864 956	412 173 488	1 126 700 344	160 009 871	40 209 016	20 414 506	4 220 442	18 628 353	10 769 541	44 454 428	1 950 444 945
Accumulated depreciation											
Accumulated depreciation as at 1/1/2011	-	17 431 430	313 459 589	46 199 203	10 412 850	14 543 910	97 886	-	3 780 090	21 573 133	427 498 091
Adjustments	-	-	-	-	-	(9 882 372)	-	-	-	-	(9 882 372)
Reclassification	-	-	-	(934 629)	934 629	-	-	-	-	-	-
Depreciation of the period	-	8 679 051	97 572 011	13 470 756	3 619 290	4 967 294	786 764	697 449	815 672	7 957 021	138 565 308
Accumulated depreciation of disposals of the period	-	-	(1 506 446)	(4 512 211)	(133 817)	(1 393 852)	-	-	(38 261)	(240 614)	(7 825 201)
Impairment (reverse of impairment) of fixed assets	-	-	-	(113 425)	-	216 512	-	-	-	-	103 087
Accumulated depreciation as at 31/12/2011	-	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 period	-	5 102 420	49 330 625	8 555 979	2 179 126	2 837 926	422 045	371 433	466 579	4 096 340	73 362 473
Accumulated depreciation of disposals of the period	-	-	(57 562)	(5 019 318)	(48 834)	(1 304 056)	-	-	(5 967)	(351 283)	(6 787 020)
Adjustments	-	547 132	(599 594)	25	-	-	-	56 770	-	(25)	4 308
Impairment (reverse of impairment) of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30/6/2012	-	31 760 033	458 198 623	57 646 380	16 963 244	9 985 362	1 306 695	1 125 652	5 018 113	33 034 572	615 038 674
Net book value as at 30/6/2012	112 864 956	380 413 455	668 501 721	102 363 491	23 245 772	10 429 144	2 913 747	17 502 701	5 751 428	11 419 856	1 335 406 271
Net book value as at 31/12/2011	85 306 338	374 737 178	704 956 495	90 705 827	20 786 759	10 771 856	3 335 792	17 930 904	5 742 156	14 470 473	1 328 745 778

Fully depreciated assets are amounted to L.E. 173 752 141 as at 30 June 2012.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

The land item amounted to L.E 112 864 956 on 30/6/2012 includes an amount of L.E 101 248 109 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
Pc. 38	1 103 149	Preliminary contract
Pc. 39	1 103 149	Preliminary contract
Pc. 40	1 104 584	Preliminary contract
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	688 498	
	7 242 414	

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
Baleares land	15 495 080	Preliminary contract
Olaykat Arab land	2 589 300	Auction
Other	12 744 840	
	56 544 623	

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 m3 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
Alsada Land	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 consolidated financial statements for the Period ended 30 June 2012

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.
- Area of 2 000 Acres amounted to L.E 2 000 000 in the virtue of a contract with Arabya for investment and development Company according to contract with the squatter dated May 4, 2010. The necessary legal procedures with government for legal convey of land are in progress
- Area of 2 000 Acres amounted to L.E 1 200 000 in the virtue of a contract with Abd Elazeem Abdallah according to contract with the squatter dated May 5, 2010. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 3 146 Acres amounted to L.E 4 719 000 in the virtue of a contract with Abd elaziz Aly according to contract with the squatter dated September 5, 2010. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 980 Acres amounted to L.E 870 000 in the virtue of a contract with Abd Elazeem Abdallah according to 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 Mohammad Mahroos Ilhamy according to contract with the squatter dated January 3, 2012. The necessary legal procedures with government for legal convey of land are in progress.

Change in estimates

During the period ended 30 June 2012, Inmaa for agriculture development & biological wealth conducted an operational efficiency review for the property, plant and equipment owned by the Company which resulted in changes in the expected useful life and the expected economic benefits from this item of property, plant and equipment which is now expected to remain in production for more than the period specified previously . as a result, the expected useful lives of these assets increased. The effects of these changes on depreciation expenses, recognised in cost of sales, in current and future years is as follows:

	2012
(Decrease) in depreciation expense	1 644 614

12 Projects under constructions

	30/6/2012	31/12/2011
	L.E.	L.E.
Buildings and constructions in progress	154 842 683	60 956 198
Machineries under installation	90 813 035	36 670 541
Advance payments for fixed assets purchase	129 990 792	97 520 366
	<u>375 646 510</u>	<u>195 147 105</u>

13 Plant wealth

	30/6/2012	31/12/2011
	L.E.	L.E.
Land reclamation	15 863 469	13 865 411
Fruit trees	6 718 019	5 176 250
Protection trees (Kazhurana)	93 662	93 662
	<u>22 675 150</u>	<u>19 135 323</u>

Juhayna Food Industries Company (S.A.E.)
Notes to the consolidated financial statements for the Period ended 30 June 2012

14 Tax status

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

A. Corporation tax

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

The period from the beginning of operation till year 2004

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

Year 2005

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

Year 2006

The tax inspection has been performed and the inspection forms have been received.

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.

B. Salaries tax

The period from the beginning of operation till year 2003

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

Year 2004

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

From year 2005 till 2008

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

Year 2009till 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.

Juhayna Food Industries Company (S.A.E.)
Notes to the consolidated financial statements for the Period ended 30 June 2012

14-2 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	10 years from starting activity

The Companies that are not exempted and have not been inspected as at 31/12/2011.

Egyptian Company for Dairy and Juice Products

-Tiba for Trading and Distributing

-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 inspection is in progress from 2007 till 2010.
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.

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 31/7/2006, payments have been made.
Tiba for Trading and Distribution	- Inspection has been performed till 31/7/2006 and paid, Inspection in progress from 1/8/2006 till 31/12/2008.
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.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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 not inspected till date.

The Egyptian Company For Food Industries "Egyfood"

- Inspected and paid till 2008.

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.

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 31/12/2009.

Inmaa for Agriculture Development Co.

-The company presents sales tax return on monthly & has not been inspected yet

15

Inventories

	30/6/2012	31/12/2011
	L.E.	L.E.
Raw materials	174 530 974	129 478 361
Packaging & packing materials	86 569 859	96 345 638
Finished products	129 033 700	121 406 379
Work in process	13 341 418	9 649
Plant wealth	14 119 715	21 237 972
Spare parts & miscellaneous supplies	31 315 017	29 982 304
L/C's for purchase raw material	77 796	12 932
Less :		
Change in fair value of biological assets	-	(1 291 222)
	448 988 479	397 182 013

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

16 Trade and other receivables

	30/6/2012	31/12/2011
	L.E	L.E
Trade receivables	89 619 135	73 318 247
Less: Impairment in trade receivables	(16 627 574)	(17 473 292)
	72 991 561	55 844 955
Notes receivables	16 985 622	64 511 361
Tetra Pak company	1 377 922	8 043 192
Suppliers – advance payments	37 912 485	10 922 117
Prepaid expenses	8 593 533	6 512 319
Export subsidy	9 465 238	7 287 961
Accrued revenues	678 801	132 294
Tax authority	6 123 503	7 302 091
Customs authority	6 040 127	1 238 442
Deposits with others	5 119 137	2 597 187
Accrued interest payable	6 956 712	17 420 602
Fixed assets debtors	4 665 288	1 966 790
Other debit balances	3 177 073	4 470 887
	180 087 002	188 250 198
Less: Impairment in debtors & other debit balances	(653 082)	(238 102)
	179 433 920	188 012 096

17 Cash and cash equivalents

	30/6/2012	31/12/2011
	L.E	L.E.
Time deposits	455 390 083	651 248 943
Banks – current accounts	40 830 864	21 012 574
Cheques under collection	577 488	500 000
Cash in hand	6 916 333	10 551 721
L/G's cash margin	5 050 000	5 100 000
Cash in transit	12 907 973	-
	521 672 741	688 413 238
Bank over draft	(6 260 912)	(58 406 259)
L/G's cash margin (due after 3 months)	(5 050 000)	(5 100 000)
Cash and cash equivalents in the statement of cash flows	510 361 829	624 906 979

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

18 Share capital

	30/6/2012	31/12/2011
	L.E	L.E
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 726 416 332 shares with nominal value L.E 1 each)	706 053 811	726 416 332

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 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.

18-1 General reserve - issuance premium

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

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

19 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company after deducting employees shares and B.O.D shares by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

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

	Financial period from 1/1/2012 to 30/6/2012 L.E	Financial period from 1/1/2011 to 30/6/2011 L.E	Financial period from 1/4/2012 to 30/6/2012 L.E	Financial period from 1/4/2011 to 30/6/2011 L.E
Net profit for the period according to consolidated income statement	119 352 114	112 124 795	76 382 331	62 007 926
Weighted average number of outstanding shares	706 053 811	706 053 811	706 053 811	706 053 811
Earning per share (L.E./share)	0.169	0.159	0.108	0.088

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

Notes to the consolidated financial statements for the Period ended 30 June 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.	63 745 326	151 052 110	214 797 436
Granted loans to Company's Group from HSBC.	72 251 211	112 251 212	184 502 423
Balance at 30/6/2012	135 996 537	263 303 322	399 299 859
Balance at 31/12/2011	131 809 926	252 495 807	384 305 733

21 Banks – credit facilities

This balance which amounted to L.E 657 198 141 as at 30 June 2012 (against L.E 448 000 911 as at 31 December 2011), represents the drawn down portion of the L.E. 991 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. 28 998 297 as at 30 June 2012 (against L.E. 8 352 761 as at 31 December 2011) represents the short term instalments of the loans granted to the Parent Company by the Commercial International Bank, and the refinance granted by Credit Agricole Bank that are due for repayment within three months from the date of drawn down.

23 Provision for claims

Description	30/6/2012 L.E	31/12/2011 L.E.
Balance at 1 January 2012	7 600 466	7 342 900
Formed during the period	10 000	689 414
Used during the period	(235 645)	(431 848)
Balance at 30 June 2012	7 374 821	7 600 466

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

24 Creditors and other credit balances

	30/6/2012	31/12/2011
	L.E	L.E
Suppliers	114 985 338	73 568 627
Notes payable	9 433 940	11 069
Accrued expenses	47 621 541	40 376 989
Fixed assets' creditors	6 060 475	11 310 670
*Income tax estimated for the period	13 755 986	-
Tax authority	6 338 070	4 039 448
Deposits from others	6 812 185	3 619 886
Sales tax installments on the imported machineries and equipments	4 923 942	6 858 400
Deferred capital gains	1 738 584	1 738 584
Social insurance authority	826 163	689 358
Dividends payable	3 186 764	666 522
Advances from customers	8 402 481	2 228 272
Other credit balances	3 848 921	3 513 128
	227 934 390	148 620 953

* This amount has been calculated according to the average tax rate during the year.

25 Other long term liabilities

Description	30/6/2012	31/12/2011
	L.E.	L.E.
The value of sales tax installments on the imported machineries and equipments due for settlement starting from February 2009 till December 2025 according to the scheduling agreed upon with the Sales Tax Authority. The installments due within one year amounted to L.E 4 923 942 as at 30/6/2012(L E 6 858 400 as at 31/12/2011) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 24).	30 643 041	36 072 296
The value of accrued installments of the purchased land at Al-Wadi Al-Gadeed.	197 980	197 980
	30 841 021	36 270 276

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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 30/6/2012 amounted to L.E 869 292 while the short term portion amounted to L.E 1 738 584 as at 30/6/2012 (L.E. 1 738 584 as at 31/12/2011) included in the trade & other credit balances item of the consolidated balance sheet (Note 24).

30/6/2012	31/12/2011
L.E	L.E
7 823 576	8 692 869
<u>7 823 576</u>	<u>8 692 869</u>

27 Deferred tax liabilities

Deferred tax liability amounted to L.E 35 912 629 on 30/6/2012 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 1/1/2012	Deferred tax from 1 st Jan To 30 June 2012	Balance on 30/6/2012
	L.E	L.E	L.E
Deferred tax liability from fixed assets	<u>36 068 711</u>	<u>(156 082)</u>	<u>35 912 629</u>

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities	
	30/6/2012	31/12/2011
	L.E	L.E
Fixed assets	37 825 063	38 389 409
Deferred revenue	(1 912 434)	(2 320 698)
Net tax liabilities	<u>35 912 629</u>	<u>36 068 711</u>

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

28 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/6/2012 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 30/6/2012	Contribution percentage 31/12/2011	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	-	Egypt
Inmaa for Agriculture and improvment	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.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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:

	Note	Carrying amount	
		30/6/2012	31/12/2011
		L.E.	L.E.
Trade receivables	(16)	72 991 561	55 844 955
Banks credit facilities	(21)	657 198 141	448 000 911
Short term loans	(22)	28 998 297	8 352 761
Total long term loans	(20)	399 299 859	384 305 733

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 657 198 141 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	657 198 141	991 000 000

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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, GBP and Swiss Francs (CHF).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Currency risk**Exposure to currency risk**

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

	USD	Euro	SAR	DKK	GBP
Trade and other debit balances	614 913	1 347 425	-	-	-
Cash and cash equivalents	2 028 508	38 819	1 996	-	-
Credit facilities	(1 839 298)	-	-	-	-
Creditors and other credit balances	(3 346 608)	(405 150)	-	-	-
30 June 2012	(2 542 485)	981 094	1 996	-	-
31 December 2011	24 977 507	(205 522)	1 996	(167 230)	(31 051)

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	6/2012	2011	6/2012	2011
USD	6.057	5.916	6.077	6.047
Euro	7.825	7.739	7.717	7.933

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.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

	30/6/2012	31/12/2011
	L.E	L.E
Total liabilities	1 401 643 646	1 149 137 588
Less: cash and cash equivalents	(521 672 741)	(688 413 238)
Net debt	879 970 905	460 724 350
Total equity	1 782 602 314	1 812 205 970
Net debt to adjusted equity ratio	49.36%	25.42%

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

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 Months	Purchase value at end of contract L.E	Monthly lease value L.E
	Contractual value	Accrued interest			
	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 30/6/2012 amounted to L.E. 6 050 662.

31 Contingencies

On 30 June 2012 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 11 732 068 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 80 998 206 on 30/6/2012.

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

Notes to the consolidated financial statements for the Period ended 30 June 2012

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		Balance as at	
		30/6/2012	31/12/2011	30/6/2012 L.E.	31/12/2011 L.E.
Bonian for Development & Investment	Current account	-	(500 000)	294 865	294 863
Milkiez	Customer	5 962 817	1 516 543	3 462 790	1 186 612
	Vendor	158 288	299 149		
				3 757 655	1 481 475

34 Goodwill

	30/6/2012 L.E.	31/12/2011 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.