Translation from Arabic

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated financial statements
for the period ended
30 September 2012
and review report

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87 Ramsis St., Cairo

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Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated financial statements
for the period ended 30 September 2012

Contents

	Page
Limited review report	-
Interim consolidated balance sheet	1
Interim consolidated income statement	2
Interim consolidated statement of changes in shareholders' equity	3
Interim consolidated statement of cash flows	4
Notes to the interim 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 interim consolidated balance sheet of Juhayna Food Industries S.A.E, as of 30 September 2012 and the related consolidated statements of income, changes in equity and cash flows for the nine-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 September 2012, and of its financial performance and its cash flows for the nine-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public Accountants and Consultants
⑦ **KPMG Hazem Hassan**

Mohamed Helal – Grant Thornton

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

Cairo, 24 October, 2012

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated balance sheet
As at 30 September 2012

Translation from Arabic

Assets	Note no.	30/9/2012 L.E.	31/12/2011 L.E.
Property, plant and equipment	(11)	1 373 330 542	1 328 743 778
Projects under construction	(12)	472 520 664	195 147 105
Plant wealth	(13)	23 872 208	19 135 323
Investments in equity - accounted investees	(10)	42 897 614	42 329 048
Other - long term - debit balances		800 388	806 592
Goodwill	(34)	97 092 890	97 092 890
Non-current assets		**2 010 514 306**	**1 683 254 736**
Inventories	(15)	381 797 168	397 182 013
Trade and other receivables	(16)	150 123 439	188 012 096
Due from related parties	(33-1)	1 183 395	1 481 475
Treasury bills		158 269 415	-
Cash and cash equivalents	(17)	534 459 472	688 413 238
Assets held for sale		-	3 000 000
Current assets		**1 225 832 889**	**1 278 088 822**
Provisions	(23)	11 795 599	7 610 466
Banks - overdraft		5 800 963	58 406 259
Banks - credit facilities	(21)	436 929 442	448 000 911
Short term loans	(22)	31 965 615	8 352 761
Creditors and other credit balances	(24)	251 022 619	148 610 953
Income tax		-	12 818 649
Long-term loans-current portion	(20)	130 996 537	131 809 926
Current liabilities		**868 510 775**	**815 609 925**
Working capital		**357 322 114**	**462 478 897**
Total invested funds		**2 367 836 420**	**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		235 417 466	201 846 829
Treasury stocks		-	(93 942 775)
Net profit for the perieod / year after periodic dividends		239 940 004	182 867 264
Total equity attributable to the shareholders of the parent company		**1 902 736 737**	**1 811 794 723**
Non controlling interest		**494 958**	**411 247**
Total equity		**1 903 231 695**	**1 812 205 970**
Long term loans	(20)	382 601 813	252 495 807
Other long term liabilities	(25)	31 285 173	36 270 276
Deferred revenues	(26)	7 388 931	8 692 869
Deferred tax liabilities	(27)	43 328 808	36 068 711
Non-current liabilities		**464 604 725**	**333 527 663**
Shareholders' equity and non current liabilities		**2 367 836 420**	**2 145 733 633**

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

Finance Director
Sameh El-hodaiby

Chairman
Safwan Thabet

*Limited review report attached .

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Interim consolidated income statement
For the period ended 30 September 2012

Translation from Arabic

	Note no.	The financial period from 1/1/2012 to 30/9/2012 L.E.	The financial period from 1/1/2011 to 30/9/2011 L.E.	The financial period from 1/7/2012 to 30/9/2012 L.E.	The financial period from 1/7/2011 to 30/9/2011 L.E.
Net sales		2 107 757 335	1 667 806 711	840 317 626	667 401 411
Cost of sales		(1 452 786 837)	(1 187 266 689)	(557 204 161)	(475 457 689)
Gross profit		**654 970 498**	**480 540 022**	**283 113 465**	**191 943 722**
Other operating income	(5)	18 826 099	22 086 906	5 826 083	9 295 727
Sales & distribution expenses		(261 035 726)	(183 707 639)	(99 676 939)	(77 981 767)
General & administrative expenses	(6)	(78 727 704)	(73 286 377)	(24 511 428)	(25 219 417)
Other expenses	(7)	(26 077 233)	(10 328 754)	(15 312 536)	(2 200 308)
Board of directors remuneration		(840 000)	(702 000)	(150 000)	(315 000)
Results from operating activities		**307 115 934**	**234 602 158**	**149 288 645**	**95 522 957**
Parent company's share in associates' net income		953 770	3 261 024	(471 417)	613 606
Finance income and finance costs	(8)	(35 358 780)	(29 092 621)	(7 405 393)	(10 569 967)
Profit before income tax		**272 710 924**	**208 770 561**	**141 411 835**	**85 566 596**
Taxes differences from previous years		1 684 087	(1 006 955)	-	-
Income tax expense		(27 127 497)	(14 869 023)	(13 371 511)	(7 121 467)
Deferred tax		(7 260 097)	(7 199 859)	(7 416 179)	(4 911 533)
Net profit for the period		**240 007 417**	**185 694 724**	**120 624 145**	**73 533 596**
Distributed as follows					
Holding Company's share in profit		239 940 004	185 636 201	120 587 890	73 511 406
Non controlling interest		67 413	58 523	36 255	22 190
		240 007 417	185 694 724	120 624 145	73 533 596
Earning per share (L.E./share)	(19)	0.339	0.263	0.171	0.104

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)
Interim consolidated statement of changes in equity
For the period ended 30 September 2012

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve-issuance premium L.E.	Retained earnings L.E.	Treasury stocks L.E.	Net Profit for the 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 September 2011	-	(24 900 468)	-	(16 665 258)	-	(6 611 186)	(48 176 912)
Net profit for the period ended 30 September 2011	-	-	-	-	-	185 636 201	185 636 201
Balance as at 30 September 2011	726 416 332	382 369 923	404 500 682	206 803 332	(93 942 775)	185 636 201	1 811 783 695
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 September 2012	-	(24 119 318)	-	19 090 930	-	(14 049 230)	(19 077 618)
Net profit for the period ended 30 September 2012	-	-	-	-	-	239 940 004	239 940 004
Balance as at 30 September 2012	706 053 811	390 405 028	330 920 428	235 417 466	-	239 940 004	1 902 736 737

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)
Interim consolidated statement of cash flows
For the Period ended 30 September 2012

	Note no.	The Financial Period ended 30/9/2012	The Financial Period ended 30/9/2011
		L.E.	L.E.
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		272 710 924	208 770 561
Adjustments for:			
Fixed assets' depreciation		110 973 507	106 810 427
Capital gains		(2 776 572)	(2 333 958)
Impairment in fixed assets		520 486	-
Reversal of impairment in fixed assets		-	(72 349)
Change in Investments in equity accounted investees (investments in associates)		(568 566)	-
Impairment in trade and other receivables		-	560 888
Reversal of impairment in trade and other receivables		(207 914)	(171 267)
write down of inventories		8 380 592	-
Provision for claims-formed		4 457 644	147 823
Financial lease installments		9 075 993	9 075 993
Time deposits interests		(28 456 377)	(37 066 179)
Finance interests & expenses		71 594 569	62 931 735
		445 704 286	**348 653 674**
Changes in:			
Inventories		7 004 253	(184 729 723)
Trade and other receivables		62 066 423	(9 664 052)
Due from related parties		298 080	(139 486)
Creditors & other credit balances		(69 146 266)	(56 869 649)
Collected time deposits interests		37 537 429	41 736 573
Paid finance interests & expenses		(80 739 768)	(56 323 691)
Provision for claims-used		(272 511)	(330 314)
Net cash flows from operating activities		**402 451 926**	**82 333 332**
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(436 804 468)	(265 247 308)
Proceeds from sale of fixed assets		4 307 521	9 188 700
Acquisition of treasury stocks		(158 269 415)	-
Acquisition of animal wealth		(2 917 682)	-
Acquisition of investments in subsidiaries		-	(3 146 989)
Proceeds from fire indemnification		63 000 000	-
Net cash flows used in investing activities		**(530 684 044)**	**(259 205 597)**
Cash flows from financing activities			
Proceeds from bank credit facilities		(11 071 469)	172 614 918
Proceeds from (payment for) bank loans		152 905 471	(92 038 065)
Payments for lease installments- sale with the right of lease back		(9 075 993)	(9 075 993)
Dividends paid to shareholders		(105 908 072)	-
Increase in minority interest		83 711	98 427
Net cash flows from financing activities		**26 933 648**	**71 599 287**
Change in cash & cash equivalents during the period		**(101 298 470)**	**(105 272 978)**
Cash & cash equivalents at 1 January		624 906 979	714 168 107
Cash & cash equivalents at 30 September	(17)	**523 608 509**	**608 895 129**

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 September 2012

1 Reporting the entity

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 was established in 1995 according to the Investment Law No.(230) of 1989 as replaced by the investment incentives and guarantees law No. (8) of 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.

The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 25 years starting from the date of registration in the commercial registry.

The Company is considered a holding Company.

The Company's purpose

The Company primarily is involved in the production, manufacture, packaging and packing of all types of dairy, products and all its derivatives, all types of cheeses, fruit juices, drinks and frozen material, preparing, manufacturing, packaging and packing all types of food materials and in general manufacturing of agriculture products.

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 23/10/2012.

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 at fair value(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.

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 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 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.

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 726 416 332 divided into 726 416 332 shares at par value L.E 1 each.

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

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

3-4 Property, plant and equipment

Recognition and measurement

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

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

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

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

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 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.

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 it's 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.

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.

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.

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), 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.

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

5 Other operating revenue

	Financial period from 1/1/2012 to 30/9/2012 L.E	Financial period from 1/1/2011 to 30/9/2011 L.E	Financial period from 1/7/2012 to 30/9/2012 L.E	Financial period from 1/7/2011 to 30/9/2011 L.E
Export subsidy revenue	9 038 589	7 271 591	3 428 393	2 013 517
Deferred capital gains	1 303 938	1 303 938	434 646	434 646
Capital gain	2 789 235	2 348 170	(65 730)	2 344 889
Reversal of impairment of receivables	207 914	171 267	(1 958)	52 365
Reversal of impairment of fixed assets	-	113 425	-	(267)
Changes in the fair value of assets	-	2 972 636		3 315 574
Drawback of sales tax	1 376 449	594 434	523 456	274 532
Other revenue	4 109 974	7 311 445	1 507 276	860 471
	18 826 099	**22 086 906**	**5 826 083**	**9 295 727**

6 General & administrative expense

	Financial period from 1/1/2012 to 30/9/2012 L.E	Financial period from 1/1/2011 to 30/9/2011 L.E	Financial period from 1/7/2012 to 30/9/2012 L.E	Financial period from 1/7/2011 to 30/9/2011 L.E
Personnel expenses	42 525 370	41 726 728	14 391 280	15 169 584
Depreciation expense	9 721 030	7 736 570	3 573 553	2 636 101
Rents expense	4 558 503	3 958 668	1 498 909	1 321 745
Other administrative expense	21 922 801	19 864 411	5 047 686	6 091 987
	78 727 704	**73 286 377**	**24 511 428**	**25 219 417**

7 Other expenses

	Financial period from 1/1/2012 to 30/9/2012 L.E	Financial period from 1/1/2011 to 30/9/2011 L.E	Financial period from 1/7/2012 to 30/9/2012 L.E	Financial period from 1/7/2011 to 30/9/2011 L.E
Leasing installment	9 075 993	9 075 993	3 025 331	3 025 331
Losses resulting from thefts of money	579 598	488 763	165 418	-
Impairment of account receivables	-	560 888	-	(880 311)
Impairment of fixed assets	520 486	41 076	520 486	41 076
Capital loss	12 663	14 212	12 663	14 212
Inventory write down	8 380 592	-	5 869 019	-
Provision for claims	4 457 644	147 822	4 447 644	-
Other	3 050 257	-	1 271 975	-
	26 077 233	**10 328 754**	**15 312 536**	**2 200 308**

8 Finance income and finance costs

	Financial period from 1/1/2012 to 30/9/2012 L.E	Financial period from 1/1/2011 to 30/9/2011 L.E	Financial period from 1/7/2012 to 30/9/2012 L.E	Financial period from 1/7/2011 to 30/9/2011 L.E
Interest expense	(71 594 469)	(62 931 735)	(24 244 046)	(23 926 732)
Interest income	28 456 377	37 066 179	8 983 623	13 038 168
Net foreign exchange(loss) / gain	7 779 312	(3 227 065)	7 855 030	318 597
	(35 358 780)	**(29 092 621)**	**(7 405 393)**	**(10 569 967)**

9- Segmentation reports

9-1 Segmentation reports for the period ended 30 September 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 The period ended 30/9/2012	Yogurt sector L.E The period ended 30/9/2012	Juices sector L.E The period ended 30/9/2012	Concentrates sector L.E The period ended 30/9/2012	Agriculture sector L.E The period ended 30/9/2012	Undistributed items L.E The period ended 30/9/2012	Elemenation of cosolidated transactions L.E The period ended 30/9/2012	Total L.E The period ended 30/9/2012
Sales	1 039 364 057	612 393 680	398 610 410	34 856 208	22 532 980	-	-	2 107 757 335
Sales between segments	530 563 217	917 971 914	339 411 556	64 418 546		-	(1 852 365 233)	-
Total sales	**1 569 927 274**	**1 530 365 594**	**738 021 966**	**99 274 754**	**22 532 980**	-	**(1 852 365 233)**	**2 107 757 335**
Cost of sales	**(735 307 886)**	**(386 980 783)**	**(279 857 951)**	**(26 850 740)**	**(23 789 477)**			**(1 452 786 837)**
Segments' gross profit	**304 056 171**	**225 412 897**	**118 752 459**	**8 005 468**	**(1 256 497)**	-	-	**654 970 498**
Other operating income	13 219 492	1 390 070	2 191 987	1 960 309	64 241	-	-	18 826 099
Sales & distribution expense	(103 538 841)	(95 864 324)	(58 024 653)	(354 813)	(3 253 095)	-	-	(261 035 726)
General & administrative expense	(45 386 239)	(16 537 035)	(9 248 346)	(2 135 438)	(5 420 646)	-	-	(78 727 704)
Other operating expense	(10 264 237)	(6 047 693)	(3 936 476)	(280 097)	(5 548 730)	-	-	(26 077 233)
Board of Directors' remuneration	(475 760)	(117 855)	(106 385)	(95 000)	(45 000)	-	-	(840 000)
Profits from operation	**157 610 586**	**108 236 060**	**49 628 586**	**7 100 429**	**(15 459 727)**	-	-	**307 115 934**
Parent company's share in associates' net profit					953 770	-	-	953 770
Finance cost, (net)	(27 129 261)	175 217	(4 331 128)	(4 764 887)	691 279	-	-	(35 358 780)
Net profit for the period before income tax	**130 481 325**	**108 411 277**	**45 297 458**	**2 335 542**	**(13 814 678)**	-	-	**272 710 924**
Taxes differences from previous years	-	-	-	-	-	1 684 087	-	1 684 087
Income tax expense	-	-	-	-	-	(27 127 497)	-	(27 127 497)
Deferred tax	-	-	-	-	-	(7 260 097)	-	(7 260 097)
Net profit for the period	**130 481 325**	**108 411 277**	**45 297 458**	**2 335 542**	**(13 814 678)**	**(32 703 507)**	-	**240 007 417**
<u>**Other Information**</u>								
Depreciation	37 001 641	17 959 868	38 015 624	11 288 309	6 708 065	-	-	110 973 507
Assets	1 287 357 190	645 595 768	687 145 891	196 978 471	321 283 526	97 986 349	-	3 236 347 195
Investements accounted for using Equity method	-	-	-	-	42 897 614	-	-	42 897 614
Liabilities	893 016 076	280 529 224	82 812 586	61 818 180	14 939 434	-	-	1 333 115 500

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 September 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							
	Dairy sector L.E The period ended 30/09/2011	Yogurt sector L.E The period ended 30/09/2011	Juices sector L.E The period ended 30/09/2011	Concentrates sector L.E The period ended 30/09/2011	Agriculture sector L.E The period ended 30/09/2011	Undistributed items L.E The period ended 30/09/2011	Elemenation of cosolidated transactions L.E The period ended 30/09/2011	Total L.E The period ended 30/09/2011
Sales	819 837 049	473 168 688	314 273 392	42 682 166	17 845 415	-	-	1 667 806 711
Sales between segments	713 300 465	411 667 877	274 734 102	36 939 222		-	(1 436 641 666)	-
Total sales	1 533 137 514	884 836 565	589 007 495	79 621 388	17 845 415	-	(1 436 641 666)	1 667 806 711
Cost of sales	(598 527 660)	(311 809 310)	(227 058 077)	(40 115 325)	(9 756 317)	-	-	(1 187 266 689)
Segments' gross profit	221 309 389	161 359 378	87 215 315	2 566 841	8 089 098	-	-	480 540 022
Other operating income	12 347 907	482 080	1 685 090	4 438 597	3 133 232	-	-	22 086 906
Distribution expense	(82 670 711)	(63 460 615)	(37 238 605)	(337 708)	-	-	-	(183 707 639)
General & administrative expense	(34 910 616)	(14 842 884)	(15 017 477)	(4 581 757)	(3 933 643)	-	-	(73 286 377)
Other operating expense	(4 991 875)	(3 192 719)	(2 040 563)	(103 597)	-	-	-	(10 328 754)
Board of Directors' remuneration	(465 659)	(69 564)	(39 777)	(72 000)	(55 000)	-	-	(702 000)
Profits from operation	110 618 436	80 275 677	34 563 983	1 910 376	7 233 687	-	-	234 602 158
Parent company's share in associates' net losses	-	-	-	-	3 261 024	-	-	3 261 024
Finance cost, (net)	(17 029 297)	(3 440 781)	(3 995 861)	(4 999 994)	373 312	-	-	(29 092 621)
Net profit for the period before income tax	93 589 138	76 834 896	30 568 121	(3 089 618)	10 868 023	-	-	208 770 561
Taxes differences from previous years	-	-	-	-	-	(1 006 955)	-	(1 006 955)
Income tax expense	-	-	-	-	-	(14 869 023)	-	(14 869 023)
Deferred tax	-	-	-	-	-	(7 199 859)	-	(7 199 859)
Net profit for the period after income tax	93 589 138	76 834 896	30 568 121	(3 089 618)	10 868 023	(23 075 837)	-	185 694 724
Other Information								
Depreciation	40 551 018	12 070 278	38 138 715	11 278 319	4 772 097	-	-	106 810 427
Assets	1266 822 197	486 478 916	685 336 092	205 674 050	225 318 170	97 092 890	-	2 966 722 315
Investements accounted for using Equity method	-	-	-	-	41 774 026	-	-	41 774 026
Liabilities	849 469 957	115 869 712	109 181 326	66 488 662	13 469 602	-	-	1 154 479 259

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, 2011											
Milkiez . 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
September 30, 2012											
Milkiez Company	39.988	27 435 696	94 624 783	122 060 479	14 711 336	99 933	14 811 269	46 841 405	44 456 265	2 385 140	42 897 614
Balance as at 30 September 2012		27 435 696	94 624 783	122 060 479	14 711 336	99 933	14 811 269	46 841 405	44 456 265	2 385 140	42 897 614

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 1/1/2011	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 76
Adjustments	-	-	-	-	-	(9 882 372)	-	-	-	-	(9 882 37
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 60
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 69**
Additions of the period	36 724 617	14 196 281	59 397 929	27 813 240	6 003 231	4 289 957	3 073	-	1 382 760	7 949 943	157 761 03
Disposals of the period	-	-	(329 042)	(6 365 388)	(72 964)	(1 480 237)	-	-	(19 994)	(446 228)	(8 713 853
Impairment in fixed assets	-	-	-	(609 350)	-	-	-	-	-	-	(609 350
Cost as at 30/9/2012	**122 030 955**	**415 043 940**	**1 173 550 536**	**165 654 023**	**41 549 978**	**22 033 068**	**4 223 515**	**18 628 353**	**11 662 423**	**51 263 728**	**2 025 640 51**
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 09
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 30
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 08
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	-	7 707 355	74 191 399	13 489 908	3 341 529	4 121 547	633 068	557 149	721 986	6 209 566	110 973 507
Accumulated depreciation of disposals of the period	-	-	(98 664)	(5 019 318)	(48 834)	(1 480 237)	-	-	(7 911)	(378 615)	(7 033 579)
Accumulated depreciation of impairment of fixed assets	-	-	-	(88 864)	-	-	-	-	-	-	(88 864)
Accumulated depreciation as at 30/9/2012	-	**33 817 836**	**483 617 889**	**62 491 420**	**18 125 647**	**11 092 802**	**1 517 718**	**1 254 598**	**5 271 576**	**35 120 491**	**652 309 977**
Net book value as at 30/9/2012	**122 030 955**	**381 226 104**	**689 932 647**	**103 162 603**	**23 424 331**	**10 940 266**	**2 705 797**	**17 373 755**	**6 390 847**	**16 143 237**	**1 373 330 542**
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**	**1 328 743 778**

* Fully depreciated assets are amounted to L.E. 173 622 895 as at 30 September 2012.

The land item amounted to L.E 122 030 955 on 30/9/2012 includes an amount of L.E 107 103 226 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	688 498	
	3 931 532	

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	21 910 839	
	65 710 622	

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
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 6th of October	4 333 446	Deed

11-7 <u>Land of Inmaa for Agriculture Development & Biological wealth</u>

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 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 the squatter dated May 5, 2010. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 3 146 Acres amounted to L.E 4 719 000 in the virtue of a contract with the squatter dated September 5, 2010. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 980 Acres amounted to L.E 870 000 in the virtue of a contract with the squatter dated January 27, 2011. The necessary legal procedures with government for legal convey of land are in progress.
- Area of 700 Acres amount to L.E 1 269 750 in the virtue of a contract with the squatter dated January 3, 2012. The necessary legal procedures with government for legal convey of land are in progress.

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	2 466 921

12 Projects under constructions

	30/9/2012 **L.E.**	**31/12/2011** **L.E.**
Buildings and constructions in progress	203 210 030	60 956 198
Machineries under installation	66 538 697	36 670 541
Advance payments for fixed assets purchase	202 771 937	97 520 366
	472 520 664	**195 147 105**

13 Plant wealth

	30/9/2012 **L.E.**	**31/12/2011** **L.E.**
Land reclamation	16 245 925	13 865 411
Fruit trees	7 532 621	5 176 250
Protection trees (Kazhurana)	93 662	93 662
	23 872 208	**19 135 323**

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, 2006

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

Years from 2007 till 2010

The tax inspection has not been performed to date.

The Company submits the annual tax returns for the income tax during legal duration required by law and settle the due tax –if any- according to tax return.

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 2009 till 2010

The Inspection is in progress by related tax authority.

C. Stamp tax

The period from the beginning of operation till 31/7/2006

The tax inspection has been performed and paid.

From 1/8/2006 till 31/12/2009

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

Year 2010

The tax inspection has not been performed to date.

D. Sales tax

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

Year 2010

The tax inspection has not been performed to date.

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 31/12/2010, 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.

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

	30/9/2012 L.E.	31/12/2011 L.E.
Raw materials	127 691 230	129 478 361
Packaging & packing materials	62 780 794	96 345 638
Finished products	135 477 216	121 406 379
Work in process	739 355	9 649
Plant wealth	11 160 713	21 237 972
Spare parts & miscellaneous supplies	31 710 917	29 982 304
L/C's for purchase raw material	16 039 738	12 932
Less :		
Change in fair value of biological assets	(3 802 795)	(1 291 222)
	381 797 168	**397 182 013**

16 Trade and other receivables

	30/9/2012	31/12/2011
	L.E	L.E
Trade receivables	98 358 703	73 318 247
Less: Impairment in trade receivables	(16 629 532)	(17 473 292)
	81 729 171	**55 844 955**
Notes receivables	4 128 865	64 511 361
Tetra Pak company	685 498	8 043 192
Suppliers – advance payments	17 342 784	10 922 117
Prepaid expenses	5 646 321	6 512 319
Export subsidy	11 381 311	7 287 961
Accrued revenues	1 493 446	132 294
Tax authority	11 602 462	7 302 091
Customs authority	6 439 247	1 238 442
Deposits with others	2 286 286	2 597 187
Accrued interest payable	331 658	17 420 602
Fixed assets debtors		1 966 790
Other debit balances	7 708 672	4 470 887
	150 775 721	**188 250 198**
Less: Impairment in debtors & other debit balances	(652 282)	(238 102)
	150 123 439	**188 012 096**

17 Cash and cash equivalents

	30/9/2012	31/12/2011
	L.E	L.E.
Time deposits *	503 413 306	651 248 943
Banks – current accounts	11 726 475	21 012 574
Cheques under collection	529 438	500 000
Cash in hand	13 740 253	10 551 721
L /G's cash margin	5 050 000	5 100 000
	534 459 472	**688 413 238**
Bank over draft	(5 800 963)	(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	**523 608 509**	**624 906 979**

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

18 Share capital

	30/9/2012	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 extra ordinary general assembly meeting dated 5 February 2012 decided capital reduction by the nominal value of treasury stock amounted to L.E 20 362 521 to be amounted to L.E 706 053 811 divided into 706 053 811 shares at par value L.E 1 each. The reduction in capital and in the numbers of shares was registered in the commercial register on 23 April 2012.

18-1 General reserve - issuance premium

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

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

19 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 period net profit is calculated using the weighted average method for the number of outstanding shares during the period as follows:

	Financial period from 1/1/2012 to 30/9/2012	Financial period from 1/1/2011 to 30/9/2011	Financial period from 1/7/2012 to 30/9/2012	Financial period from 1/7/2011 to 30/9/2011
	L.E	L.E	L.E	L.E
Net profit for the period according to consolidated income statement	417 007 240	185 694 724	120 624 145	73 533 596
Weighted average number of outstanding shares	706 053 811	706 053 811	706 053 811	706 053 811
Earning per share (L.E./share)	**0,339**	**0,263**	**0.171**	**0,104**

20 Loans

Details	Long term loans – current portion	Long term loans	Total
	L.E	L.E	L.E
Granted loans to Company's Group from CIB.	58 745 326	232 243 704	290 989 030
Granted loans to Company's Group from HSBC.	72 251 211	92 251 211	164 502 422
Granted loans to Company's Group from Barcles.	-	58 106 898	58 106 898
Balance at 30/9/2012	**130 996 537**	**382 601 813**	**513 598 350**
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 436 929 442 as at 30 September 2012 (against L.E 448 000 911 as at 31 December 2011), represents the drawn down portion of the L.E. 1 034 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. 31 965 615 as at 30 September 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	Balance on 1/1/2012	Provision formed during the year	Provision used during the year	Balance on 30/9/2012
	L.E			L.E.
Provision for claims	7 600 466	4 467 644	(272 511)	11 795 599
	7 600 466	**4 457 644**	**(272 511)**	**11 795 599**

24 Creditors and other credit balances

	30/9/2012	31/12/2011
	L.E	L.E
Suppliers	106 345 909	73 568 627
Notes payable	9 433 940	11 069
Accrued expenses	69 040 254	40 376 989
Fixed assets' creditors	6 195 468	11 310 670
*Income tax estimated for the period	27 127 494	-
Tax authority	7 865 592	4 039 448
Deposits from others	8 363 032	3 619 886
Sales tax installments on the imported machineries and equipments	5 516 453	6 858 400
Deferred capital gains	1 738 584	1 738 584
Social insurance authority	519 966	689 358
Dividends payable	1 000 015	666 522
Advances from customers	3 851 279	2 228 272
Other credit balances	4 024 633	3 513 128
	251 022 619	**148 620 953**

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

25 Other long term liabilities

Description	30/9/2012	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 5 516 453 as at 30/9/2012(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).	31 087 193	36 072 296
The value of accrued installments of the purchased land at Al-Wadi Al-Gadeed.	197 980	197 980
	31 285 173	**36 270 276**

26 Deferred revenues

	30/9/2012	31/12/2011
	L.E	L.E
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/1/2008. The amortization during the period ended 30/9/2012 amounted to L.E 1 303 938 while the short term portion amounted to L.E 1 738 584 as at 30/9/2012 (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).	7 388 931	8 692 869
	7 388 931	**8 692 869**

27 Deferred tax liabilities

Deferred tax liability amounted to L.E 43 328 808 on 30/9/2012 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 1st Jan To 30 September 2012	Balance on 30/9/2012
	L.E	L.E	L.E
Deferred tax liability from fixed assets	**36 068 711**	**7 260 097**	**43 328 808**

Recognized deferred tax assets and liabilities
Deferred tax assets are representing in the following items:

	Liabilities	
	30/9/2012	31/12/2011
	L.E	L.E
Fixed assets	45 428 139	38 389 409
Deferred revenue	(2 099 331)	(2 320 698)
Net tax liabilities	**43 328 808**	**36 068 711**

28 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/9/2012 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 30/9/2012	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.

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	**30/9/2012**	**31/12/2011**
		L.E.	**L.E.**
Trade receivables	(16)	81 729 171	55 844 955
Banks credit facilities	(21)	436 929 442	448 000 911
Short term loans	(22)	31 965 615	8 352 761
Total long term loans	(20)	513 598 350	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 436 929 442 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	436 929 442	1 034 000 000

	30/9/2012	31/12/2011
	L.E	L.E
Total liabilities	1 333 115 500	1 149 137 588
Less: cash and cash equivalents	(534 459 472)	(688 413 238)
Net debt	**798 656 028**	**460 724 350**
Total equity	1 903 231 695	1 812 205 970
Net debt to adjusted equity ratio	**%41.96**	**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	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 30/9/2012 amounted to L.E. 9 075 996.

31 Contingencies

On 30 September 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 13 982 710 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 242 378 134 on 30/9/2012.

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	
		30/9/2012	31/12/2011	30/9/2012	31/12/2011
				L.E.	L.E.
Bonian for Development & Investment	Current account	-	(500 000)	-	294 863
Milkiez	Customer	7 489 363	1 516 543	1 183 395	1 186 612
	Vendor	182 602	299 149		
				1 183 395	**1 481 475**

34 Goodwill

	30/9/2012	31/12/2011
	L.E.	L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy & Juice Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	97 092 890	**97 092 890**

35 Political and economical events

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

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

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