Translation from Arabic

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated financial statements
for the period ended 31 March 2011
and review report

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

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

Translation from Arabic

Juhayna Food Industries

Contents

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

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

Translation from Arabic

Report on Limited Review of Interim Consolidated Financial Statements

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

Introduction
We have performed a limited review for the accompanying consolidated balance sheet of Juhayna Food Industries S.A.E, as of 31 March 2011 and the related consolidated statements of income, changes in equity and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review
We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Consolidated Financial Statements Performed by the Independent Auditor of the Entity." Except as described in Basis for qualified conclusion paragraph. A limited review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

Basis for Qualified Conclusion
As mentioned at note (34) of accompanying notes for consolidated financial statements, the consolidated assets includes a balance of Al Mohandes Insurance Company amounting to approximately EGP 170 million, that represents the value of a compensation claim for the fire losses and damages of The Egyptian Company for Food Industries “Egyfood” (subsidiary company) assets, which has been exposed to fire accident on 22/4/2010, in order to recover the assets book value losses amounting to approximately EGP 137.21 million, even though the Company did not reach a final settlement yet with Al Mohandes Insurance Company till our report date, We were not been able to perform any alternative audit procedures to assure the effect of the final settlement on the accuracy and valuation of the balance of Al Mohandes Insurance Company as at 31 March 2011.

Qualified Conclusion
Based on our limited review, except for what will be discussed in the Basis for Qualified Conclusion paragraph nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2011, and of its financial performance and its cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
KPMG Hazem Hassan
Public Accountants and Consultants

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

Cairo, 18 May 2011

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of financial position
As at 31 March 2011

Translation from Arabic

	Note no.	31/3/2011 L.E.	31/12/2010 L.E.
Assets			
Non-current assets			
Property, plant and equipment	(12)	1 172 587 090	1 150 711 676
Projects under construction	(13)	184 657 393	137 816 754
Investments avilable for sale	(11)	39 421 178	38 627 037
Other - long term - debit balances		812 796	814 864
Goodwill		97 092 890	97 092 890
Total non-current assets		**1 494 571 347**	**1 425 063 221**
Current assets			
Inventories	(14)	324 974 317	279 613 977
Debtors and other debit balances	(15)	334 371 785	298 811 116
Due from related parties	(30-1)	294 866	794 864
Cash and cash equivalents	(16)	639 556 836	723 928 572
Total current assets		**1 299 197 804**	**1 303 148 529**
Current liabilities			
Provisions	(17)	7 207 702	7 342 900
Banks -current accounts		4 476 173	4 631 116
Banks - credit facilities	(18)	288 209 159	227 340 611
Short term loans	(19)	5 000 000	10 021 159
Creditors and other credit balances	(20)	213 053 453	216 600 040
Income Tax		21 932 171	21 932 200
Long-term loans-current portion	(21)	132 624 816	135 124 816
Total current liabilities		**672 503 474**	**622 992 842**
Working capital (Net current liabilities)		**626 694 330**	**680 155 687**
Total invested funds		**2 121 265 677**	**2 105 218 908**
These investments are financed as follows:			
Shareholders' Equity			
Issued and paid up capital	(31)	726 416 332	726 416 332
Legal reserve		381 162 129	380 489 181
General reserve - issuance premium	(31-1)	404 500 682	404 500 682
Retained earnings		225 094 446	12 405 873
Treasury stocks		(93 942 775)	(93 942 775)
Net profit for the priod		50 116 869	213 568 361
Total equity attributable to the shareholders of the parent company		**1 693 347 683**	**1 643 437 654**
Non controlling interest		**409 906**	**302 411**
Total shareholders'equity		**1 693 757 589**	**1 643 740 065**
Non - current liabilities			
Long term loans	(21)	347 705 733	384 305 733
Other long term liabilities	(22)	40 497 873	39 697 356
Deferred revenues	(23)	9 996 806	10 431 452
Deferred tax liabilities	(24)	29 307 676	27 044 302
Total non-current liabilities		**427 508 088**	**461 478 843**
Total equity and non-current liabilities		**2 121 265 677**	**2 105 218 908**

The notes on pages from (5) to (31) are an integral part of these consolidated financial statements.

Financial General Manager
Sameh El-hodaiby

Chairman
Safwan Thabet

* Review report attached .

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated income statement
For the period ended 31 March 2011

	Note no.	The Financial period ended 31/03/2011 L.E.	The Financial period ended 31/03/2010 L.E.
Net sales		427 611 051	404 827 401
Cost of sales		(299 819 707)	(268 967 665)
Gross profit		**127 791 344**	**135 859 736**
Other operating income	(6)	4 727 275	28 340 656
Distribution expense		(41 644 144)	(49 622 593)
General & administrative expense		(22 831 338)	(19 629 579)
Other operating expense	(7)	(3 174 323)	(4 888 110)
Board of directors remuneration		(162 000)	(401 000)
Profit from operations		**64 706 814**	**89 659 110**
Parent company's share in associates' net income		908 177	-
Finance cost	(8)	(7 732 803)	(22 497 337)
Net profit for the period before income tax		**57 882 188**	**67 161 773**
Income tax expense		(5 482 212)	(6 886 494)
Deferred tax		(2 263 374)	(113 878)
Net profit for the period after income tax		**50 136 602**	**60 161 401**
Distributed as follows			
Parent company's share in profit		50 116 869	60 162 986
Non controlling interest		19 733	(1 585)
		50 136 602	**60 161 401**
Earning per share (L.E./share)	(32)	**0.069**	**0.118**

The notes on pages from (5) to (31) are an integral part of these consolidated financial statements.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of changes in shareholders' equity
For the period ended 31 March 2011

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve-issuance premium L.E.	Retained earnings L.E.	Treasury stocks L.E.	Net Profit for the year L.E.	Total L.E.
Balance as at 1 January 2010 befor adjustments	377 955 350	10 746 245	-	28 926 573	(20 856 893)	176 439 183	573 210 458
Adjustments	-	-	-	2 361 148	-	-	2 361 148
Balance as at 1 January 2010 after adjustments	377 955 350	10 746 245	-	31 287 721	(20 856 893)	176 439 183	575 571 606
Reversal of beginning balance adjustments	-	10 962 161	-	(6 581 873)	-	16 188 290	20 568 578
Dividends for 2009	142 488 350	11 009 800	-	(24 158 766)	-	(193 604 403)	(64 265 019)
Selling of treasury stocks	-	-	-	-	20 856 893	-	20 856 893
Gain from selling of treasury stocks	-	-	-	14 107 012	-	-	14 107 012
Parent company's share in legal reserve and retained earnings of susidiary companies	-	14 583 876	-	(9 660 979)	-	-	4 922 897
Cosolidation adjustments on 31 March 2010	-	(24 447 564)	-	1 325 467	-	976 930	(22 145 167)
Net profit for the period ended 31 March 2010	-	-	-	-	-	60 161 401	60 161 401
Balance as at 31 March 2010	520 443 700	22 854 518	-	6 318 582	-	60 161 401	609 778 201
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)	-
Parent Company's share in reserves & retained earnings for subsidiaries	-	672 948	-	24 912 079	-	-	25 585 027
Cosolidation adjustments on 31 March 2011	-	(24 447 707)	-	(17 183 903)	-	(6 611 186)	(48 242 796)
Net profit for the period ended 31 March 2011	-	-	-	-	-	50 116 869	50 116 869
Balance as at 31 March 2011	726 416 332	381 162 129	404 500 682	225 094 446	(93 942 775)	50 116 869	1 693 347 683

The notes on pages from (5) to (31) 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 31 March 2011

	Note no.	The Financial period ended 31/03/2011	The Financial period ended 31/03/2010
		L.E.	L.E.
Cash flows from operating activities		57 882 188	67 161 773
Profit (loss) for the year			
Adjustments for:			
Fixed assets' depreciation		32 866 956	32 418 354
Capital gains		(3 149)	(19 087 258)
Impairment in fixed assets		-	773 729
Reversal of impairment in fixed assets		(38 360)	-
Impairment in debtors and other debit balances		1 170	-
Reversal of impairment in debtors and other debit balances		(102 124)	(575 014)
Write down of inventories		-	887 594
Reversal of write down of inventories		-	(1 517 950)
Provision for claims-formed		147 823	200 000
Release of unused provisions		-	(95 074)
Financial lease installments		3 025 331	3 140 646
Finance interests & expenses		18 092 015	23 505 826
		111 871 850	**106 812 626**
Change in working capital			
inventories		(45 360 340)	(34 858 986)
Changes in debtors & other debit balances		(35 378 298)	26 243 565
due from related parties		499 998	1 899 999
creditors & other credit balances		(17 944 596)	(27 818 682)
due to related parties		-	(145 201)
Paid finance interests & expenses		(9 817 733)	(16 240 058)
Long term liabilities		800 517	-
Provision for claims - used		(283 021)	-
Net cash flows from operating activities		**4 388 377**	**55 893 263**
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(103 457 912)	(34 482 375)
Proceeds from sale of fixed assets		1 916 412	28 200 375
Acquisition of investments		(794 141)	-
Proceeds form sale of investments in subsidiaries		-	14 985 000
Net cash flows (used in) from investing activities		**(102 335 641)**	**8 703 000**
Cash flows from financing activities			
Changes in bank credit facilities		60 868 548	(67 489 137)
Payment for bank loans		(44 121 159)	(1 243 791)
Payments for lease installments- sale with the right of lease back		(3 025 331)	(3 140 646)
Proceeds from sale of treasury stock		-	34 963 904
Dividends paid		-	(26 398 293)
(Decrease) increase in non-controlling interest		87 762	(274 801)
Net cash flows from (used in) financing activities		**13 809 820**	**(63 582 764)**
Net increase in cash & cash equivalents during the year		(84 137 444)	1 013 499
Cash & cash equivalents as at 1 January		714 168 107	66 788 949
Cash & cash equivalents as at 31 March	(16)	**630 030 663**	**67 802 448**

The notes on pages from (5) to (31) 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 31 March 2011

1 Reporting the entity

Juhayna Food Industries Company – "An Egyptian Joint Stock Company is a company 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.

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.

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.
Available for sale investments are measured in fair value.
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 and its subsidiaries' 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 (27) : 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 (12) : property, plant and equipment.
- Note (15) : impairment of trade and notes receivable.
- Note (17) : provisions.
- Note (24) : 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.

Certain comparative amounts have been reclassified to conform to the current period's presentation (note 34).

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

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. Associates are accounted for using the equity method. 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 or joint control commences until the date that significant influence or joint control 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 investments) is reduced to nil 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. Foreign currency differences arising on retranslation are recognised in profit or loss.

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.

Loans and receivables

Loans and 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. Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method, less any impairment losses. Generally, trade and other receivables are stated at their nominal value less an allowance for any doubtful debts.

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

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. Subsequent to initial recognition, they are measured at fair value and changes therein, other than (Not listed investments). When an investment is derecognised, gain or loss accumulated in equity is reclassified to profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

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 at fair value through profit and 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.

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 realize the asset and settle the liabilities simultaneously.

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.

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 paid up capital amounts to L.E 726 416 332 divided into 726 416 332 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 12).

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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised 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- 5
Tools	1.08 – 6.67
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Computers	3.33

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 in respect of certain items of plant and equipment were revised in 2011.

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. 13). No depreciation is charged until the project is completed and transferred to fixed assets.

3-6 Leases

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 recognised as deferred income and is released over the life of the lease.

3-7 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.

3-8 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.

3-9 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.

Loans and receivables and held – to maturity investment securities

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to-maturity investment securities 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 judgment 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 a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available – for – sale financial assets
Impairment losses on available-for-sale financial assets are recognised by reclassifying the loss accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in equity.

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 or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its related cash –generating unit (CGU) exceeds its estimated 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 that cannot be tested individually 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.

The Company's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. An impairment loss in respect of other assets, that recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

3-10 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.

3-11 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, the unwinding of the discount is recognized as finance cost.

3-12 Revenue recognition

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 buyer, 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.

3-13 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, unwinding of the discount on provisions and contingent consideration, losses on disposal of available - for - sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised 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.

3-14 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.

3-15 Deferred tax

Deferred tax is recognised 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 recognised 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 utilised. 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.

3-16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3-17 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.

5 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 / audit committee is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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/audit committee 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/ Audit committee is assisted in its oversight role by Internal Audit/Management. Internal Audit/Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D./ audit committee.

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) That is exposure credit risk is influenced mainly by the individual characteristics of each customer including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

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 288 209 159 on which the interest is charged at a variable interest rate for Facilities in Egyptian pound and US Dollars facilities.

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.

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

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of paid up capital and retained earnings. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

	31/3/2011	**31/12/2010**
Total liabilities	1 100 011 562	1 084 471 685
Less: cash and cash equivalents	(639 556 836)	(723 928 572)
Net debt	**460 454 726**	**360 543 113**
Total equity	1 693 757 589	1 643 740 065
Net debt to adjusted equity ratio at 31 March	**27.19 %**	**21.93 %**

6 Other operating income

	Financial period ended 31/3/2011 L.E	**Financial period ended 31/3/2010 L.E**
Export subsidy revenue	1 877 548	2 841 355
Deferred capital gains	434 646	434 646
Capital gain	3 149	19 593 940
Reversal of write down of inventory	-	1 517 950
Reversal of impairment of debtors	102 124	575 014
Reversal of impairment of fixed assets	38 360	-
Other revenue	2 271 448	3 377 751
	4 727 275	**28 340 656**

7 Other operating expenses

	Financial period ended 31/3/2011 L.E	Financial period ended 31/3/2010 L.E
Leasing installment	3 025 331	3 025 331
Impairment of account receivables	1 170	1 456
Impairment in fixed assets	-	773 729
Inventory write down	-	887 594
Provision for claims-formed	147 822	200 000
	3 174 323	**4 888 110**

8 Finance cost

	Financial period ended 31/3/2011 L.E	Financial period ended 31/3/2010 L.E
Interest expense	(18 092 015)	(23 506 826)
Interest income	11 746 723	12 148
Net foreign exchange(loss) / gain	(1 102 554)	997 341
Change in net present value	(284 957)	-
	(7 732 803)	**(22 497 337)**

9 Tax status

9-1 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
Inspection is in progress.

Years from 2006 till 2009
Tax inspection has not been performed yet.
The Company is 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 had 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
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.

D. Sales tax
The inspection made till 31/12/2009 and all tax inspection differences were paid.

9-2 Subsidiaries
First: Corporation tax
The Companies that enjoy the corporate tax exemption.

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy and Juice Products	31/12/2011
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 while it is not started till date

The Companies that are not exempted and have not been inspected as at 31/3/2011.
Tiba for Trading and Distributing
Al-Marwa for Food Industries (inspected from the beginning of operation till 31/12/2004)

Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy and Juice Products	- Inspection was performed for the year 2005. Up to these years from 2006 till 2009 inspection is in progress.
Al-Marwa for Food industries	- Inspection was performed and paid for the period till 31/12/2004. The years 2005 & 2006 settlements were delivered & documentation are prepared for the years till 2009.
Tiba for Trading and Distributing	- Inspection is in progress from 2006 till 2009.
International Company For Modern Food Industries	- Has not been inspected yet.
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 from 1/1/2006 till 31/7/2006 and inspection forms received forms and payment in process.
Tiba for Trading and Distribution	- Tax forms were received and are in progress till 31/7/2006.
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 31/12/2007 and in progress for years 2008 and 2009.
Al-Marwa for Food Industries	- Inspected and paid till April 2006, and the inspection in progress till 31/12/2009
International Company For Modern Food Industries	- The company is registered in sales tax and the company present sales tax return on monthly basis and not inspected till date.
The Egyptian Company For Food Industries "Egyfood"	- The company is registered in sales tax and the company present sales tax return on monthly basis, and was 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
Tiba for Trading and Distribution	- The company is registered in sales tax and the company present sales tax return on monthly basis and the company is exempted from tax according to law No. (11) of 1991 and its executive tariffs and Inspection has been performed and payments have been made till 31/12/2008.

10- Segmentation reports

10-1 Segmentation reports for the period ended 31 March 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 31/03/2011	Yogurt sector L.E The period ended 31/03/2011	Juices sector L.E The period ended 31/03/2011	Concentrates sector L.E The period ended 31/03/2011	Agriculture sector L.E The period ended 31/03/2011	Undistributed items L.E The period ended 31/03/2011	Elemenation of cosolidated transactions L.E The period ended 31/03/2011	Total L.E The period ended 31/03/2011
Sales	231 167 090	103 130 776	77 648 718	12 577 779	3 086 688	-	-	427 611 051
Sales between segments	206 032 974	68 115 741	92 289 953	4 516 788	-	-	(370 955 456)	-
Total sales	437 200 064	171 246 517	169 938 671	17 094 567	3 086 688	-	(370 955 456)	427 611 051
Cost of sales	(162 188 920)	(68 030 471)	(56 884 345)	(11 439 199)	(1 276 772)	-	-	(299 819 707)
Segments' gross profit	68 978 170	35 100 305	20 764 373	1 138 580	1 809 916	-	-	127 791 344
Other operating income	2 445 658	412 470	197 339	1 667 598	4 210	-	-	4 727 275
Distribution expense	(23 524 063)	(10 134 373)	(7 839 976)	(145 732)	-	-	-	(41 644 144)
General & administrative expense	(10 283 013)	(4 944 582)	(5 283 614)	(598 356)	(1 721 773)	-	-	(22 831 338)
Other operating expense	(3 174 323)	-	-	-	-	-	-	(3 174 323)
Board of Directors' remuneration	(105 612)	(12 503)	(11 885)	(22 000)	(10 000)	-	-	(162 000)
Other operating income								-
Profits from operation	34 336 817	20 421 317	7 826 237	2 040 090	82 353	-	-	64 706 814
Parent company's share in associates' net losses	-	-	-	-	908 177	-	-	908 177
Finance cost, (net)	(3 624 957)	(1 604 404)	(1 071 103)	(1 137 987)	(294 352)	-	-	(7 732 803)
Net profit for the period before income tax	30 711 860	18 816 913	6 755 134	902 103	696 178	-	-	57 882 188
Income tax provision	-	-	-	-	-	(5 482 212)	-	(5 482 212)
Deferred tax	-	-	-	-	-	(2 263 374)	-	(2 263 374)
Net profit for the period after income tax	30 711 860	18 816 913	6 755 134	902 103	696 178	(7 745 586)	-	50 136 602
Other Information								
Depreciation	12 885 450	3 152 785	12 102 990	3 769 576	956 155	-	-	32 866 956
Assets	1 203 932 773	418 614 269	698 660 609	204 940 714	175 466 918	92 153 868	-	2 793 769 151
Investements accounted for using Equity method	-	-	-	-	-	39 421 178	-	39 421 178
Liabilities	734 416 899	177 085 304	99 708 754	77 603 911	11 196 694	-	-	1 100 011 562

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

10-2 Segmentation reports for the period ended 31 March 2010

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 31/03/2010	Yogurt sector L.E The period ended 31/03/2010	Juices sector L.E The period ended 31/03/2010	Concentrates sector L.E The period ended 31/03/2010	Undistributed items L.E The period ended 31/03/2010	Elemenation of cosolidated transactions L.E The period ended 31/03/2010	Total L.E The period ended 31/03/2010
Sales	226 159 830	95 150 699	76 461 212	7 055 660	-	-	404 827 401
Sales between segments	209 569 890	82 560 267	66 474 854	9 722 019	-	(368 327 030)	-
Total sales	**435 729 720**	**177 710 966**	**142 936 066**	**16 777 679**	-	**(368 327 030)**	**404 827 401**
Cost of sales	**(148 459 270)**	**(59 147 847)**	**(49 579 879)**	**(11 780 669)**	-	-	**(268 967 665)**
Segments' gross profit	**77 700 560**	**36 002 852**	**26 881 333**	**(4 725 009)**	-	-	**135 859 736**
Other operating income	**25 130 998**	**1 018 099**	**1 170 076**	**1 021 483**	-	-	28 340 656
Distribution expense	(22 030 299)	(13 884 446)	(13 552 979)	(154 869)	-	-	(49 622 593)
General & administrative expense	(10 320 566)	(4 173 407)	(4 239 931)	(895 675)	-	-	(19 629 579)
Other operating expense	(3 741 119)	(255 211)	(118 051)	(773 729)	-	-	(4 888 110)
Board of Directors' remuneration	(211 672)	(66 360)	(62 480)	(60 488)	-	-	(401 000)
Profits from operation	**66 527 902**	**18 641 527**	**10 077 968**	**(5 588 287)**	-	-	**89 659 110**
Finance cost, (net)	(12 226 736)	(4 717 988)	(2 315 555)	(3 237 058)	-	-	(22 497 337)
Net profit for the period before income tax	**54 301 166**	**13 923 539**	**7 762 413**	**(8 825 345)**	-	-	**67 161 773**
Income tax provision	-	-	-	-	(6 886 494)	-	(6 886 494)
Deferred tax	-	-	-	-	(113 878)	-	(113 878)
Net profit for the period after income tax	**54 301 166**	**13 923 539**	**7 762 413**	**(8 825 345)**	**(7 000 372)**	-	**60 161 401**
Other Information							
Depreciation	11 249 759	5 995 711	10 913 955	3 592 900	-	-	**31 752 325**
Assets	569 871 281	281 409 194	658 709 858	213 398 448	124 013 191	-	**1 847 401 972**
Investements accounted for using Equity method	-	-	-	-	36 000 000	-	**36 000 000**
Liabilities	1035 713 373	50 139 324	61 355 520	125 097 520	1 039 314	-	**1 273 345 051**

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

11- Investments in 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, 2010											
Melcleys Company	39.988	28 977 577	79 439 256	108 416 833	11 847 267	-	11 847 267	59 084 091	51 887 934	7 196 157	38 627 037
Balance as at 31 December 2010		**28 977 577**	**79 439 256**	**108 416 833**	**11 847 267**	-	**11 847 267**	**59 084 091**	**51 887 934**	**7 196 157**	**38 627 037**
March 31, 2011											
Melceys Company	39.988	36 700 231	79 306 456	116 006 687	17 451 175	-	17 451 175	15 424 302	13 153 179	2 271 123	39 421 178
Balance as at 31 March 2011		**36 700 231**	**79 306 456**	**116 006 687**	**17 451 175**	-	**17 451 175**	**15 424 302**	**13 153 179**	**2 271 123**	**39 421 178**

12- Property, plant, and equipment

Description	Land* L.E.	Buildings & Constructions L.E.	Machinery & Equipment ** L.E.	Transportation & Transport Vehicles L.E.	Tools L.E.	Empty plastic containers & Paletts L.E.	display Refg.'s L.E.	wells L.E.	Office Furniture & Equipment L.E.	Computers L.E.	Total L.E.
Cost											
Cost as at 1/1/2010	41 125 846	179 230 369	1 056 585 653	77 572 665	22 049 349	20 115 069	-	-	7 319 920	29 326 530	1 433 325 401
Additions of the year	32 364 384	198 294 307	71 548 066	3 966 855	6 644 118	8 886 020	3 502 586	8 908 741	1 617 075	6 038 164	341 770 316
Disposals of the year	(5 929 200)	(2 034 294)	(14 502 345)	(7 686 108)	(74 275)	(5 845 914)	-	-	(59 478)	(1 676 014)	(37 807 628)
Change in the present value	(284 957)	-	-	-	-	-	-	-	-	-	(284 957)
Disposals of damaged assets (fire accident)	-	(16 666 463)	(139 821 726)	-	(1 349 755)	-	-	-	(128 914)	(826 507)	(158 793 365)
Cost as at 31/12/2010	**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**
Adjustements	-	-	-	-	-	(9 882 372)	-	-	-	-	(9 882 372)
Additions of the period	2 520 000	237 753	37 383 188	11 319 717	1 903 802	959 249	87 853	-	332 523	2 007 139	56 751 224
Disposals of the period	-	-	(2 398 208)	-	-	(177 205)	-	-	-	(74 155)	(2 649 568)
Cost as at 31/3/2011	**69 796 073**	**359 061 672**	**1 008 794 628**	**85 173 129**	**29 173 239**	**14 054 847**	**3 590 439**	**8 908 741**	**9 081 126**	**34 795 157**	**1 622 429 051**
Accumulated depreciation											
Accumulated depreciation as at 1/1/2010	-	12 175 899	257 275 200	41 632 523	8 084 365	6 503 745	-	-	3 123 302	16 621 354	345 416 388
Depreciation of the year	-	6 692 772	89 726 120	11 894 389	2 619 765	7 715 713	97 886	-	694 909	6 899 138	126 340 692
Accumulated depreciation of Disposals	-	(708 246)	(6 054 049)	(7 441 134)	(27 634)	(84 974)	-	-	(21 209)	(1 666 623)	(16 003 869)
Accumulated depreciation of damaged assets (fire)	-	(728 995)	(27 487 682)	-	(263 646)	-	-	-	(16 912)	(280 736)	(28 777 971)
Impairment of fixed assets	-	-	-	113 425	-	409 426	-	-	-	-	522 851
Accumulated depreciation as at 31/12/2010	-	**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**
Adjustements	-	-	-	-	-	(9 882 372)	-	-	-	-	(9 882 372)
Reclassifying	-	319 008	2 710 351	(133 847)	136 064	(3 031 576)	-	-	-	-	-
Depreciation of the period	-	1 929 098	23 943 586	3 062 642	821 682	743 441	179 522	111 359	186 702	1 888 924	32 866 956
Accumulated depreciation of disposals of the period	-	-	(558 994)	-	-	(1 060)	-	-	-	(42 300)	(602 354)
Reverse of impairment of fixed assets	-	-	-	-	-	(38 360)	-	-	-	-	(38 360)
Accumulated depreciation as at 31/3/2011	-	**19 679 536**	**339 554 532**	**49 127 998**	**11 370 596**	**2 333 983**	**277 408**	**111 359**	**3 966 792**	**23 419 757**	**449 841 961**
Net book value as at 31/3/2011	**69 796 073**	**339 382 136**	**669 240 096**	**36 045 131**	**17 802 643**	**11 720 864**	**3 313 031**	**8 797 382**	**5 114 334**	**11 375 400**	**1 172 587 090**
Net book value as at 31/12/2010	**67 276 073**	**341 392 489**	**660 350 059**	**27 654 209**	**16 856 587**	**8 611 265**	**3 404 700**	**8 908 741**	**4 968 513**	**11 289 040**	**1 150 711 676**

The land item amounted to L.E 69 796 073 on 31/3/2011 includes an amount of L.E 61 519 284 representing the not registered land thus procedures of registering the land are in progress.

1- **Land of Juhayna Food Industries Co.**

Description	Amount L.E	Instrument Of possess
Pc. 38	1 099 065	Elementary contract
Pc. 39	1 099 065	Elementary contract
Pc. 40	1 100 500	Elementary contract
Service koridor No.1	1 072 585	Registration document
Service koridor No.2	803 205	Registration document
Marsa Allam	1 367 244	Elementary contract
Other	653 466	
	7 195 130	

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

Description	Amount L.E	Instrument Of possess
Baleares land	15 495 080	Elementary contract
Olaykat arab land	2 589 300	Auction
Other	5 894 000	
	23 978 380	

3- **Land of Aldawlia for Modern Industries Co.**

Description	Amount L.E	Instrument Of possess
Pc. 112:118 m3 6th of October	6 085 045	Registration document

4- **Land of Almarwa for Food Industries Co.**

Description	Amount L.E	Instrument Of possess
Pc. 43 m3 6th of October	2 117 918	Deed

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	

6- **Land of Modern Concentration Co.**

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

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 elementary 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.

13 Projects under constructions

	31/3/2011 L.E.	31/12/2010 L.E.
Buildings and constructions in progress	42 947 241	23 945 824
Machineries under installation	59 165 766	54 871 999
Advance payments for fixed assets purchase	59 619 812	42 310 296
Land reclamation	6 172 092	4 149 904
Research, development and drilling	16 752 482	12 538 731
	184 657 393	**137 816 754**

14 Inventories

	31/3/2011 L.E.	31/12/2010 L.E.
Raw materials	111 339 625	119 021 271
Packaging & packing materials	76 913 763	69 068 548
Finished products	98 710 133	62 920 655
Work in process	25 346	17 693
Plant wealth	10 205 637	5 001 756
Spare parts & miscellaneous supplies	27 461 713	23 584 054
	324 656 217	**279 613 977**
L/C's for purchase raw material	318 100	-
	324 974 317	**279 613 977**

15 Debtors and other debit balances

	31/3/2011 L.E	31/12/2010 L.E
Trade receivables	75 163 908	70 943 313
Less: Impairment in trade receivables	(17 133 155)	(17 234 108)
	58 030 753	**53 709 205**
Notes receivables – Customers	5 220 903	4 593 537
Tetra Pak company	5 549 570	5 068 416
Suppliers – advance payments	39 794 870	13 654 862
Prepaid expenses	3 633 879	3 734 031
Export subsidy	5 075 420	7 824 149
Accrued revenues	24 475 667	16 190 013
Insurance policy compensation "Egyfood fire"*	170 073 207	176 600 585
Tax authority	10 841 493	8 821 481
Customs authority	1 187 665	875 843
Deposits with others	2 335 103	2 122 076
Other debit balances	8 391 357	5 855 020
	334 609 887	**299 049 218**
Less: Impairment in debtors & other debit balances	(238 102)	(238 102)
	334 371 785	**298 811 116**

16 Cash and cash equivalents

	31/3/2011 L.E	31/12/2010 L.E.
Time deposits	590 702 981	657 008 767
Banks – current accounts	32 986 604	46 994 544
Cheques under collection	127 071	180 533
Cash in hand	10 690 180	14 615 379
L /G's cash margin	5 050 000	5 129 349
	639 556 836	**723 928 572**
Bank over draft	(4 476 173)	(4 631 116)
L /G's cash margin (due after 3 months)	(5 050 000)	(5 129 349)
	630 030 663	**714 168 107**

17 Provision of claims

Description	31/3/2011 L.E	31/12/2010 L.E.
Balance at the beginning of the year	7 342 900	8 810 031
Formed during the year	147 823	4 360 000
Used during the year	(283 021)	(5 827 131)
Balance at the end of the year	**7 207 702**	**7 342 900**

18 Banks – credit facilities

This balance which amounted to L.E 288 209 159 as at 31 March 2011 (against L.E 227 340 611 as at 31 December 2010), represents the drawn down portion of the L.E. 863 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.

19 Short term loans

This balance which amounted to L.E. 5 000 000 as at 31 March 2011 (against L.E. 10 021 159 as at 31/12/2010) 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.

20 Trade and other credit balances

	31/3/2011	31/12/2010
	L.E	L.E
Suppliers	103 647 256	105 608 714
Notes payable	391 069	2 055 656
Accrued expenses	26 899 365	23 687 863
Fixed assets' creditors	4 958 458	19 445 031
Deferred insurance revenue "Egyfood factory fire accident	32 858 604	39 385 982
Tax authority	4 331 860	4 003 852
Deposits from others	2 460 973	2 225 449
Tax income	5 482 222	-
Sales tax installments on the imported machineries and equipments	6 028 072	6 380 714
Deferred capital gains	1 738 584	1 738 584
Social insurance authority	638 676	372 411
Dividends payable for employees	166 660	165 994
Advances from customers	6 031 488	2 795 333
Other credit balances	17 420 166	8 734 457
	213 053 453	**216 600 040**

21 Loans

Details	Long term loans	Long term loan – current portion	Total
	L.E	L.E	L.E
Granted loans to Company's Group from CIB.	147 077 704	57 873 605	204 951 309
Granted loans to Company's Group from HSBC.	200 628 029	72 251 211	272 879 240
Granted loans to Company's Group from Egyptian Exports Development bank.	-	2 500 000	2 500 000
Balance on 31/3/2011	**347 705 733**	**132 624 816**	**480 330 549**
Balance on 31/12/2010	**384 305 733**	**135 124 816**	**519 430 549**

22 Other long term liabilities

Description	31/3/2011 L.E.	31/12/2010 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 6 028 072 as at 31/1/2011(L.E. 6 380 714 as at 31/12/2010) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 20).	40 497 873	39 282 484
The value of accrued installments of the purchased land at Al-Wadi Al-Gadeed.	-	414 872
	40 497 873	**39 697 356**

23 Deferred revenues

	31/3/2011 L.E	31/12/2010 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 31/3/2011 amounted to L.E 434 646 while the short term portion amounted to L.E 1 738 584 as at 31/3/2011 (L.E. 1 738 584 as at 31/12/2010) included in the trade & other credit balances item of the consolidated balance sheet (Note 20).	9 996 806	10 431 452
	9 996 806	**10 431 452**

24 Deferred tax assets and liabilities

Deferred tax liability amounted to L.E 29 307 676 on 31/3/2011 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 1/1/2011 L.E	Deferred tax from 1st Jan to 31st Mar 2011 L.E	Balance on 31/3/2011 L.E
Deferred tax liability from fixed assets	27 044 302	2 263 374	29 307 676

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	Liabilities 31/3/2011 L.E	Liabilities 31/12/2010 L.E
Fixed assets	31 654 755	29 478 310
Deferred revenue	(2 347 079)	(2 434 008)
Net tax liabilities	**29 307 676**	**27 044 302**

25 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/9/2010 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 31/3/2011	Contribution percentage 31/12/2010	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.	99.97 %	99.97 %	Egypt
Sister Company			
Milkiez	39.988 % Indirect	39.988 % Indirect	Egypt

26 Financial instruments

Credit risk

Exposure to credit risk

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

	Note	Carrying amount 31/3/2011 L.E.	Carrying amount 31/12/2010 L.E.
Cash & equivalents	(16)	639 556 836	723 928 572
Banks credit facilities	(18)	288 209 159	227 340 611
Short term loans	(19)	5 000 000	10 021 159
Total long term loans	(21)	480 330 549	519 430 549

Liquidity risk

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

	Carrying amount L.E.	Contractual cash flows L.E.
Credit facilities	288 209 159	863 000 000

Currency risk

Exposure to currency risk

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

	USD	Euro	CHF	DKK	GBP
Debtors and other debit balances	63 270	923	-	-	-
Cash and cash equivalents	1 135 652	16 738	-	-	-
Credit facilities	(3 328 316)	-	-	-	-
Creditors and other credit balances	(6 264 941)	(55 928)	(88 130)	(1 045)	-
31 March 2011	**(8 394 335)**	**(38 267)**	**(88 130)**	**(1 045)**	**-**
31 December 2010	**(5 531 985)**	**(2 117 916)**	**-**	**-**	**(502 673)**

The following significant exchange rates applied during the year:

	Average rate		Actual closing Rate	
	3/2011	**2010**	**3/2011**	**2010**
USD	5.886	5.630	5.987	5.785
Euro	8.071	7.650	8.597	7.545
CHF	6.445	6.101	6.629	6.261
DKK	1.630	1.508	1.654	1.606

27 Financial lease contracts

First: 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

As previously mentioned in note no. (9), 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. 170 000 based upon the approval from the leaser's company.

The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the General and administrative expenses and other operating expenses item in the income statement Thus, total installments of the financial year ended 31/3/2011 amounted to L.E. 3 025 331.

28 Contingencies

On 31 March 2011 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 15 366 369 the cover amount to L.E 5 050 000.

29 Capital commitments

The capital commitments amounted to L.E 7 074 413 on 31/3/2011 and the paid portion amounted to L.E 5 825 931 on same date.

30 Related party transactions

During the normal course of its business, the Group conducts certain sale and purchase transactions with certain related parties.

The following presents a brief summary of nature, value of such transactions during the current period :

30-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/3/2011	31/12/2010	31/3/2011	31/12/2010
				L.E.	L.E.
Bonian for Development & Investment	Current account	500 000	2 150 000	294 866	794 864
				294 866	**794 864**

31 Share capital

	31/3/2010 L.E	31/12/2010 L.E
Authorized capital	5 000 000 000 000	5 000 000 000 000
Issued & paid up capital (divided into 726 416 332 shares with nominal value L.E 1 each	726 416 332	726 416 332

31-1 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.

32 Earning per share

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

	Financial year ended 31/3/2011 L.E	Financial year ended 31/3/2010 L.E
Net profit for the year according to consolidated income statement	50 136 602	60 161 773
Weighted average number of outstanding shares	726 416 332	510 247 025
Earning per share (L.E./share)	**0.069**	**0.118**

33 Events occurs to Arab Republic of Egypt

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.

34 The fire accident of the factory of The Egyptian Company for Food Industries "Egyfood" (subsidiary company)

The factory of one of the Group Company's (The Egyptian Company for Food Industries "Egyfood") located in 6th of October city has been exposed to fire accident on 22/4/2010 which resulted in losses and damages in most of the Company's assets which are insured with a total value of L.E. 299 million. The said company managed to determine the final losses as per the book balances resulting from such assets with the amount of L.E. 137.21 million, and the said company evidenced a claim against Al Mohandes Insurance Company within the extent of the redemption value of such assets with the amount of L.E. 176.6 million while the insurance company did not finish counting and approving the damaged assets resulting from the fire and Al Mohandes Insurance Company is currently in process of carrying out an adjustment of the value of the said damaged assets. The company send another claim to the insurance company amounted to L.E 170 million represent the replacement value of damaged assets because of fire accident which has a book value of L.E. 137.21 million.

Samir