JUHAYNA

2013 Annual Report

Egypt's Favourite Household Brand

Contents

Juhayna at a Glance

1983
Established in 1983

45,000
Retail Outlets

7
Manufacturing Facilities

25
Distribution Centres; 3 added in 2013

5,500 Feddans
of Reclaimed and Cultivated Land

Over 200
SKUs

1,000+
Vans & Trucks

Launched Operations at Assiut Yoghurt Facility in 1H13; commenced soft operations at Sixth October plant

Chairman's Note

Dear Shareholders,

Juhayna extended its leadership of the nation's dairy and juice markets and stayed the course throughout 2013 with ambitious investments in our future — despite significant challenges to consumer sentiment. In spite of the tumult, we boldly invested EGP 750 million in one of the region's largest consumer markets.

While any new investment or opening is worth celebrating in a year like 2013, I am particularly proud that we opted to see our investment in Assiut through to the end with the opening of our EgyFood Yoghurt plant. Moreover, we set our Sixth of October City EgyFood plant well on track.

Also in 2013, we opened three new distribution centres and invested in 3,000 dedicated point-of-sale refrigeration units. We also continued to grow on the product and staff fronts, most notably with the hiring of 450 new professionals.

Looking ahead, we will look to consolidate our market share gains while maintaining our emphasis on cost control. But, the story of 2014 will not merely be financial. Instead, we see this year as a continuation of the decisive investment in growth we began last year. This year, we intend to:

- Start production at our Sixth of October City EgyFood yoghurt plant;
- Judiciously invest in high-impact capacity expansion;
- Roll-out new distribution centres in a mix of both new facilities and replacements for existing centres;
- Conclude the build-out of our dairy farm and livestock program as we continue to push for vertical integration;
- Continue to focus on product innovation — and across-the-board quality control.

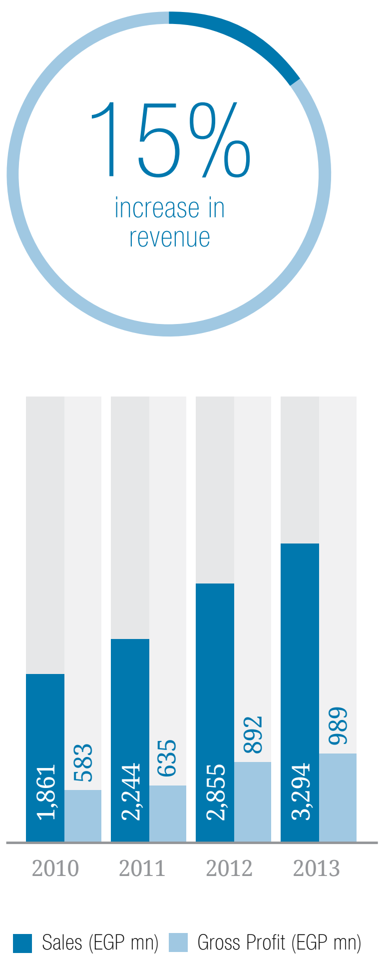
Whatever the coming twelve months may bring, I am confident our team — and the strength of our brand — will see us through.

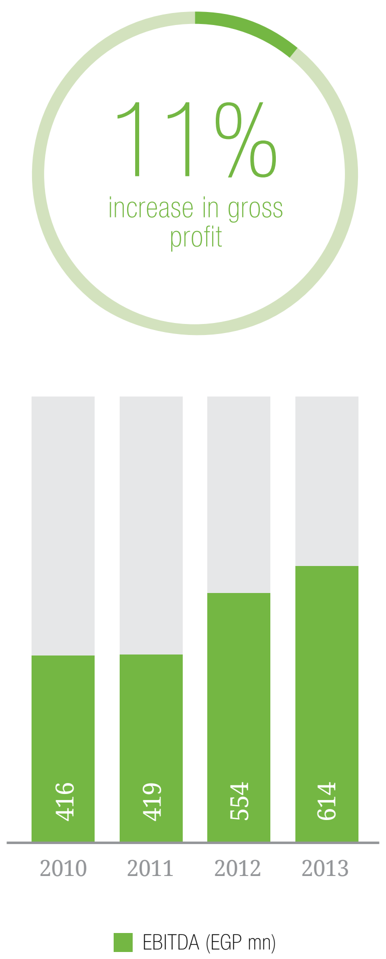
Safwan Thabet
Chairman and Chief Executive Officer

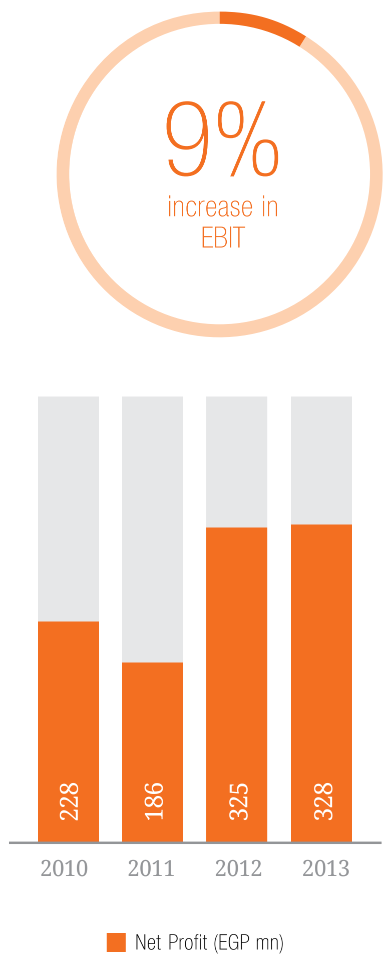
EGP 750 million invested in Egypt in 2013

450 new professionals hired in 2013

Financial Highlights 2013







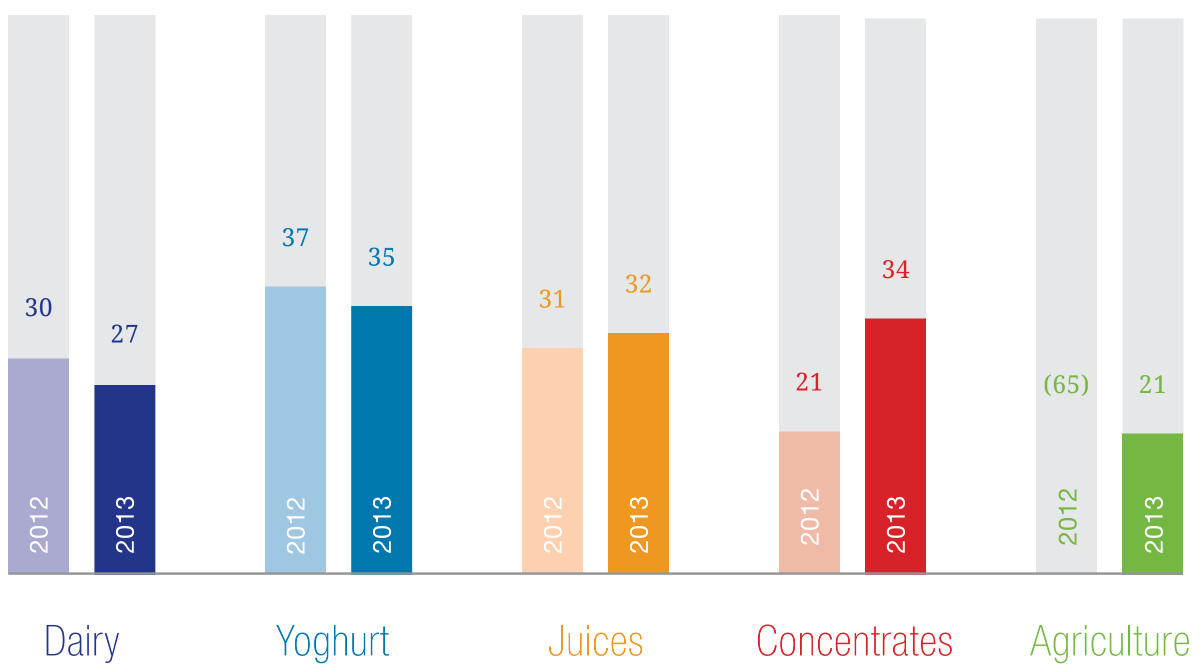
- **Juhayna revenues** rose to EGP 3.3 billion, a 15% increase over 2012. Growth was spurred on by the bolstering of production capacity from the new EgyFood yoghurt plant in Assiut and upgrades to our logistics and distribution network, in addition to investments in dedicated point-of-sale refrigeration infrastructure.
- **Consolidated gross profit** reached EGP 989 million, up 11% from 2012. **Gross profit margin** dropped 1 ppt to 30%.
- **Net income** saw marginal growth in 2013, up 1 % from 2012 to EGP 328 million at year-end 2013. While **net profit margin** dropped 1 ppt to 10%.
- **EBIT** reached EGP 445 million, a 9% increase over 2012.
- **Dairy sales** grew 14% year-on-year to EGP 1.6 billion. **Gross profit** for the LOB was down 1% to EGP 436 million, while **gross profit margins** for the segment dropped by 3 ppt to reach 27%.
- **Yoghurt sales** rose 11% to EGP 891 million with **gross profit** up 6% y-o-y to EGP 313 million. **Gross profit margin** was down 2 ppt to 35%.
- **Juice sales** increased 16% to EGP 619 million. **Gross profit** for the LOB improved 20% to EGP 197 million. **Gross profit margin** reached 32% on the back of a roll-out of refrigerators at kiosks and points-of-sale to drive brand awareness and sales.
- **Concentrates sales** grew by an outstanding 75% to reach EGP 91 million as sales of surplus volume to third parties increased. **Gross profit** for the segment jumped 191% to EGP 31 million, while **gross profit margins** reached 34%, an increase of 14 ppt.
- **Agriculture sales** saw a significant increase of 88% to EGP 53 million due to better crop yields and higher crop quality. **Gross profit** for the LOB grew to EGP 11 million; **gross profit margins** came to 21% for the year.

Juhayna continued to strategically invest in distribution, manufacturing and retail expansion plans with a total of EGP 750 million invested in 2013 up from EGP 650 million in 2012. The new expansions have helped cushion the company from the negative impact of the economic downturn and will lead to a quicker recovery as the economic and political situation begins to stabilize.

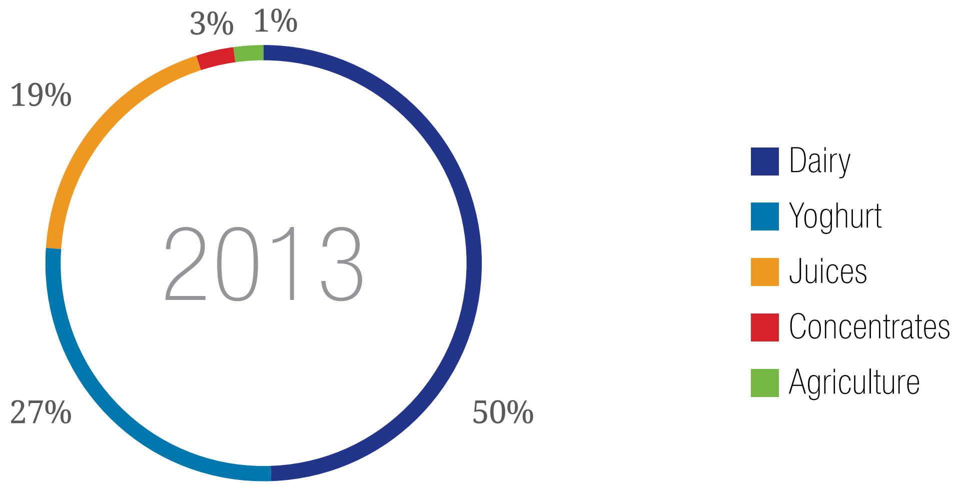
The past two years have seen the Egyptian economy struggle to rebound from political instability with 2013 proving to be an especially challenging year. While Juhayna's margins were impacted this year, the company continues to achieve growth and operational milestones in all of its lines of businesses.

An EGP 500 million loan from the European Bank for Reconstruction and Development (EBRD) has been secured to finance manufacturing upgrades as well as expansions in capacity and distribution. These funds, in part, helped to finance the launch of three distribution centres in 2013. A EGP 74 million loan was secured to assist with the establishment of the new yoghurt plant in Upper Egypt.

Gross Profit Margin by Product 2012 vs. 2013 (in EGP mn)



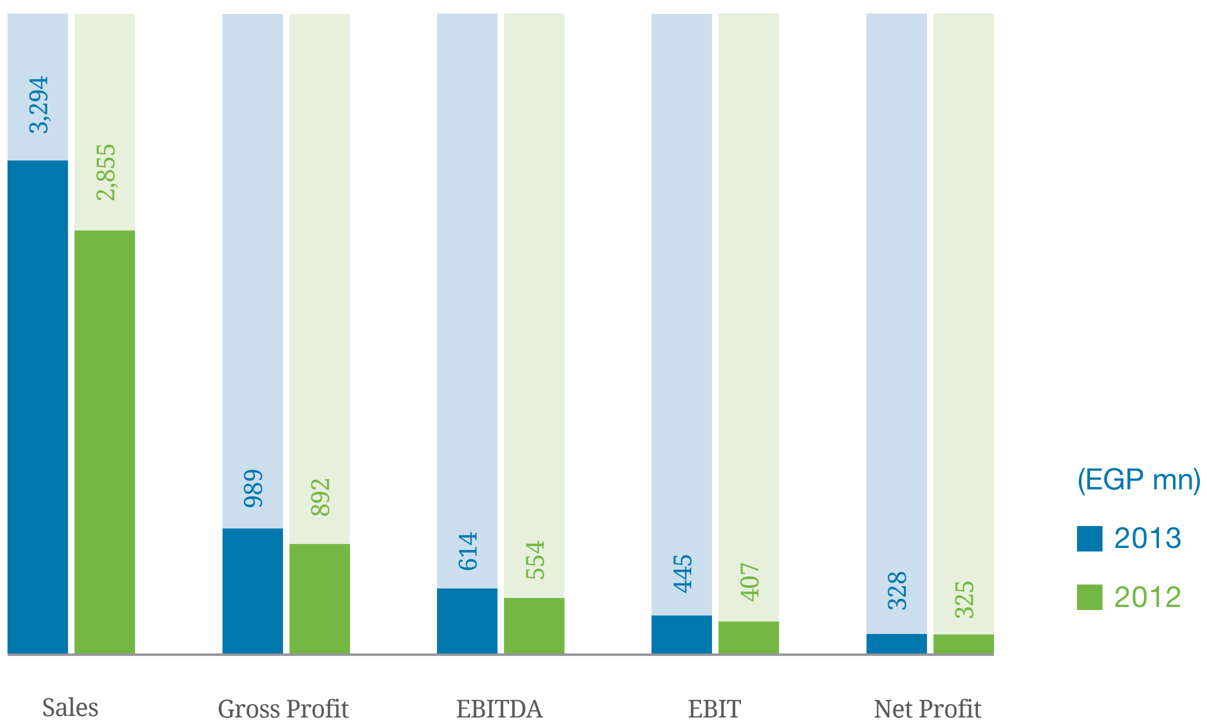
Revenue Breakdown in 2013



EGP 3.29bn

Total Group Revenue

Group Consolidated Performance (2013 vs. 2012)



In line with Juhayna's strategy to boost manufacturing infrastructure, the company's major operational milestone of 2013 was the launch of the EGP 200 million EgyFood yoghurt plant in Assiut.

The new plant has seen yoghurt production capacity reach 80 tons per day.

Additional milestones for the year include the purchase of 780 pregnant Holstein heifers from Germany in the first half of 2013. The new cows have been distributed across 36 main dairy suppliers as part of the company's "Farms Upgrade Program." The move not only serves to boost the company's supply of raw milk but also serves to enhance the supply of high quality milk and dairy products for the Egyptian market at large.

The release of a number of new brands in 2013 have leveraged a new health conscious consumer trend, which Juhayna itself helped set with its recent marketing campaigns and product and package designs.

Outlook

Strong market fundamentals and continued growth in demand driven by health conscious consumer trends are expected to boost growth across all lines of business. While 2012 saw an increase in activity on the distribution side as well as in the marketing and retail arms of the company, the key to capitalizing on rising demand is increasing production capacity. To this end, Juhayna will continue to focus on expanding its production lines and diversifying its product range to stay ahead of the evolving marketplace.

It is expected that the significant investments that have been made to strengthen manufacturing and distribution capabilities in 2013 will be the primary growth drivers for the company in the coming year.

Juhayna is well positioned to adapt to fluctuating market conditions as it has continued to innovate both in terms of operational structure and product development.

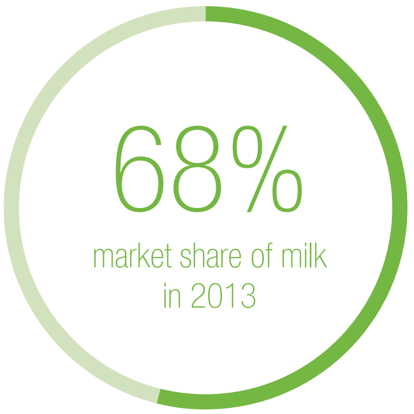
Lines of Business

Dairy

Business Review

With its origins as a dairy manufacturer rooted in its founding in 1983, Juhayna continues to be a market pioneer in the Egyptian dairy sector and has today grown to become Egypt's number one packaged milk producer with a market share of 68%. Juhayna's dairy segment focuses on the production of plain and flavoured milk, cream, and white cheese, as well as speciality products for global manufacturers, retail outlets and leading restaurant chains.

Our leading dairy products are primarily manufactured in two state-of-the art facilities in Sixth of October City, an industrial and manufacturing hub west of Cairo. The first of these facilities is the Juhayna Factory, which was established in 1983 when the company was first founded. The 22,000 square meter facility has, however, undergone several upgrades in its 30 years of operations, and now features fully automated production, from pasteurization to packaging. With a daily production capacity of 1,000 tons, the Juhayna Factory has been able to meet the growing demand of our dairy products. The plant employs a staff of 465 in production, engineering and administrative functions. Our second dairy production facility, El Masreya, is a 25,000 m^2 factory that was acquired by Juhayna in 2005 to expand capacity. The fully automated factory has a production capacity of 1,000 tons per day and has created 300 additional job opportunities for technicians, engineers and administrators.



2013 Highlights

The year 2013 saw Juhayna's dairy line of business perform well despite a challenging operating environment. Dairy sales volumes witnessed a 10% year-on-year jump, reaching over 227 ktons, while net sales rose 14% to reach EGP 1.6 billion. This comes as gross profit margins for the LOB amounted to 27% on the back of EGP 436 million in gross profits.

Operational successes in 2013 were a direct result of Juhayna's ability to continue launching innovative products while maintaining its commitment to promoting healthy options for its customers. In line with this strategy, Juhayna released its new Zero Milk in 2013. The new product offers our increasingly health-conscious consumers a fat-free option with significantly reduced calories, packed with essential nutrients and free from artificial additives and preservatives. Zero Milk complements Juhayna's preexisting range of products with varying fat content, affording customers the option to choose what is right for them.

Zero Milk is sold in the aesthetically pleasing and highly sterile Tetra Pak TBA Edge packaging which Juhayna introduced to the Egyptian market in 2012. The new packaging was at the forefront of the dairy segment's strategy in 2012 and continued to play a major role in Juhayna's operational achievements in 2013.

In the company's ongoing effort to ensure its supply of high quality raw milk, Juhayna purchased 780 new pregnant Holstein heifers from Germany in the first half of 2013 and distributed them across 36 of its main suppliers as part of the company's "Farms Upgrade Program."

Challenges in 2013 were great and contributed to a 3 ppt drop in the gross profit margin year-on-year, and a 1% drop in gross profits year-on-year. These challenges arose primarily from higher cost of goods sold.

Health-conscious consumers welcome the launch of fat-free Zero Milk

Yoghurt

Business Review

With over six successful and highly recognizable brands ranging in size from single serving to restaurant bulk use, Juhayna's yoghurt segment is the largest line of business in terms of diversity of product offerings. Juhayna's yoghurt operations include spoonable as well as drinkable yoghurts, geared primarily for the domestic market. Since the start of our yoghurt manufacturing operation in 1987, Juhayna has remained one of Egypt's top yoghurt producers, maintaining its leading market position for over two decades. Currently, Juhayna holds a 34% market share of spoonable yoghurts and a 53% market share of drinkable yoghurts.

Among the line of business' most notable brands are Rayeb and Zabado in the drinkable yoghurt category, and Actilife, Juhayna Plain Yoghurt, Juhayna MIX Yoghurt and the recently launched Judo flavoured yoghurt (targeting consumers aged 5 to 9) in the spoonable category. A core strategy of Juhayna is the prioritisation of health and nutrition with all of its products. As such, its yoghurt products contain high levels of calcium, protein amino acids and other nutrients, which aid in bone structure development and help enhance the immune system.

In 2013, Juhayna launched operations at its 80 tons per day EgyFood yoghurt manufacturing facility in Assiut as part of its strategic expansion in this segment. Additionally, in 2014, the company launched soft operations at the Egyfood factory in Sixth of October City, a 35,000 square-meter state-of-the-art facility designed for manufacturing both spoonable and drinkable yoghurts in 2014.

Judo flavored yoghurt is the latest addition to Juhayna's yoghurt brands

2013 Highlights

The yoghurt market experienced a number of challenges in 2013. Despite this, sales volumes grew by 2% to reach 77 ktons in 2013. This comes as net sales jumped from EGP 800 million in 2012 to EGP 891 million, a growth of 11%, while gross profits increased by 6% in 2013 to reach EGP 313 million.

Gross profit margins witnessed a slight decline of 2 ppt in 2013 on the back of strained market conditions. In particular, the second half of 2013 saw a drop in demand that significantly impacted the entire yoghurt market. Another major cause of profit decreases was the impact of political events during the month of Ramadan, which is considered the traditional high season for yoghurt sales. Ramadan and Eid of 2013 coincided with a turbulent period of political unrest, and the subsequent curfew curbed traditional shopping hours and led to a reduction in sales.

On the manufacturing front, the company inaugurated a EGP 200 million yoghurt plant and distribution centre in Assiut. The company soft launched operations at its second EgyFood yoghurt manufacturing facility in Sixth of October in 2014.

In a further operational achievement for the year, the company released Judo flavoured yoghurt (targeting consumers aged 5 to 9) in a variety of flavours and rich in all the vital nutrients needed by a growing child. This is in line with the company's goal in establishing itself as the leading health food provider for the local market.

Juice

Business Review

Juhayna remains a market leader in the Egyptian juice sector, and the number one player in premium juice sales. The line of business produces three types of juice; Nectar, Drink, and Pure in a variety of different sizes and flavours extracted from fruit pulps and concentrates.

Since its launch in 1987, Juhayna juice has grown to become a favourite household brand in Egypt. Juhayna's preservative-free juices are produced from the highest quality domestic and imported fresh fruits, which are squeezed and distilled using the most up to date technology in accordance with global standards.

Juhayna's primary juice manufacturing and packaging facility is the state-of-the-art El Dawleya factory located in Sixth of October City. Established in 2009, the 36,000 square-meter facility has an average production capacity of 750 tons per day, with a fully automated production process and a total of 175 employees.

16%
increase in sales revenues y-o-y in 2013

23%
market share of juice in 2013

Juhayna's juices are produced using fresh, high quality ingredients

2013 Highlights

Juhayna's juice segment performed exceptionally well in 2013. Sales volumes grew by 11% year-on-year to reach 93 ktons, up from 84 ktons in 2012. Concurrently, net sales jumped 16% from EGP 535 million in 2012 to EGP 619 million in 2013. Gross profits rose to EGP 197 million, jumping 20% year on year as gross profit margins increased 1 ppt to reach 32% in 2013.

Over the years, Juhayna has successfully expanded the reach of its juice products through an efficient and expansive distribution chain that supplies expanding retail outlets. The year 2013 also witnessed the nationwide roll-out of kiosks and point-of-sale refrigerators. This proved highly beneficial as it allowed Juhayna to maintain the quality of its deliveries to retailers while significantly raising brand awareness hence contributing to an increase in sales.

Concentrates

Business Review

As a vertically integrated company that spans the entire spectrum from dairy farming to the end user, Juhayna is strategically positioned to become a leader in the Egyptian fruit concentrates market. In addition to supplying concentrates for its own juice manufacturing operations — with 75% of its concentrates production used in juice manufacturing by the company — the concentrates line of business supplies a wide variety of customers ranging from private consumers to multinational corporations.

The production of concentrates takes place in two manufacturing facilities in Sixth of October City. The El Marwa factory, established in 1998, is a 10,000 square-meter manufacturing facility specialising in a variety of fruit pulps and concentrates made from both citrus and tropical fruits such as mango, guava, strawberries, peaches and apricots. The factory has a production capacity of 300 tons per day and employs 100 workers in tandem with the Modern Concentrates factory.

The Modern Concentrates factory is a 6,000m^2 facility, founded in 2007, that produces concentrates from citrus fruits such as orange, lemon and grapefruit, with a daily production capacity of 720 tons.

Highlights 2013

As a regional exporter of concentrates, the division continued to perform well in 2013, achieving the highest levels of growth within the group. Net sales grew a strong 75% to reach EGP 91 million on the back a 47% growth in sales volume, which amounted to 8.5 ktons. This substantial operational milestone was reflected in the segment's financials as gross profits jumped 191% to EGP 31 million, up from EGP 11 million in 2012. As a result, gross profit margins rose a full 14 ppt to 34%.

Key to the success of the concentrates segment was the growth in domestic and export sales to third parties of surplus inventory.

75%
increase in sales revenues y-o-y in 2013

47%
growth in sales volume in 2013

191%
increase in gross profits in 2013

75% of Juhayna's production of concentrates is used in juice manufacturing by the company

Agriculture

Business Review

Juhayna's agricultural activities focus primarily on livestock, land reclamation, milk production and produce farming. The group conducts its operations through three subsidiary companies: Enmaa for Livestock Company operates our dairy farm; Enmaa for Reclamation and Agriculture reclaims land for cultivation and farming; and Milky's for Milk Production specializes in breeding dairy cows and is a joint venture in which Juhayna controls roughly 40%. Milky's currently supplies roughly 10% of Juhayna's raw milk needs.

2013 Highlights

In terms of both volumes and sales the agricultural segment achieved substantial improvements in 2013. Sales volumes grew 40% year on year in 2013 to reach 44 ktons, attributable to improved weather conditions, which led to better crop yields and higher crop quality. Net sales for the LOB reached EGP 53 million in 2013 compared to EGP 28 million in 2012, indicating a rise of 88% year on year. This resulted in a gross profit rise to EGP 11 million and a profit margin of 21%.

Furthermore, 2013 saw Juhayna purchase 780 pregnant Holstein heifers from Germany and distribute them across 36 main suppliers, which boosted the supply of high quality milk available to Juhayna.

Commercial

Business Review

To support its efforts to evolve into a fully self-sufficient, vertically integrated company, Juhayna believes that an efficient and far reaching distribution network is key. As such the group takes immense pride in the notable expansion of its commercial operations segment and the role it has played in the establishment of Juhayna as a leading food and beverages company. One of Juhayna's biggest competitive advantages, the distribution arm of the group has grown into the largest distribution network in Egypt comprising 25 distribution centres, 45,000 retail outlets and a fleet of more than 1,000 vehicles.

Tiba for Trade & Distribution is the commercial arm of the group (99.9% owned by Juhayna), responsible for trade and distribution activities. Established in 2006, Tiba is also responsible for all planning and communication strategy functions vis-à-vis local and international clients.

2013 Highlights

In 2013, Juhayna continued to build upon the company's extraordinary drive to expand its distribution muscle. An additional 220 new vehicles and three distribution centres came online in 2013, bringing the total number of trucks and vans to over 1,000 and distribution centres to 25, a level that the company feels is sufficient to meet its needs in the short term and thus focus will shift to boosting consumer awareness and production capacity in 2014.

Strategy

Juhayna's ability to remain a market leader in the face of the challenges that have impacted the Egyptian market during the past three years is a testament to the company's resilient strategy. Our forward looking strategy has allowed us to maintain our growth trajectory and remain profitable despite the volatility of our home market.

Many of the same issues that we had to contend with during our first year post-revolution, such as increasing commodity prices and a deteriorating security situation, once again came into play in 2013.

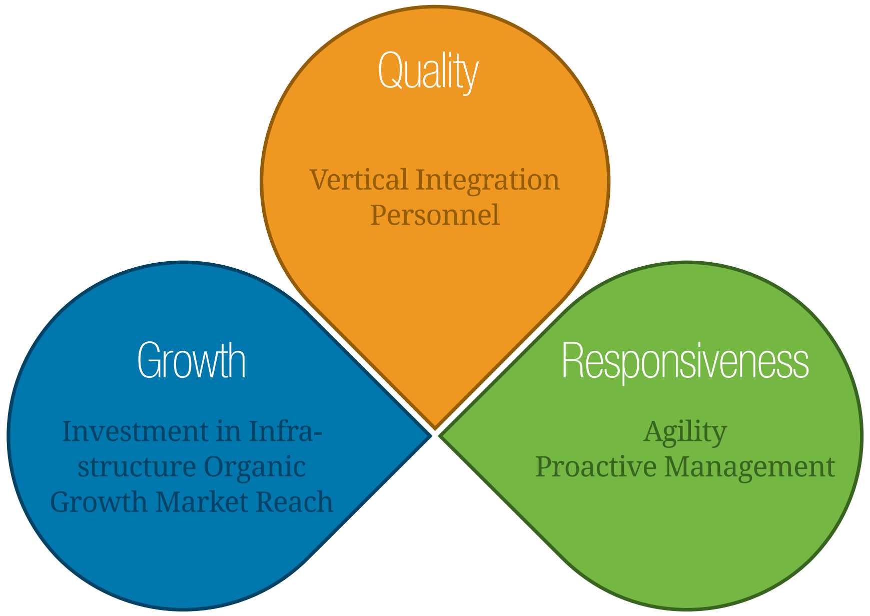
Juhayna, however, remained committed to its strategy of investment and expansion. While the emphasis in 2012 was on maximizing our distribution strength, our strategy in 2013 was focused on expanding our manufacturing capability, and progressing towards a more vertically integrated business model.

On the manufacturing front the two major milestones for us in 2013 were the completion of two new EgyFood yoghurt plants in Assiut and Sixth of October.

Market driven product innovation remains a priority for Juhayna as we continually seek to launch new products and improve existing products through new packaging and flavors all while paying close attention to quality and health standards.

In 2013 and early 2014 we launched our new line of Zero milk, as well as the child-friendly Judo brand of flavored yoghurt, and introduced new packaging for our Pure juices, nectar and Zabadoo drinkable yoghurt. Today, Juhayna's SKUs stand at over 200. As we continue to roll out new products across our business lines, the needs of our consumers will first and foremost drive the pace and tempo of our upcoming launches.

Our ongoing program to enhance our milk supply through the expansion of our dairy farm (as well as our support to our milk suppliers) will help secure supply and provide some hedge against raw material price volatility.



Management's emphasis on the three key pillars of Quality, Responsiveness and Growth have seen Juhayna consistently in a leadership position in the Egyptian market and leaves the company poised for maximum success.

Creating a Household Brand

Since the early 80's Juhayna's high quality, market-driven products and innovative marketing campaigns have helped create one of Egypt's best loved household brands.

Juhayna's marketing premise centres on the importance of its products in everyday life. To that end, the company adopted a three-prong marketing strategy focusing on health, age-specific products and family.

In 2012, an innovative health-oriented marketing campaign introducing the new TVC package design helped boost Juhayna's market share that year, while 2013 saw the rollout of Juhayna's Zero fat-free milk, which directly targeted a growing number of health-conscious consumers.

Targeting the needs of younger age groups is another important aspect of Juhayna's marketing strategy. For example, the Zabado ads that introduced the product's new packaging were launched to great acclaim as they directly addressed the concerns of a younger generation as they struggle to cope with the demands and constraints of their daily life. Meanwhile, the marketing of children's products, such as Judo flavored yoghurt, are often accompanied by colorful media campaigns that feature cartoon characters that kids can relate to.

Juhayna's image as a family oriented brand has been built throughout the years through various ad campaigns for different product lines. Ramadan campaigns that portray Juhayna products as a staple of the family meal and holiday gatherings have successfully reinforced this message. Along the same family theme, a new marketing initiative launched in 2014, "Celebrating Mothers," highlights the important role of Egyptian mothers in our society.

Management Overview

Executive Management

Safwan Thabet
Chairman of the BoD and CEO

Hugo Harbo
Projects Director

Claus Pedersen
Marketing & Innovation Director

Achim Wuellner
Group Factories Director

Seif El-Din Thabet
Deputy Chief Executive Officer

Sameh El Hodaiby
Financial Affairs Director

Amr Ghazaly
General Manager of Tiba for Trade & Distribution

Wael Zakaria
General Manager of El Enmaa for Agricultural Development & Livestock

Hisham Zaki
Administrative Affairs and Government Relations Director

Abdel Aziz Dafrawy
Human Resources Director

Mohamed Ragaei
Acting Supply Chain Director

Board of Directors

Safwan Thabet
Chairman of the BoD and CEO

Mr. Thabet has been Chairman of the Board of Directors and Chief Executive Officer of Juhayna since founding the Group in 1983. He has played a central role in the development of the Egyptian food sector for more than 30 years through various appointments and positions, including: Member of the Board of the Federation of Egyptian Industries (FEI), Member of the Board of the Chamber of Food Industries, Chairman of the Board of the Sixth of October Investors' Association (OIA), and Member of the Board of the Sixth of October Development & Investment Company (SODIC).

Seif El-Din Thabet
Deputy Chief Executive Officer

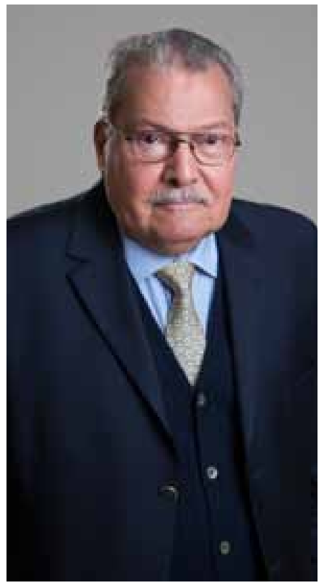
Mr. Thabet was admitted to the Board of Directors in February 2006. He is currently Deputy Chief Executive Officer at Juhayna, and previously worked as Operations Director and Human Resources Director. Mr. Thabet began his career at Juhayna in 2004, holding a number of managerial positions, including Sales and Marketing Manager and Project Manager. He previously held positions at German-based Muller Dairy. He was appointed as the first Plant Manager for Juhayna's Juice Factory, El Dawleya; and is currently Vice President of the Dairy Division at the Chamber of Food Industries and former Treasurer at the Food Export Council.

Akil Bisheer
Non-Executive Member

Mr. Bisheer has been a Non-Executive Member of the Board since 2010 and has recently been appointed the Chairman of Al Enmaa for Agricultural Development & Livestock. Prior to joining Juhayna, Mr. Bisheer held top managerial positions at Telecom Egypt for over a decade, acting as Chairman and CEO (2000-2009) and Chairman of the Board of Directors (2009-2012). He previously worked as General Manager and Managing Director at Giza Systems Engineering (1978-2000) and also acted as Vice Chairman of Al Ahly Computer Equipment and Vice President of Misria Computer Systems.

Ahmed El Abin
Non-Executive Member

Mr. El Abin has been a Non-Executive Member of the Board since 1985. He has also been a Member of the Board of Directors of the Scientific Center of Documents and Information at Cairo University since 2009. Mr. El Abin is the founder of the Academic Library in Cairo and Co-Founder of Mars Publishing House in Riyadh, Saudi Arabia. He was also responsible for the foreign language books department at the Al Ahram Institute.



Mohammed El Dogheim
Non-Executive Member

Mr. El Dogheim has been a Non-Executive Member of the Board since 1983. He is also a member of the Saudi Egyptian Business Council and the Chamber of Commerce of El Dawadmi Governate in Saudi Arabia. Mr. El Dogheim previously held a variety of positions in Saudi Arabia at the Ministry of Finance in Dammam, the Ministry of Transport and the Ministry of Islamic Affairs and Endowments in Riyadh. He also worked as a Financial Controller, Financial Director and Budget Director at the Ministry of Water and Electricity in Riyadh.

Yasser El Mallawany
Non-Executive Member

Mr. El Mallawany has been a Non-Executive Member of the Board since 2000. He has acted as CEO of EFG Hermes Holding Company SAE since 2008 and Vice President of the Board of Trustees of the EFG Hermes Foundation since 2006. He was also appointed as the Chairman of the Board of EFG Hermes Private Equity and as a Non-Executive Chairman at ACE Insurance Company. Mr. El Mallawany has also served as Vice Chairman of the Commercial International Investment Company (CIIC) since 2003 and spent 16 years at Commercial International Bank (CIB) as General Manager of the Corporate Banking Division. He is a member of the Advisory Council of the Emerging Markets Private Equity Association (EMPEA).

Ayman Ismail
Non-Executive Member

Mr. Ismail has been a Non-Executive Member of the Board since January 2010. Before joining the board, Mr. Ismail spent two years as partner, chairman and CEO of Dar Al Mimar Group (DMG), an engineering contracting company. He has 26 years of senior management experience at Procter & Gamble and Pepsi Co.

Heba Thabet
Executive Member

Ms. Thabet has been an Executive Member of the Board since February 2006 and is currently handling marketing and communication projects for the company. Ms. Thabet previously handled marketing for the Juice Division. She previously held the title of Associate Director of External Affairs, where she was responsible for the Group's media and public relations activities. Ms. Thabet has worked in the Marketing Department for the Fresh Produce Division since joining Juhayna in 2001. She is also a member of the Business Advisory Board for SIFE Egypt, the International Public Relations Association (IPRA), and the Committee for Social Responsibility at the American Chamber of Commerce in Egypt.

Mariam Thabet
Non-Executive Member

Ms. Thabet has been a Non-Executive Member of the Board since 2010 and currently focuses on Strategic Planning for the Group, where she works to develop production divisions at Juhayna. She previously held the title of Assistant Procurement Manager for the Group.

Corporate Governance

Leadership, Excellence and Integrity

At Juhayna, we are committed to maintaining a business that is led by decisive leadership, the pursuit of excellence, and operational integrity. These principles are an integral component of our corporate culture as evidenced by our long-standing history and reputation as an ethical and transparent industry player. We are held accountable by all our stakeholders be they customers, clients, partners, suppliers, or shareholders.

Executive Management & Board of Directors

While Juhayna is a family-owned business, we adhere to international best practices in corporate governance. Everyone from the Chairman to lines of business managers to factory employees are required to operate in a transparent, impartial and accountable manner. We believe that this rigorous, clearly defined approach to management, structures and policies is the foundation of any successful business. It not only provides channels for appropriate decision making and accountability, but reassures shareholders that their investments are in safe hands and customers that the products that they have come to trust from Juhayna are manufactured in a world class operation that is committed to providing the market with safe and healthy products.

Audit Committee

In accordance with the EGX Listing Rules, the Board has constituted an Audit Committee, comprised of three Non-Executive Directors. The Audit Committee is chaired by Mr. Yasser El Mallawany and also includes Mr. Ahmed Amin El Abin and Mr. Mohammed El Dogheim, all of whom were appointed on 13 April 2010. The Audit Committee reports to and is accountable to the Board.

The primary functions delegated by the Board to the Audit Committee are to assist the Board in fulfilling its oversight responsibilities in connection with:

- The inspection and review of the internal audit procedures of the group
- The inspection and review of the accounting standards applied in the group and any changes resulting from the application of new accounting standards
- The inspection and review of internal audit procedures, plans and results
- The inspection and review of the periodic administrative information that is presented to the different levels of management and the methods of such preparation and timing of submission
- Ensuring the implementation of appropriate supervisory procedures in order to protect the assets of the group
- Ensuring that the group adheres to the recommendations of the auditors and EFSA
- The inspection of the procedures carried out in preparing and reviewing the financial statements, offerings relating to securities and estimated budgets, cash flow and income statements
- Advising on the appointment of auditors to perform services other than the preparation of the financial statements
- The inspection and review of the auditors report regarding the financial statements and discussing the comments included, in addition to working on resolving any misunderstandings between the Board and the auditors
- Ensuring the preparation by an independent financial advisor of a report regarding any related party transactions before being ratified
- Ensuring the application of the necessary supervisory methods to maintain the group assets, conduct periodic evaluation of administrative procedures and prepare reports to the Board

The Board is required to adopt the Audit Committee's recommendations within fifteen days of receiving notice of such recommendations. In the event the Board fails to respond to the Audit Committee's recommendations, the Chairman of the committee must notify both the EGX and EFSA within sixty days of submission of the recommendations.

Corporate Citizenship

Juhayna has always held the belief that giving back to the community is an essential component of running a successful business. From providing education and support to those most in need to working with local groups and organizations that are spearheading worthwhile initiatives to better the community, Juhayna strives to be a good corporate citizen.

Promoting Health and Nutrition in Egyptian Schools

In 2013 the focus of our corporate citizenship initiative has been promoting healthy eating habits and nutritional awareness amongst our youth. Bad habits that start in childhood can lead to life-long struggles with diabetes, anemia and obesity. We believe that introducing the concept of healthy living begins with setting the right example. With every new product that we develop we have made a commitment to ensure that we use the freshest, healthiest ingredients that will have a direct nutritional benefit for our consumers.

With this principle in mind, Juhayna organized a conference from March 31st – April 2nd 2013 in Sixth of October City, under the auspices of the Egyptian Ministry of Education to promote good nutrition in Egyptian schools. The conference included over 100 students of various ages as well as 65 school nutritional experts and directors from the Ministry of Education who came together to participate in workshops, panel discussions and educational games designed to create awareness on issues related to health and nutrition.

The conference also included guest speakers such as renowned dietary specialists who gave lectures and organized activity sessions in order to provide hands-on learning and directly engage with the students in attendance. Scientific materials, activity books and games were distributed amongst conference participants in an effort to further enhance the interactive nature of the sessions.

The successful three day event culminated in a field trip to the Juhayna juice factory in Sixth of October City, where students were given a first-hand look at the manufacturing processes that leads to the creation of a safe, nutritious and healthy food product.

It is Juhayna's sincere hope that the important messages that were delivered at the conference will reach a wider audience via the students and administrators who were in attendance. A follow-up competition will be held with prizes awarded to those who can come up with creative ways of implementing nutritional awareness campaigns in their respective schools.

Financials


JUHAYNA
Pure
100% NATURAL JUICE
PINEAPPLE
1 Liter
JUHAYNA
yoghurt
light
JUHAYNA
Whipping
Cream
Creative Desserts
EGYPTIAN
CHEFS
ASSOCIATION

Report on Consolidated Financial Statements

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

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

Introduction

We audited consolidated balance sheet of Juhayna Food Industries S.A.E, as of 31 December 2013 and the related consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards.

Without qualifying our opinion, and as described in detail in note (28) of the notes to the financial statements, Given the current economic conditions faced by the Arab Republic of Egypt and the shortage of cash in foreign currency by the official banking markets which increased the exchange rates and operation risks, the Company's management applies exceptional policies to manage these risks, by covering some of its foreign currency cash needs with exceptional exchange rates, which differ from quoted prices in official banking markets, after getting approval along with the related internal documents by the Company's senior management, to the best estimate of the price from its point of view.

Cairo, 26 February 2014

Salah EL Missary
Capital Authority Controller
Register No. 364
KPMG Hazem Hassan

Hossam Hilal
Capital Authority Controller
Register No. 147
Mohamed Helal – Grant Thornton

TRANSLATION FROM ARABIC

Consolidated balance sheet

As at 31 December 2013

	Note no.	31/12/2013 L.E.	31/12/2012 L.E.
Assets			
Property, plant and equipment	(11)	1 698 981 216	1 479 724 384
Projects under construction	(12)	1 071 427 199	530 576 491
Plant wealth	(13)	48 088 049	29 591 345
Investments in equity - accounted investees	(10)	47 658 194	43 109 317
Other - long term - debit balances		790 048	798 320
Goodwill	(33)	97 092 890	97 092 890
Non-current assets		**2 964 037 596**	**2 180 892 747**
Inventories	(15)	616 189 984	347 600 094
Trade and other receivables	(16)	190 496 653	145 120 083
Due from related parties	(32-1)	785 434	1 337 563
Treasury bills		-	240 029 217
Cash and cash equivalents	(17)	575 932 728	529 817 146
Assets held for sale		-	538 899
Current assets		**1 383 404 799**	**1 264 443 002**
Current liabilities			
Provisions of claims	(22)	10 090 042	11 554 532
Banks - overdraft		17 509 193	13 208 561
Banks - credit facilities	(20)	765 244 202	351 097 043
Short term loans	(21)	10 000 000	32 476 634
Creditors and other credit balances	(23)	243 344 257	236 719 943
Income tax		48 762 310	43 067 213
Long-term loans-current portion	(19)	256 895 019	152 034 537
Current liabilities		**1 351 845 023**	**840 158 463**
Working capital		**31 559 776**	**424 284 539**
Total invested funds		**2 995 597 372**	**2 605 177 286**
These investments are financed as follows:			
Equity			
Issued and paid up capital	(18)	706 053 811	706 053 811
Legal reserve		421 792 281	401 654 644
General reserve - issuance premium	(18-1)	330 920 428	330 920 428
Retained earnings		391 834 289	236 914 651
Net profit for the year after periodic dividends		313 080 142	312 576 862
Total equity attributable to the shareholders of the parent company		**2 163 680 951**	**1 988 120 396**
Minority interest		**639 093**	**520 495**
Total equity		**2 164 320 044**	**1 988 640 891**
Non-current liabilities			
Long term loans	(19)	675 112 460	525 641 523
Other long term liabilities	(24)	83 995 990	31 969 777
Deferred revenues	(25)	5 215 700	6 954 285
Deferred tax liabilities	(26)	66 953 178	51 970 810
Non-current liabilities		**831 277 328**	**616 536 395**
Shareholders' equity and non current liabilities		**2 995 597 372**	**2 605 177 286**

The notes on pages from (54) to (84) are an integral part of these consolidated financial statements.

Finance Director	Chairman
Sameh El-hodaiby	Safwan Thabet

*Auditors' report attached.

Consolidated income statement

For the year ended 31 December 2013

	Note no.	The financial year ended 12/31/2013 L.E.	The financial year ended 12/31/2012 L.E.
Net sales		3 293 706 045	2 854 969 787
Cost of sales		(2 304 715 283)	(1 962 751 206)
Gross profit		**988 990 762**	**892 218 581**
Other income	(5)	29 741 586	26 598 652
Sales & distribution expenses		(406 392 764)	(352 867 208)
General & administrative expenses	(6)	(132 731 007)	(106 874 171)
Other expenses	(7)	(25 522 641)	(43 875 412)
Board of directors remuneration		(9 545 500)	(8 500 000)
Results from operating activities		**444 540 436**	**406 700 442**
Holding company's share in associates' net income		4 810 976	1 165 472
Finance income and finance costs	(8)	(57 703 896)	(25 165 812)
Profit before income tax		**391 647 516**	**382 700 102**
Taxes differences from previous years		424 456	1 684 087
Income tax expense		(48 762 310)	(43 067 213)
Deferred tax		(14 982 368)	(15 902 099)
Net profit for the period		**328 327 294**	**325 414 877**
Distributed as follows			
Parent Company's share in profit		328 174 479	325 327 227
Minority interest		152 815	87 650
		328 327 294	**325 414 877**

The notes on pages from (54) to (84) are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Issued & paid up capital L.E.	Legal reserve L.E.	General reserve-issuance premium L.E.	Retained earnings L.E.	Treasury stocks L.E.	Net Profit L.E.	Total L.E.
Balance as at 1 January 2012	**726 416 332**	**390 106 391**	**404 500 682**	**201 846 829**	**(93 942 775)**	**182 867 264**	**1 811 794 723**
Reversal of beginning balance adjustments	-	24 322 057	-	6 331 239	-	9 631 669	40 284 965
Dividends for 2011	-	-	-	(152 690)	-	(178 449 703)	(178 602 393)
Capital reduction by the treasury stocks value	(20 362 521)	-	(73 580 254)	-	93 942 775	-	-
Holding Company's share in reserves & retained earnings of subsidiaries	-	11 343 915	-	9 800 670	-	-	21 144 585
Consolidation adjustments on 31 December 2012	-	(24 117 719)	-	19 088 603	-	(26 799 595)	(31 828 711)
Holding Company's share in periodic dividends of subsidiaries on 31/12/2012	-	-	-	-	-	325 327 227	325 327 227
Balance as at 31 December 2012	**706 053 811**	**401 654 644**	**330 920 428**	**236 914 651**	**-**	**312 576 862**	**1 988 120 396**
Balance as at 1 January 2013	**706 053 811**	**401 654 644**	**330 920 428**	**236 914 651**	**-**	**312 576 862**	**1 988 120 396**
Reversal of beginning balance adjustments	-	24 117 719	-	(19 088 603)	-	26 796 198	31 825 314
Dividends for 2012	-	-	-	110 632 405	-	(262 975 565)	(152 343 160)
Holding Company's share in reserves & retained earnings of subsidiaries	-	20 084 117	-	(22 329 485)	-	-	(2 245 368)
Consolidation adjustments on 31 December 2013	-	(24 064 199)	-	85 705 321	-	(76 397 495)	(14 756 373)
Net profit for the period ended 31 December 2013	-	-	-	-	-	313 080 142	313 080 142
Balance as at 31 December 2013	**706 053 811**	**421 792 281**	**330 920 428**	**391 834 289**	**-**	**313 080 142**	**2 163 680 951**

The notes on pages from (54) to (84) are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2013

	Note no.	The Financial year ended 12/31/2013 L.E.	The Financial year ended 12/31/2012 L.E.
Cash flows from operating activities			
Net profit for the year before income tax and minority interest in profits		391 647 516	382 700 102
Adjustments for:			
Fixed assets' depreciation		170 941 543	150 641 359
Capital gains		(5 935 866)	(4 297 521)
Impairment in fixed assets		11 879 819	9 519 029
Reversal of impairment in fixed assets		(2 074 304)	-
Losses of fair value of assets held for sale		-	3 319 555
Change in Investments in equity accounted investees		(4 548 877)	(780 269)
Impairment in trade and other receivables		(106 580)	1 205 551
Reversal of impairment in trade and other receivables		-	(1 260 972)
Impairment in inventories		861 145	5 869 019
Provision for claims-formed		104 632	5 407 644
Financial lease installments		12 101 325	12 101 325
Other income		(3 160 490)	(3 764 632)
Credit interests		(21 818 676)	(38 649 071)
Finance interests & expenses		123 305 380	92 614 586
		673 196 567	**614 625 705**
Collected time deposits interests		21 848 975	55 964 852
Interest finance expenses paid		(121 376 598)	(103 483 779)
Changes in:			
Inventories		(269 451 035)	43 712 900
Trade and other receivables		(45 292 017)	19 788 193
Due from related parties		552 129	143 912
Creditors & other credit balances		(55 564 430)	18 165 185
Dividends paid to employees		(26 145 065)	(21 388 961)
Provision for claims used		(1 569 122)	(1 463 578)
Net cash flows from operating activities		**176 199 404**	**626 064 429**
Cash flows from investing activities			
Acquisition of fixed assets & projects under construction		(914 275 716)	(655 628 441)
Proceeds from sale of fixed assets		26 967 214	7 677 925
Proceeds from (acquisition) of treasury stock		240 029 217	(231 127 485)
Acquisition of animal wealth		(18 496 704)	(8 636 819)
Proceeds from fire indemnification		119 900	63 000 000
Net cash flows (used in) investing activities		**(665 656 089)**	**(824 714 820)**
Cash flows from financing activities			
Proceeds from (payments) bank credit facilities		414 147 159	(96 903 868)
Proceeds (payments) from bank loans		231 854 785	317 494 200
Proceeds for lease installments-sales with the right of re-lease		3 160 490	3 764 632
Payments in lease installments-sales with the right of re-lease		(12 101 325)	(12 101 473)
Dividends paid to share holders		(105 908 072)	(127 060 742)
Increase in minority interest		118 598	109 248
Net cash flows from financing activities		**531 271 635**	**85 301 997**
Increase (Decrease) in cash & cash equivalents during the period		**41 814 950**	**(113 348 394)**
Cash & cash equivalents at 1 January		511 558 585	624 906 979
Cash & cash equivalents at 31 December	(17)	**553 373 535**	**511 558 585**

The notes on pages from (54) to (84) are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the financial year ended 31 December 2013

1. Reporting the entity

The Company was established in 1995 according to the Investment Law No.(230) of 1989 as replaced by the investment incentives and guarantees law No. (8) of 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.
The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 25 years starting from the date of registration in the commercial registry.
The address of the Company's registered office is 11 Aljihad Street- Lebanon Square- Almohandessien. The address of the company's factories is 6 of October city- First Industrial Zone- piece no. 39 and 40,
Mr. Safwan Thabet is the Chairman of the Board of Directors.
The Company is considered a holding Company.

The Company's purpose

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

Registration in the Stock Exchange

The Company is listed in official schedule 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 26/2/2014

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet.
- Derivative financial instrument measured at fair value

- Non-derivative financial liabilities at fair less costs to sell (note 4-1).

- Biological assets and Agricultural crops at fair value after reduce the cost of sale (note 4-2).

The methods used to measure fair values are discussed further in note (4).

2-3 Functional and presentation currency

These consolidated financial statements are presented in Egyptian pound, which is the Company's functional currency.

2-4 Use of estimates and judgments

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (3-9) : Lease classification.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial statements are included in the following notes:

- Note (16) : Impairment of trade and notes receivable.
- Note (22) : Provisions & contingent liabilities
- Note (26) : Deferred tax.

3 Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

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

Investments in equity accounted investees (associates)

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

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

3-2 Foreign currency
Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

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

3-3 Financial instruments
Non-derivative financial assets
The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non – derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for sale financial assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital

Authorized capital

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

Issued and paid up capital

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

According to the extra ordinary general assembly decree on 5th February 2012, it was agreed to reduce the company's capital by treasury bills with par value of L.E 20 362 521 to be L.E. 706 053 811 after reduction divided into 706 053 811 shares at par value of L.E 1 each.

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

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

3-4 Property, plant and equipment

Recognition and measurement

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

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

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

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

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Description	Estimated useful life (Years)
Buildings & Construction	13.3- 50
Machinery & Equipment	1-10
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Computers	3.33-5
Wells	25 or Wells useful life

Depreciation commences when the fixed asset is completed and made available for use. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Estimates for sometimes of property, plant and equipment have been modified during year 2012
(note 11)

3-5 Projects under construction

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

3-6 Government grants

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

3-7 Plant wealth

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

3-8 Biological assets

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

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

3-9 Leases

Company is the lessee:

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

3-10 Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed.

3-11 Inventories

Inventories of raw materials, supplies, packaging & packing materials and spare parts are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

The inventory of work in process is measured at the lower of cost, which is determined based on the lower of the cost last process the work in process reached, or net realizable value.

Finished production is measured at the lower of manufacturing cost or net realizable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

3-12 Impairment

Non –derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held –to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held – to – maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or cash – generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3-13 Defined contribution plans

The Company contributes to the government social insurance system for the benefits of its personnel in accordance with according to the social insurance Law No. 79 of 1975 and its amendments. Under this Law the employees and the employers contribute into the system on a fixed percentage – of- salaries basis. The Company's contributions are recognized in income statement using the accrual basis of accounting. The company's obligation in respect of employees' pensions is confined to the amount of aforementioned contributions.

3-14 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3-15 Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognized.

3-16 Rental income

Rental income from other assets is recognized in other income.

3-17 Finance income and finance costs

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

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

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

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

3-18 Income tax

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

3-19 Deferred tax

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

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

3-20 Assets held for sale or held for distribution

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

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

3-21 Legal reserve

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

4 Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4-1 Non-derivative financial instruments

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the date of financial statement.

4-2 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.

4-3 Biological assets

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

5 Other operating revenue

	Financial year ended 31/12/2013 L.E	Financial year ended 31/12/2012 L.E
Export subsidy revenue	11 539 507	11 640 236
Deferred capital gains	1 738 584	1 738 584
Capital gain	5 935 866	4 320 442
Reversal of impairment of receivables	106 580	1 260 972
Reversal of impairment of fixed assets	2 074 304	-
Drawback of sales tax	1 215 209	1 649 481
Other revenue	7 131 536	5 988 937
	29 741 586	**26 598 652**

6- General & administrative expenses

	Financial year ended 31/12/2013 L.E	Financial year ended 31/12/2012 L.E
Personnel expenses	71 749 309	57 507 229
Depreciation expense	15 049 862	13 131 394
Rents expense	7 860 086	6 088 534
Other administrative expense	38 071 750	30 147 014
	132 731 007	**106 874 171**

7 Other expenses

	Financial year ended 31/12/2013 L.E	Financial year ended 31/12/2012 L.E
Financial lease installments	12 101 325	12 101 325
Losses resulting from money thefts	-	414 180
Impairment of account receivables	-	1 205 551
Impairment of fixed assets	11 879 819	9 519 026
Losses of fixed assets held for sale	-	3 319 555
Capital losses	252 364	22 921
Impairment of inventories	861 145	5 869 019
Provision for claims	104 632	5 407 644
Other	323 356	6 016 191
	25 522 641	**43 875 412**

8 Finance income and finance costs

	Financial year ended 31/12/2013 L.E	Financial year ended 31/12/2012 L.E
Finance interest & expense	(123 305 380)	(92 614 586)
Credit interest	21 818 676	38 649 071
Net finance cost	**(101 486 704)**	**(53 965 515)**
Foreign exchange gains	43 897 328	28 895 311
Change in fair value	(114 520)	(95 608)
	(57 703 896)	**(25 165 812)**

9- Segmentation reports

9-1 Segmentation reports for the year ended 31 December 2013

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.

Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:
Revenues and expenses according to activity segmentations were as follows:

	Activity Segments							
	Dairy sector L.E 12/31/2013	Cooling sector L.E 12/31/2013	Juices sector L.E 12/31/2013	Concentrates sector L.E 12/31/2013	Agriculture sector L.E 12/31/2013	Undistributed items L.E 12/31/2013	Elemenation of cosolidated transactions L.E 12/31/2013	Total L.E 12/31/2013
Sales	1639 045 302	890 741 070	619 490 870	91 153 783	53 275 020			3293 706 045
Sales between segments	1434 256 589	738 459 227	525 878 818	68 066 223			(2841 703 757)	-
Total sales	**3 073 301 891**	**1 629 200 297**	**1 145 369 688**	**159 220 006**	**53 275 020**	**-**	**(2 841 703 757)**	**3 293 706 045**
Cost of sales	**(1203 424 532)**	**(577 304 590)**	**(422 156 126)**	**(59 744 833)**	**(42 085 202)**	**-**	**-**	**(2 304 715 283)**
Segments' gross profit	**435 620 770**	**313 436 480**	**197 334 744**	**31 408 950**	**11 189 818**	**-**	**-**	**988 990 762**
Other operating income	18 248 988	3 053 112	3 592 995	4 428 388	418 103	-	-	29 741 586
Sales & distribution expense	(193 332 703)	(129 015 679)	(78 994 593)	(1 114 243)	(3 935 546)	-	-	(406 392 764)
General & administrative expense	(51 118 787)	(39 101 753)	(30 209 439)	(3 232 267)	(9 068 761)	-	-	(132 731 007)
Other operating expense	(13 015 733)	(7 073 415)	(4 919 405)	(27 981)	(486 107)	-	-	(25 522 641)
Board of Directors' remuneration	(3 536 374)	(201 669)	(3 137 457)	(2 515 000)	(155 000)	-	-	(9 545 500)
Profits from operation	**192 866 161**	**141 097 076**	**83 666 845**	**28 947 847**	**(2 037 493)**	**-**	**-**	**444 540 436**
Holding company's share in associates' net profit	-	-	-	-	4 810 976	-	-	4 810 976
Finance cost,	(31 059 207)	(18 750 636)	(10 279 273)	(1 043 747)	3 428 967		-	(57 703 896)
Net profit for the period before income tax	**161 806 954**	**122 346 440**	**73 387 572**	**27 904 100**	**6 202 450**	**-**	**-**	**391 647 516**
Taxes differences from previous years	-	-	-	-	-	424 456	-	424 456
Income tax provision	-	-	-	-	-	(48 762 310)	-	(48 762 310)
Deferred tax	-	-	-	-	-	(14 982 368)	-	(14 982 368)
Net profit for the period	**161 806 954**	**122 346 440**	**73 387 572**	**27 904 100**	**6 202 450**	**(63 320 222)**	**-**	**328 327 294**
Other Information								
Depreciation	**64 863 593**	**25 266 111**	**53 531 065**	**15 301 858**	**11 978 916**	**-**	**-**	**170 941 543**
Assets	**1 431 400 318**	**1154 538 847**	**922 683 936**	**268 556 147**	**471 606 274**	**98 656 873**	**-**	**4 347 442 395**
Investements accounted for using Equity method						47 658 194	-	47 658 194
Liabilities	**1032 908 015**	**702 747 213**	**322 443 182**	**101 459 765**	**23 564 176**	**-**	**-**	**2 183 122 351**

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

9-2 Segmentation reports for the year ended 31 December 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 12/31/2012	Cooling sector L.E 12/31/2012	Juices sector L.E 12/31/2012	Concentrates sector L.E 12/31/2012	Agriculture sector L.E 12/31/2012	Undistributed items L.E 12/31/2012	Elemenation of cosolidated transactions L.E 12/31/2012	Total L.E 12/31/2012
Sales	1 440 103 056	799 529 589	534 976 515	52 032 285	28 328 342			2 854 969 787
Sales between segments	1 275 073 876	689 538 817	456 074 116	75 042 900			(2 495 729 709)	-
Total sales	**2 715 176 932**	**1 489 068 406**	**991 050 631**	**127 075 185**	**28 328 342**	**-**	**(2 495 729 709)**	**2 854 969 787**
Cost of sales	**(1001 015 388)**	**(503 108 086)**	**(370 757 232)**	**(41 256 499)**	**(46 614 001)**			**(1962 751 206)**
Segments' gross profit	**439 087 668**	**296 421 503**	**164 219 283**	**10 775 786**	**(18 285 659)**	**-**	**-**	**892 218 581**
Other operating income	17 964 225	2 523 380	3 291 631	2 714 497	104 919	-	-	26 598 652
Sales & distribution expense	(141 519 393)	(128 734 181)	(78 857 936)	(19 539)	(3 736 159)	-	-	(352 867 208)
General & administrative expense	(36 903 545)	(35 892 489)	(23 502 241)	(3 570 594)	(7 005 302)	-	-	(106 874 171)
Other operating expense	(33 792 667)	(3 360 889)	(2 763 332)	(281 491)	(3 677 033)	-	-	(43 875 412)
Board of Directors' remuneration	(572 093)	(5 116 698)	(2 606 209)	(135 000)	(70 000)	-	-	(8 500 000)
Profits from operation	**244 264 195**	**125 840 626**	**59 781 196**	**9 483 659**	**(32 669 234)**	**-**	**-**	**406 700 442**
Parent company's share in associates' net profit					1 165 472	-	-	1 165 472
Finance cost	(24 938 182)	6 681 483	(4 013 799)	(5 830 302)	2 934 988	-	-	(25 165 812)
Net profit for the period before income tax	**219 326 013**	**132 522 109**	**55 767 397**	**3 653 357**	**(28 568 774)**		**-**	**382 700 102**
Taxes differences from previous years	-	-	-	-	-	1 684 087	-	1 684 087
Income tax provision	-	-	-	-	-	(43 067 213)	-	(43 067 213)
Deferred tax	-	-	-	-	-	(15 902 099)	-	(15 902 099)
Net profit for the period	**219 326 013**	**132 522 109**	**55 767 397**	**3 653 357**	**(28 568 774)**	**(57 285 225)**	**-**	**325 414 877**
Other Information								
Depreciation	**52 075 487**	**23 778 849**	**50 731 426**	**15 021 282**	**9 034 315**	**-**	**-**	**150 641 359**
Assets	**1268 651 221**	**801 550 196**	**708 062 430**	**209 364 567**	**359 700 107**	**98 007 228**	**-**	**3 445 335 749**
Investements accounted for using Equity method	**-**	**-**	**-**	**-**	**43 109 317**	**-**	**-**	**43 109 317**
Liabilities	**813 324 091**	**439 529 817**	**127 660 053**	**54 081 197**	**22 099 700**	**-**	**-**	**1 456 694 858**

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 L.E.	Non current assets L.E.	Total assets L.E.	Current liabilities L.E.	Non current liabilities L.E.	Total liabilities L.E.	Revenues L.E.	Expenses L.E.	Net profit (loss) L.E.	Cost of investment L.E.
December 31, 2012											
Milkiez . Company	39.988	24 184 136	109 800 988	133 985 124	26 183 946	22 551	26 206 497	63 317 507	60 330 904	2 986 603	43 109 317
Balance as at 31 December 2012		24 184 136	109 800 988	133 985 124	26 183 946	22 551	26 206 497	63 317 507	60 330 904	2 986 603	43 109 317
December 31, 2013											
Milkiez Company	39.988	28 718 485	109 209 597	137 928 082	18 770 848	-	18 770 848	116 236 480	104 205 430	12 031 050	47 658 194
Balance as at 31 December 2013		28 718 485	109 209 597	137 928 082	18 770 848	-	18 770 848	116 236 480	104 205 430	12 031 050	47 658 194

* Investment in Bonian for Development & Investment Company is shown in investments in associates rather than investments in subsidiaries due to the decrease in the Group's interest in the Company from 99.9% to 49.96% as a result of selling 200 000 shares from the shares owned by the parent company.

** Indirect investment through Inmaa Company- subsidiary company- was established during year ended 31 December 2009. It has not issued financial statements as at 31 December 2010

11-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 1/1/2012	85 306 338	400 847 659	1 114 481 649	144 815 521	35 619 711	19 223 348	4 220 442	18 628 353	10 299 657	43 760 013	1 877 202 691
Adjustments						1 426 342					1 426 342
Additions of the year	38 699 044	111 103 240	111 731 093	28 699 627	10 863 436	5 108 228	3 073	532 781	1 903 680	10 387 230	319 031 432
Disposals of the year	-	(9 445 932)	(34 312 281)	(8 572 897)	(363 896)	(1 896 115)	-	(66 943)	(63 411)	(576 578)	(55 298 053)
Impairment in fixed assets	-	-	(8 998 540)	(609 350)	-	-	-	-	-	-	(9 607 890)
Cost as at 31/12/2012	124 005 382	502 504 967	1 182 901 921	164 332 901	46 119 251	23 861 803	4 223 515	19 094 191	12 139 926	53 570 665	2 132 754 522
Additions of the period	22 614 857	159 947 505	121 607 848	65 202 630	9 217 274	5 299 022	16 014 370	47 659	4 220 119	10 536 030	414 707 314
Disposals of the period	(4 218 733)	(7 125 499)	(15 357 680)	(10 979 499)	(12 805)	(2 506 475)	(37 641)	-	(139 653)	(229 738)	(40 607 723)
Fair Value Adjustments	9 391 037	(17 428 147)	7 047 352	-	-	-	-	-	418 460	571 298	-
Impairment in fixed assets	-	-	(9 805 516)	-	-	-	-	-	-	-	(9 805 516)
Cost as at 31/12/2013	151 792 543	637 898 826	1 286 393 925	218 556 032	55 323 720	26 654 350	20 200 244	19 141 850	16 638 852	64 448 255	2 497 048 597
Accumulated depreciation											
Accumulated depreciation as at 1/1/2012	-	26 110 481	409 525 154	54 109 694	14 832 952	8 451 492	884 650	697 449	4 557 501	29 289 540	548 458 913
Adjustments	-	-	-	-	-	1 426 342	-	-	-	-	1 426 342
Depreciation of the year	-	10 454 314	100 886 635	18 033 411	4 610 631	5 559 139	844 243	742 865	966 851	8 543 270	150 641 359
Accumulated depreciation of disposals of the year	-	(1 183 737)	(36 726 500)	(6 831 410)	(175 329)	(1 896 115)	-	(66 945)	(51 321)	(476 255)	(47 407 612)
Accumulated depreciation of impairment in fixed assets	-	-	-	(88 864)	-	-	-	-	-	-	(88 864)
Accumulated depreciation as at 31/12/2012	-	35 381 058	473 685 289	65 222 831	19 268 254	13 540 858	1 728 893	1 373 369	5 473 031	37 356 555	653 030 138
Depreciation of the period	-	13 219 999	111 130 070	22 193 145	5 645 218	5 929 349	2 023 793	823 960	1 218 468	9 169 599	171 353 601
Accumulated depreciation of disposals of the period	-	(1 240 968)	(12 394 904)	(9 909 059)	(11 696)	(2 506 475)	(18 121)	-	(104 638)	(130 497)	(26 316 358)
Fair Value Adjustments	-	(752 321)	571 833	-	-	-	-	-	33 302	147 186	-
Accumulated depreciation as at 31/12/2013	-	46 607 768	572 992 288	77 506 917	24 901 776	16 963 732	3 734 565	2 197 329	6 620 163	46 542 843	798 067 381
Net book value as at 31/12/2013	151 792 543	591 291 058	713 401 637	141 049 115	30 421 944	9 690 618	16 465 679	16 944 521	10 018 689	17 905 412	1 698 981 216
Net book value as at 31/12/2012	124 005 382	467 123 909	709 216 632	99 110 070	26 850 997	10 320 945	2 494 622	17 720 822	6 666 895	16 214 110	1 479 724 384

* Fully depreciated assets are amounted to L.E. 194 113 769 as at 31 December 2013.

The land item amounted to L.E 151 792 543 on 31/12/2013 includes an amount of L.E 142 155 990 representing the unregistered 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 corridor No.1	1 072 585	Registration document
Service corridor No.2	803 205	Registration document
Marsa Allam	1 367 244	Preliminary contract
	3 243 034	

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

Description	Amount L.E	Instrument of possess
New Mansheya (Alex.) Land	25 931 752	Preliminary contract
Bolaris land	15 495 080	Preliminary contract
Damitta land	10 942 734	Preliminary contract
Obour land- Industerial zone	9 002 650	Preliminary contract
Shabrament- Almansoria	7 408 350	Preliminary contract
New Cairo- plot No. 60, 62- Industerial zone	6 852 125	Preliminary contract
Olaykat Arab land	2 589 300	Auction
Others	15 638 923	
	93 860 914	

11-3 Land of International Company for Modern food Industries Co.

Description	Amount L.E	Instrument of possess
Pc. 112:118 m3 6th of October	11 060 593	Registration document

11-4 Land of Almarwa for Food Industries Co.

Description	Amount L.E	Instrument of possess
Pc. 43 m4 6th of October	2 117 918	Deed

11-5 Land of Almasrya Co. (Egyfood)

Description	Amount L.E	Instrument of possess
Pc. 19 A, 9 B m3 6th of October	2 241 861	Registration document
Pc. 24 B	2 611 004	Registration document
	4 852 865	

11-6 Land of Modern Concentration Co.

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

11-7 Land of Inmaa for Agriculture Development & Biological wealth

The Land item includes as follows:

- Area of 2 500 Acres on Farafra zone amounted to L.E 1 287 500 with the virtue of preliminary contract from Alwadi Algadeed governorate with purpose – only - of reclamation and cultivation.

- Area of 7 500 Acres on Farafra zone amounted to L.E 3 750 000 with purpose – only - of cultivation with the virtue of bank cheque no. 1472844 dated September 14, 2009 for the beneficiary the head of the centre office of Farafra city. The necessary legal procedures for convey of land are in progress.

11-8 Land of Inmaa for live stock

- Area of 550 Acres amounted to L.E 1 089 000 in the virtue of a preliminary contract from Inmaa for Agriculture Development & Biological wealth . The necessary legal procedures with government for legal convey of land are in progress.

11-9 Land of Inmaa for Agriculture Development

- Area of 8 364 Acres amounted to L.E 16 560 720 in the virtue of a preliminary contract from Inmaa for Agriculture Development & Biological wealth . The necessary legal procedures with government for legal convey of land are in progress.

11-10 Changes in Accounting estimated for Fixed Assets

Enma company for agriculture development & biological wealth (subsidiary company) held a test on the ending period 30 September 2013 for operating assets where the company owned this test result on change the useful life and economic benefits that estimated for this type of assets and became expected that it will going to produce for a period more than the determined period before which lead to increase the useful life for this assets

Tiba company for trade and distribution (subsidiary company) held attest for operating the cars where the company owned on 31 December 2011 this test result on change the useful life and economic benefits that estimated for this type of assets which board of directors are going to sell it after 5 years and became estimated that its going to produce for 8 years from date of purchased which lead to increase useful life for the cars Confirmation done by the effevt of this changes during the year 2011 and 2012 on the depreciation expense which stated in the income statement as an expense

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

11-11 Land grants

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

- land plots from 637 to 650 in Assuit its total area 30 000 m2 to establish a project for keeping & cooling dairy products in refrigerators for cooling the juices and concentrates

- Plots number (67,68,69,75,76) in Beni suef to its total area 10.335 thousands m2 to establish a factory for the production of natural juices , dairy products , white cheese freezing & cooling vegetables , fruits , meat & fish

- Land plot in sohag its total area 10000 m2 to establish a refrigerator for keeping foodstuff
- Land plot in qena NO. (186,187,188 , huge area of 185) its total area 5960 m2 to establish a factory for keeping , cooling and freezing dairy products , juices and concentrates
- Land plot in Aswan – Industrial area, Al Alaki Valley. its total area 10000 m2 to establish a factory for keeping, cooling and freezing foodstuff.

12 Projects under constructions

	31/12/2013 L.E.	31/12/2012 L.E.
Buildings and constructions in progress	547 049 505	248 899 103
Machineries under installation	260 518 111	50 792 185
Advance payments for fixed assets purchase	263 859 583	230 885 203
	1071 427 199	**530 576 491**

13 Plant wealth

	31/12/2013 L.E.	31/12/2012 L.E.
Land reclamation	36 411 757	21 219 345
Fruit trees	11 414 888	8 206 770
Protection trees (Kazhurana)	261 404	165 230
	48 088 049	**29 591 345**

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 inception till year 2004

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

Year 2005, 2007

The tax inspection is being ended against the internal committee.

Years from 2008 till 2012

The tax inspection is in progress.
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 inception till 2010

The tax inspection has been performed, tax forms were received and tax inspection differences were paid.

C. Stamp tax

The period till 31/7/2006

The tax inspection has been performed and paid.

From 1/8/2006 till 31/12/2012

The tax inspection is in progress.

D. Sales tax

Tax inspection has been performed and paid till 31/12/2012.

14-2 Subsidiaries

First: Corporation tax

The Companies that enjoy the corporate tax exemption	Tax exemption ending date
Subsidiaries	
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 inception

The Companies that are not exempted.

Egyptian Company for Dairy Products
(the tax inspection has been performed and paid till 31/12/2004)

Tiba for Trading and Distributing
(the tax inspection for year 2009 is in progress by the related tax authority.)

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 from 1/1/2011.

Second: Salaries tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting activity till 2008 and paid. Inspection is in progress to 2009 till 2011
Al-Marwa for Food industries	- Inspected and paid till 2006 and inspected from 2007 till 2010 and inspection forms have been received and the Company objected to the results.
Tiba for Trading and Distributing	- Inspection is in progress for years from 2006 to 2012.
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”	- Tax inspection for the period from inception till 31/12/2012 is in progress and the company pays taxes regularly.
Modern Concentrates Industrial Company	- Company prepares for tax inspection till 2012.
Inmaa for Agriculture development & biological wealth	- Has not been inspected yet. The Company pay tax monthly.

Third: Stamp tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection has been performed and paid till 31/7/2006.
Al-Marwa for Food Industries	- Inspection has been performed and paid till 31/12/2010.
Tiba for Trading and Distribution	- Inspection has been performed and paid till 31/12/2012 .
International Company For Modern Food Industries	- Tax inspection for years form 2005 till 2011 is in progress.
The Egyptian Company for Food Industries “Egyfood”	- Tax inspection for years form 2005 till 2011 is in progress.
Modern Concentrates Industrial Company	- Years 2005, 2006: Dispute is being ended against internal committee. - Years from 2007 till 2012: Tax inspection is in progress
Inmaa for Agriculture development & biological wealth	- Has not been inspected yet.

Fourth: Sales tax

Subsidiaries	Tax inspection ending date
Egyptian Company for Dairy 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 31/12/2012.
Al-Marwa for Food Industries	- Inspected and paid till 31/12/2009
International Company For Modern Food Industries	- The company present sales tax return on monthly basis and inspected and paid till 2011.
The Egyptian Company For Food Industries “Egyfood”	- Inspected and paid till 2011.and tax differences has been paid
Modern Concentrates Industrial Company	- The company presents sales tax return on monthly basis. The company’s activity is exempted from sales tax, and was inspected from the inception till 31/12/2009 and paid and inspection differences has been paid
Tiba for Trading and Distribution	- The company presents 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 till 31/12/2012 and tax differences were paid
Inmaa for Agriculture Development Co.	- The company presents sales tax return on monthly &has not been inspected yet

15 Inventories

	31/12/2013 L.E.	31/12/2012 L.E.
Raw materials	259 267 094	81 190 688
Packaging & packing materials	101 610 456	75 213 028
Finished products	193 212 459	127 504 480
Semi finished products	-	6 975 777
Plant wealth	-	10 366 137
Spare parts & miscellaneous supplies	40 180 050	31 940 818
L/C’s for goods purchase	15 744 193	14 409 166
Biological assets	6 175 732	-
	616 189 984	**347 600 094**

16 Trade and other receivables

	31/12/2013 L.E.	31/12/2012 L.E.
Trade receivables	86 157 684	83 298 619
Less: Impairment in trade receivables	(12 900 619)	(16 661 400)
	73 257 065	**66 637 219**
Notes receivables	8 256 033	4 173 149
Tetra Pak company	630 173	954 940
Suppliers – advance payments	32 155 658	22 505 790
Prepaid expenses	4 398 132	4 377 743
Export subsidy	13 010 385	11 550 359
Accrued revenues	132 296	132 296
Tax authority	21 644 113	15 493 358
Customs authority	20 766 982	10 587 535
Deposits with others	4 594 981	2 157 741
Accrued interest payable	-	65 587
Other debit balances	13 259 269	8 150 800
	192 105 087	**146 786 517**
Less: Impairment in other debit balances	(1 608 434)	(1 666 434)
	190 496 653	**145 120 083**

17 Cash and cash equivalents

	31/12/2013 L.E.	31/12/2012 L.E.
Time deposits *	558 395 256	509 216 016
Banks – current accounts	7 506 070	4 621 444
Cheques under collection	-	988 146
Cash in hand	488 227	3 908 103
Cash in transit	4 493 175	6 033 437
L /G’s cash margin	5 050 000	5 050 000
	575 932 728	**529 817 146**
Bank over draft	(17 509 193)	(13 208 561)
L /G’s cash margin (due after 3 months)	(5 050 000)	(5 050 000)
Cash and cash equivalents in the statement of cash flows	**553 373 535**	**511 558 585**

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

18 Share capital

	31/12/2013 L.E.	31/12/2012 L.E.
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 706 053 811 shares with nominal value L.E 1 each)	706 053 811	706 053 811

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

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 Loans

Details	Long term loans – current portion L.E	Long term loans L.E	Total L.E
Granted loans to Company's Group from CIB.	154 496 664	366 837 437	521 334 101
Granted loans to Company's Group from European Bank for Reconstruction & Development	-	70 000 000	70 000 000
Granted loans to Company's Group from HSBC.	70 125 606	75 982 015	146 107 621
Granted loans to Company's Group from QNB.	7 000 000	61 132 514	68 132 514
Granted loans to Company's Group from Barclays.	25 272 749	101 160 494	126 433 243
Balance at 31/12/2013	**256 895 019**	**675 112 460**	**932 007 479**
Balance at 31/12/2012	**152 034 537**	**525 641 523**	**677 676 060**

20 Banks – credit facilities

This balance which amounted to L.E 765 244 202 as at 31/12/2013 (against L.E 351 097 043 as at 31/12/2012), represents the drawn down portion of the L.E. 1 315 million (in aggregate principal) bank facilities. Interest is charged on such drawn down amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies against these obtained facilities.

21 Short term loans

This balance which amounted to L.E. 10 000 000 as at 31/12//2013 (against L.E.32 476 634 as at 31/12/2012) represents the short term instalments of the loans granted to the Parent Company by the Commercial International Bank.

22 Provision for claims

Description	Balance on 1/1/2013 L.E	Provision formed during the year L.E	Provision used during the year L.E	Balance on 31/12/2013 L.E
Provision for claims	**11 554 532**	**104 632**	**(1 569 122)**	**10 090 042**

23 Creditors and other credit balances

	31/12/2013 L.E.	31/12/2012 L.E.
Suppliers	130 742 724	134 869 854
Notes payable	-	9 433 940
Accrued expenses	53 117 628	55 786 944
Fixed assets' creditors	7 782 006	4 535 631
Tax authority	13 865 175	7 242 996
Deposits from others	10 509 369	10 986 548
Sales tax installments on the imported machineries and equipments	6 435 851	6 612 856
Deferred capital gains	1 738 584	1 738 584
Due to Sodic company- current portion	11 591 680	
Social insurance authority	2 557 120	2 761 150
Dividends payable	695 222	133 600
Advances from customers	2 343 799	1 159 541
Other credit balances	1 965 099	1 458 299
	243 344 257	**236 719 943**

24 Other long term liabilities

Description	31/12/2013 L.E.	31/12/2012 L.E.
The value of sales tax installments on the imported machineries and equipments due for settlement starting from 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 6 435 851 as at 31/12/2013 (L E 6 612 856 as at 31/12/2012) are shown under the item of creditors and other credit balances in the consolidated balance sheet (Note 24).	83 995 990	31 969 777
	83 995 990	**31 969 777**

25 Deferred revenues

	31/12/2013 L.E.	31/12/2012 L.E.
The balance is represented in the long term capital gains deferred resulted from the sale of a plot of land located in Zayed city No.21 (Crazy water corridor) and the construction built thereon, The Company had deferred and derecognized the gain of L.E 17 385 789 in the consolidated income statement as the sale transaction was in the form of a sale with a right of re-lease within 10 years starting on January 2008 through to December 2017. The deferred revenue is to be amortized on straight line method base during the lease period starting from 1/1/2008. The amortization during the period ended amounted to L.E 1 738 584 while the short term portion amounted to L.E 1 738 584 as at 31/12/2013 (L.E. 1 738 584 as at 31/12/2012) included in the trade & other credit balances item of the consolidated balance sheet (Note 24).	5 215 700	6 954 285
	5 215 700	**6 954 285**

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 66 930 021 on 31/12/2013 is represented in the accrued tax generated from the difference between net book value of assets on accounting basis and net book value of assets on tax basis.

	Balance on 1/1/2013 L.E	Deferred tax from 1st Jan to 31 December 2013 L.E	Balance on 31/12/2013 L.E
Deferred tax liability from fixed assets	**51 970 810**	**14 982 368**	**66 953 178**

Recognized deferred tax assets and liabilities

Deferred tax assets are representing in the following items:

	Liabilities 31/12/2013 L.E.	31/12/2012 L.E.
Fixed assets	68 691 754	54 144 030
Deferred revenue	(1 738 576)	(2 173 220)
Net tax liabilities	**66 953 178**	**51 970 810**

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2013 shown together with this respective contribution percentage held as at the balance sheet date.

Subsidiary Name	Contribution percentage 30/9/2013	Contribution percentage 31/12/2012	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries “Egyfood”	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	99.81 %	99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Animal wealth	99.964% Indirect	99.964 Indirect	Egypt
Inmaa for Agriculture and improvement	99.964% Indirect	99.964 Indirect	Egypt
Associated Company			
Milkiez	39.988 % Indirect	39.988 % Indirect	Egypt

28 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

The Company's exposure to 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

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Most of the Company's customers have been transacting with the Company for many years (over 2 years), and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

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	31/12/2013	31/12/2012
		L.E.	L.E.
Trade receivables	(16)	73 257 065	66 637 219
Banks credit facilities	(20)	765 244 202	351 097 043
Short term loans	((21	10 000 000	32 476 634
Total long term loans	((19	932 007 479	677 676 060

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit:

A credit facility in a principal amount of L.E 765 244 202 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	765 244 202	1 315 000 000

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Management.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the L.E. The currencies in which these transactions primarily are denominated are Euro, USD, and Swiss Francs (CHF).

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

Foreign currency risk

Exposure to currency risk

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

	USD	Euro	SAR	CHF	GBP
Trade and other debit balances	501 275	1 468 438	-	-	-
Cash and cash equivalents	31 472 396	466 805	96	-	-
Credit facilities	(8 670 056)	(47 142)	-	-	-
Trade and other payables	(1 786 444)	(1 297 009)	-	-	(7 283)
31 December 2013	**21 517 171**	**591 092**	**96**	**-**	**(7 283)**
31 December 2012	**34 164 595**	**18 350 413**	**(1 880)**	**(166 771)**	**(107)**

The following significant exchange rates applied during the year:

	Average rate	Actual closing Rate		
	2013	2012	2013	2012
USD	6.694	6.235	6.964	6.423
Euro	9.093	8.265	9.589	8.597

Given the current economic conditions faced by the Arab Republic of Egypt, the Company's management faces the market risks represented in the difficulty of foreign currency cash management declared at official prices, due to the shortage of cash in foreign currency in the official banking markets.

This has affected the Company's ability to provide its foreign currency operating needs to ensure the continuing of its operations / production process on a regular basis. the Company's management resorted, in the context of applying exceptional policies to manage market and operation risks, to cover some of its foreign currency cash requirements with exceptional exchange rates, during the period, which differ from quoted prices in official banking markets, in light of the circumstances, after getting approval along with the related internal documents by the Company's senior management, to the best estimate of the price from its point of view.

Interest rate risk

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

Capital management

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

	31/12/2013 L.E.	31/12/2012 L.E.
Total liabilities	2 183 122 351	1 456 694 858
Less: cash and cash equivalents	(575 932 728)	(529 817 146)
Net debt	**1 607 189 623**	**926 877 712**
Total equity	2 164 320 044	1 988 640 891
Net debt to adjusted equity ratio	**74.26%**	**46.61%**

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

29 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 Contractual value L.E	Lease period Accrued interest L.E	Purchase value at end of contract Months	Monthly lease value L.E	 L.E
Contract from 1/1/2008 to 31/12/2017	73 453 985	47 559 261	120	1	1 008 444

Juhayna for Food Industries Company acquired the above mentioned land and constructed a building thereon. Subsequently, the Company sold the land including the buildings to Segolease subject to the right of finance re-leases.

The Company has leased the administration building of Tiba for Trading and Distributing Company (Subsidiary) following the operating lease system for a monthly lease rent of L.E. 195 500 based upon the approval from the leaser's company.

The monthly finance lease's installments and the expenses related to the issue of this lease contract (sale with the right of re-sale) were allocated to the other operating expenses item in the income statement Thus, total installments of the financial year ended 31/12/2013 amounted to L.E. 12 101 325.

30 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Company has issued letters of guarantees amounting to LE 22 375 733 the covered amount to L.E 10 371 286.

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 256 170 000 on 31/12/2013.

32 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.

32-1 Due from related parties

Company's name	Nature of transaction	Total value of transactions 31/12/2013 L.E.	Total value of transactions 31/12/2012 L.E.	Balance as at 31/12/2013 L.E.	Balance as at 31/12/2012 L.E.
Milkiez	Customer	4 354 419	927 582	785 434	1 337 563
	Vendor	42 799	185 652		
				785 434	**1 337 563**

33 Goodwill

	31/12/2013 L.E.	31/12/2012 L.E.
Goodwill resulting from acquiring the Egyptian Company for Dairy 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**

34 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.

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