

**EDITA FOOD INDUSTRIES (S.A.E.) AND ITS
SUBSIDIARIES**

**REVIEW REPORT AND CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE NINE MONTHS
PERIOD ENDED 30 SEPTEMBER 2016
“IFRS”**

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Consolidated interim financial statements “IFRS” For the nine months period ended 30 September 2016

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Review report

To: The Board of Directors of Edita Food Industries Company (S.A.E.) and its Subsidiaries

Introduction


We have reviewed the accompanying consolidated balance sheet of Edita Food Industries Company (S.A.E.) and its Subsidiaries (the Group) as of 30 September 2016 and the related Consolidated statements of Profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements does not present fairly in all material respects, the financial position of the Group as at 30 September 2016, and of its financial performance and its cash flows for the nine months period then ended in accordance with International Financial Reporting Standards.



Ahmed Gamal El-Atrees
R.A.A. 8784
E.F.S.A. 136

Mansour & Co. PricewaterhouseCoopers



9 November 2016
Cairo

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated balance sheet "IFRS" - At 30 September 2016

(All amounts in Egyptian Pounds)

	Note	30 September 2016	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	5	1,427,827,636	1,299,529,732
Intangible Assets	6	161,025,782	161,968,712
Total non-current assets		1,588,853,418	1,461,498,444
Current assets			
Inventories	7	156,380,320	140,297,471
Trade and other receivables	8	118,018,424	67,843,179
Treasury bills	9	140,104,233	149,591,114
Cash and cash equivalents (excluding bank overdrafts)	10	198,024,728	313,344,052
Total current assets		612,527,705	671,075,816
Total assets		2,201,381,123	2,132,574,260
Liabilities			
Non-current liabilities			
Long-term loans	11	393,480,087	346,217,286
Deferred income tax liabilities	13	108,828,837	94,536,302
Employee benefit obligations	14	2,102,663	2,533,203
Total non-current liabilities		504,411,587	443,286,791
Current liabilities			
Trade and other payables	15	235,062,480	255,248,981
Current income tax liabilities	16	-	24,281,519
Current portion of long-term liabilities	17	103,811,573	145,235,152
Bank overdraft	18	105,296,445	73,698,428
Provisions	19	29,131,897	16,000,854
Total current liabilities		473,302,395	514,464,934
Total liabilities		977,713,982	957,751,725
Net assets		1,223,667,141	1,174,822,535
Equity			
Share capital	20	145,072,580	72,536,290
Legal reserve	21	38,947,275	38,947,275
Foreign currency translation reserve		(17,036)	5,568
Retained earnings		1,021,578,397	1,057,715,965
Capital and reserves attributable to owners of the parent		1,205,581,216	1,169,205,098
Non-controlling interest	22	18,085,925	5,617,437
Total equity		1,223,667,141	1,174,822,535

The above consolidated balance sheet should be read in conjunction with the accompanying notes.


Mr Sameh Naguib
Vice President - Finance

Giza , 9 November 2016

Review report attached


Eng Hani Berzi
Chairman

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of profit or loss - For the Nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Note	Nine months period ended on 30 September 2015		Three months period ended on 30 September 2015	
		2016	2015	2016	2015
Revenue		1,681,266,706	1,579,137,612	612,960,178	535,420,285
Cost of sales	28	(1,071,745,728)	(985,095,078)	(411,218,619)	(337,635,109)
Gross profit		609,520,978	594,042,534	201,741,559	197,785,176
Distribution cost	28	(219,039,909)	(205,529,717)	(57,224,293)	(71,848,083)
Administrative expenses	28	(129,188,046)	(120,341,276)	(39,539,175)	(38,560,288)
Other income	23	8,087,041	4,932,822	1,120,414	1,445,461
Other gains / (losses) - net	24	(89,237,013)	(344,029)	(35,259,221)	(5,333,737)
Operating profit		180,143,051	272,760,334	70,839,284	83,488,529
Finance income		21,707,352	19,528,313	6,573,904	6,648,769
Finance cost		(39,200,925)	(24,328,590)	(14,206,868)	(10,246,720)
Finance cost - Net	25	(17,493,573)	(4,800,277)	(7,632,964)	(3,597,951)
Profit before income tax		162,649,478	267,960,057	63,206,320	79,890,578
Income tax expense	26	(43,133,086)	(55,865,349)	(17,950,982)	5,775,951
Net profit for the Period		119,516,392	212,094,708	45,255,338	85,666,529
Profit is attributable to					
Owners of the parent		117,600,234	209,732,081	45,177,799	84,810,890
Non-controlling interest		1,916,158	2,362,627	77,539	855,639
Net profit for the period		119,516,392	212,094,708	45,255,338	85,666,529
Earnings per share (expressed in EGP per share):					
Basic earnings per share	27	0.165	0.292	0.062	0.118
Diluted earnings per share	27	0.165	0.292	0.062	0.118

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of comprehensive income - For the Nine months Period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Nine months period ended on 30 September 2015		Three months period ended on 30 September 2015	
	2016	2015	2016	2015
Profit for the period	119,516,392	212,094,708	45,255,338	85,666,529
Assets revaluation reserve	-	(1,803)	-	(603)
Other comprehensive income for the period, net of tax	(22,604)	(1,092)	(2,711)	(2,970)
Total comprehensive income for the period	119,493,788	212,091,813	45,252,627	85,662,956
Total comprehensive income is attributable to				
Owners of the parent	117,577,630	209,730,989	45,175,088	209,730,989
Non-controlling interest	1,916,158	2,360,824	77,539	855,036
Total comprehensive income for the period	119,493,788	212,091,813	45,252,627	210,586,025

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of changes in equity - For the Nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total Owners' Equity		
					Total Owners of the parent	Non-controlling interest	Total owners' equity
Balance at 31 December 2014 and 1 January 2015	72,536,290	31,103,903	3,501	720,134,419	823,778,113	1,966,793	825,744,906
Profit for the Period	-	-	-	209,732,081	209,732,081	2,362,627	212,094,708
Foreign currency translation reserve	-	-	(1,092)	-	(1,092)	-	(1,092)
Assets revaluation reserve	-	-	-	-	-	(1,803)	(1,803)
Total comprehensive income for the period	-	-	(1,092)	209,732,081	209,730,989	2,360,824	212,091,813
Balance at 30 September 2015	72,536,290	31,103,903	2,409	929,866,500	1,033,509,102	4,327,617	1,037,836,719
Balance at 31 December 2015 and 1 January 2016	72,536,290	38,947,275	5,568	1,057,715,965	1,169,205,098	5,617,437	1,174,822,535
Profit for the Period	-	-	-	117,600,234	117,600,234	1,916,158	119,516,392
Foreign currency translation reserve	-	-	(22,604)	-	(22,604)	-	(22,604)
Total comprehensive income for the period	-	-	(22,604)	117,600,234	117,577,630	1,916,158	119,493,788
Additions to legal reserve	-	-	-	-	-	-	-
Dividends distribution for 2015	-	-	-	(81,201,512)	(81,201,512)	-	(81,201,512)
Bonus shares issuance	72,536,290	-	-	(72,536,290)	-	-	-
Non controlling interest share in capital increase of subsidiary	-	-	-	-	-	10,552,330	10,552,330
Balance at 30 September 2016	145,072,580	38,947,275	(17,036)	1,021,578,397	1,205,581,216	18,085,925	1,223,667,141

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of cash flows - For the Nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Notes	30 September 2016	30 September 2015
<u>Cash flows from operating activities</u>			
Cash generated from operations	29	192,929,696	310,677,711
Interest paid		(42,010,094)	(23,480,101)
Income tax paid		(66,166,859)	(118,073,367)
Net cash inflow from operating activities		84,752,743	169,124,243
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment	5	(201,385,528)	(230,312,462)
Payment for purchase of Intangible assets		-	(94,292,984)
Proceeds from sale of property, plant and equipment		2,423,916	8,585,795
Interest received		21,960,663	20,827,007
Payment for purchase of treasury bills		(137,910,890)	(147,075,678)
Proceeds from sale of treasury bills		146,644,260	103,492,933
Net cash outflow from investing activities		(168,267,579)	(338,775,389)
<u>Cash flows from financing activities</u>			
Proceeds from Non controlling interest		10,552,330	-
Notes Payable		(10,546,825)	(9,985,990)
Dividends paid to Shareholders		(82,580,622)	-
Proceeds from borrowings		213,368,938	238,039,234
Repayments of borrowings		(194,173,722)	(73,504,993)
Net cash (outflow) / inflow from financing activities		(63,379,901)	154,548,251
Net decrease in cash and cash equivalents		(146,894,737)	(15,102,895)
Cash and cash equivalents at beginning of the period		239,645,624	172,883,255
Effects of exchange rate on cash and cash equivalents		(22,604)	-
Cash and cash equivalents at end of the Period	10	92,728,283	157,780,360

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS"

For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

1. General information

Edita Food Industries S.A.E. was established in July 9, 1996, under the investment Law No. 230 of 1989 and the money market Law No. 95 of 1992 and is registered in the commercial register under number 692 Cairo.

Consolidated interim financial statements of the Group comprise financial statements of Edita Food Industries Company (S.A.E.) and its subsidiaries (together referred to as the "Group").

The Group provides manufacturing, producing and packing of all food products and producing and packing of juices, jams, readymade food, cakes, pastry, milk products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients.

The Group's financial year start on 1 January and ends on 31 December each year.

The main shareholders are BERCO Limited which owns 41.815% of the Company's share capital and the Bank of New York Mellon which owns 25.59% of the Company share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 12.975% of the Company's share capital and Africa Samba B.V. which owns 7.5% of Company's share capital and other shareholders owning 12.12% of company's share capital.

These Interim Consolidated financial statements have been approved by the Chairman and Managing Director on 9 November 2016.

The parent Company:

Edita Food Industries:

Edita food industries is the holding company. The company provides manufacturing, producing and packing of all food products and producing and packing of readymade food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Digma for Trading.

The group is composed of the following subsidiaries:

Digma for Trading:

Digma for trading main activity is wholesale and retail trading in consumable goods. The Company also acts as a distributor for local and foreign factories and companies producing these goods and also imports and exports, in accordance with laws and regulations. The company buys from Edita confectionery industries and Edita food industries and distributes to others.

Edita Confectionery Industries:

The company's purpose is to build and operate a factory for production, sales of distributions of Sweets, Toofy, Jelly and Caramel other nutrition materials and sell the products to Digma for Trading.

Edita participation limited:

The principal activities of the company are the provision of services and the holding of investments but the Company does not have any operations until now and all its transactions are immaterial

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS"

For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

General information (continued)

	Principle place of business	Interest held by non- controlling interest
Digma for trading	Egypt	0.20%
Edita Confectionery Industries	Egypt	22.3%

Financial information about the subsidiaries of the group as at 30 September 2016

Name of subsidiary	Total Assets	Total Equity	Total Sales	Net Profit/ (loss)
Digma for trading	354,695,870	263,759,007	1,573,451,963	53,150,407
Edita Confectionery Industries	161,680,593	80,320,915	64,416,880	8,118,575
Edita participation limited	170,690	(142,205)	-	(15,125)

The above mentioned financial information are related to amounts as included in the separate financial statements which have been used in the consolidation

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Interim Consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

These Consolidated Interim financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations applicable to companies reporting under IFRS, the financial statements comply with IFRS as issued by International Accounting Standards Board IASB.

These Consolidated Interim financial statements have been prepared under the historical cost convention.

The preparation of the Consolidated Interim financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Interim Consolidated financial statements are disclosed in note 4.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS"

For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Basis of preparation (continued)

New standards and amendments

Certain standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2015 which includes IFRS 8 which requires disclosure of the judgments made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported, also the Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) as The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits.

Certain new accounting standards and interpretations have been published that are not mandatory for the current year and have not been early adopted by the group related to:

- (i) IFRS 9 that introduces new rules for hedge accounting that made further changes to the classification and measurement rules and also introduced a new impairment model,
- (ii) IFRS 15 relates to revenue from contracts with customers this will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.
- (iii) IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.

The group is examining the impact of these standards in its financial statements.

B. Basis of consolidation

1. Subsidiaries

Subsidiaries are all entities (including structured) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiring on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Basis of consolidation (continued)

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Unless the transaction provides evidence of an impairment of transferred asset. When necessary amounts reported by subsidiaries have been adjusted to confirm to the group's accounting policies.

2. Changes in ownership interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. Principles of consolidation and equity accounting

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

C. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). All entities in Egyptian Pound except for Edita Participation Limited is in Euro.

The Interim Consolidated financial statements are presented in Egyptian Pounds, which is the group's presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss, they are deferred in equity if they are attributable to part of the net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains and losses.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS"

For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Foreign currency translation (continued)

(3) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Monetary assets and monetary liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) All resulting exchange differences are recognized in other comprehensive income.
The foreign currency exchange arising from translation of the net investment in foreign entities and loans or financial instruments in foreign currencies allocated to cover these investments are recognized in the equity in the Interim Consolidated financial statement. The foreign currencies exchange charged to the equity are recognized as part of gain or loss upon the disposal of these investments.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

D. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of Profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual value over their estimated useful lives, as follows:

Buildings	25 - 50 years
Machinery & equipment	20 years
Vehicles	5 – 8 years
Tools & equipment	3 - 5 years
Furniture & office equipment	4 - 5 years

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS"

For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains / (losses) in the statement of profit or loss.

E. Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

F. Financial assets

(1) Classification

The group classifies its financial assets in the following categories, loans and receivables, and held to maturity (treasury bills). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held to maturity, reevaluate this designation at the end of each reporting period.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' and 'treasury bills' in the balance sheet

(b) Held to maturity investments

The group classifies investments as held-to-maturity (treasury bills) if they are non-derivative financial assets and have fixed or determinable payments and fixed maturities and the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS"

For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Financial assets (continued)

(2) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(3) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Interest on held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

(4) Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements "IFRS"

For the nine months period ended 30 September 2016

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G. Intangible assets

Intangible assets (Trademarks) have indefinite useful lives as there is no foreseeable limit on the period of time over which the brands are expected to exist and generate cash Flows, and are carried at cost less impairment losses. Historical cost includes all expenses associated with the acquisition of an intangible asset,

The trademark is recognized as an intangible asset as the license is perpetual, irrevocable and exclusive including the trademark in the territory in connection with the cake products, the brand has an established presence in the territory in which it is licensed to operate for over 23 years in addition the company has a strong historic financial track record and forecasts continued growth also, the knowhow and perpetual license not exposed to typical obsolescence as it relates to a food stuff. The brand remain popular in the Middle East and the company does not foresee any decline in the foreseeable future)

Intangible assets (know how) have finite useful life and is carried at cost less accumulated amortization. Amortization of intangible assets which have finite useful lives is calculated using the straight line method, know how is amortized over 25 years, the Company's management put into consideration the following factors in determining the useful lives of the intangible assets that have finite useful lives:

- The expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team;
- Typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way;
- Technical, technological, commercial or other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;
- The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level;
- The period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
- Whether the useful life of the asset is dependent on the useful life of other assets of the entity.

H. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the moving average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs necessary to make the sale. And the provision for obsolete inventory is created in accordance to the management's assessment.

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I. Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for goods' sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

J. Cash and cash equivalents

In the Consolidated Interim statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts and treasury bills. In the Consolidated Interim balance sheet, bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

K. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

L. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

M. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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N. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

O. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Interim Consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

P. Employee benefits

(1) Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contribution when the conditions illustrated in the Company's policy is met. The Company has no legal obligation to pay further contributions to its employees which is related to employee service in the current and prior periods. A defined benefit plan is a pension plan of the staff.

(2) Defined benefit pension plans

The Company has a defined benefit plan which is a plan that defines an amount of benefits to be provided in the form of half month payment for each year they had worked for the Company for employees who reach the age of ninety, according to the following criteria:

- The contribution is to be paid to employees for their working period at the Company only
- The working period must be not less than ten years
- The maximum contribution is 12 months salary

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government bonds, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to retirement plans are recognized in other comprehensive income

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

(3) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

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Employee benefits (continued)

(4) Dividends distribution

The group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

(5) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer and in accordance with labour law. Falling due more than 12 months after the end of the reporting period are discounted to present value.

Q. Provisions

Provisions are recognized when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

R. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable disclosed as revenue, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(1) Sales of goods – whole sale

Sales of goods are recognized when a Group has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied.

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Employee benefits (continued)

(2) Interest income

Interest income is recognized using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate.

(3) Dividend income

Dividend income is recognised when the right to receive payment is established.

(4) Export subsidy

The Company obtains a subsidy against exporting some of its production. The subsidy is calculated based on a percentage from the total exports invoices determined by the Export Development Fund related to the Commercial and Industry Ministry. Export subsidy is recognized in the statement of profit or loss as other income when received in cash after meeting all required criteria.

S. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of Profit or loss on a straight-line basis over the period of the lease.

T. Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

U. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group excluding any costs of servicing equity other than ordinary shares by the weight average number of ordinary shares in issue during the year excluding ordinary shares purchase by the Group and held as treasury shares.

(2) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

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V. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The board has appointed a chief operating decision-maker who assess the financial performance and position of the group, and makes strategic decisions. Which has been identified as the chief executive officer.

W. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3. Financial risk management

(1) Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The group's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

(A) Market risk

(i) Foreign exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group covers part of its imports of raw materials in foreign currency by local banks that the Company deals with in official rates and the rest from its exports in US Dollars

During the period / year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	30 September 2016	31 December 2015
Amounts recognised in profit or loss		
Net foreign exchange (Loss) gain included in other income/other expenses net of tax	(55,433,195)	1,095,862
	(55,433,195)	1,095,862
Net (Losses) gains recognised in other comprehensive income		
Foreign currency translation reserve net of tax	(22,604)	2,067
	(22,604)	2,067

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Financial risk management (continued)

At period end, major financial Assets (liabilities) in foreign currencies were as follows:

	Assets	Liabilities	Net 30 September 2016	Net 31 December 2015
Euros	14,450,156	(146,242,115)	(131,791,959)	(186,657,909)
United States Dollars	18,295,903	(66,995,708)	(48,699,805)	(34,730,182)

At 30 September 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the period would have been LE 13,179,195 (31 December 2015: LE 18,665,791) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 30 September 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the period would have been LE 4,869,980 (31 December 2015: LE 3,473,018) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

On 3 November 2016, the central bank of Egypt announced the floating of the Egyptian pound and raised the overnight interest rates on lending and deposits by 3%. Accordingly, the official exchange rates of the foreign currencies against the Egyptian pound shall be determined in the local banks based on the market's supply and demand rather than a binding rate imposed by the central bank.

As a result of the Egyptian pound floating, the US dollar at the date of issuance these financial statements is traded at local banks between 16 to 17 Egyptian pounds.

This devaluation of the Egyptian pound has no effect on the financial figures as of 30 September 2016 which had been prepared using the spot rate of USD as of 30 September which was equivalent to 8.88 EGP.

(ii) Price risk

The Group has no investments in a quoted equity securities so it's not exposed to the fair value risk due to changes in the prices.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term time deposits which are renewed with the applicable interest rate at the time of renewal. Borrowings measured at amortized cost with fixed rates do not expose the company to fair value interest rate risk

At 30 September 2016, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, post-tax profit for the period would have been LE 497,292 (31 December 2015: LE 342,889) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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Financial risk management (continued)

Borrowings at the balance sheet date with variable interest rate amounted to LE 497,291,660 (31 December 2015: LE 480,905,613).

Overdraft at the balance sheet date amounted to LE 105,296,445 (31 December 2015: LE 73,698,428).

(B) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, treasury bills, as well as credit exposures to customers, including outstanding receivables

For banks and financial institutions, the Group is dealing with the banks which have a high independent rating with a good reputation.

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors.

For Treasury bills, the Group deals with government which are considered with a high credit rating (Egypt B+).

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties except for the impairment of accounts receivables presented in (Note 8).

The maximum exposure to credit risk is the amount of receivables as well as the cash and cash equivalents and Treasury Bills.

The group sells to retail customers which are required to be settled in cash, therefore there is no significant concentration of credit risk.

Trade receivables

Counter parties without external credit rating:

	30 September 2016	31 December 2015
Other parties	13,042,922	6,387,918
Total	13,042,922	6,387,918

Outstanding trade receivables are current and not impaired

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Financial risk management (continued)

Cash at bank and short-term bank deposits:

	30 September 2016	31 December 2015
AA	268,851	823,278
A	69,189,994	156,075,388
BBB	103,361,614	137,853,764
B	1,612,716	1,201,037
Total	174,433,175	295,953,467

We had excluded the cash on hand.

The table below summarizes the maturities of the Company's trade receivables at 30 September 2016:

	30 September 2016	31 December 2015
Less than 30 days	10,298,998	4,591,020
From 31 to 60 days	2,485,705	1,645,476
From 61 to 90 days	193,702	65,896
From 91 to 120 days	50,076	85,526
More than 120 days	14,441	-
	13,042,922	6,387,918

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	30 September 2016	31 December 2015
At 1 January	20,556	138,785
Provision for impairment recognized during the period / year	-	-
Receivables written off during the period / year as uncollectible	-	(118,229)
	20,556	20,556

(C) Liquidity risk

Management monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the company debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

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Financial risk management (continued)

The table below summarizes the maturities of the Group's undiscounted financial liabilities at 30 September 2016 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

At 30 September 2016	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	44,888,378	62,542,995	105,643,983	284,216,304
Future interest payments	6,783,734	21,776,057	45,839,671	40,347,447
Trade and other payables	159,892,748	-	-	-
Bank overdraft	105,296,445	-	-	-
Notes payable	58,971,182	-	-	-
Total	375,832,487	84,319,052	151,483,654	324,563,751
At 31 December 2015				
Borrowings	63,735,176	70,953,151	97,684,524	248,532,762
Future interest payments	2,578,269	3,240,990	6,307,605	15,705,858
Trade and other payables	199,550,963	-	-	-
Bank overdraft	73,698,428	-	-	-
Notes payable	45,087,494	10,546,825	-	-
Total	384,650,330	84,740,966	103,992,129	264,238,620

The unused amount of borrowings is amounted to EGP 250,964,090 as of 30 September 2016, also the Group will have future interest payments related to borrowings amounting to LE 114,746,909 (31 December 2015: LE 27,832,722).

(2) Capital management

The group's objectives when managing capital is to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net loan represents all loans and borrowings, and long-term notes payables less cash and cash equivalents. Total capital is calculated as equity, plus net debts.

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Financial risk management (continued)

The gearing ratio at 30 September 2016 and 31 December 2015 were as follows:

	30 September 2016	31 December 2015
Total borrowings and long term notes payable	497,291,660	491,452,438
Bank overdraft	105,296,445	73,698,428
Total borrowings and loans	602,588,105	565,150,866
Less: Cash and cash equivalents	(198,024,728)	(313,344,052)
Net debt	404,563,377	251,806,814
Total equity	1,223,667,141	1,174,822,535
Total capital	1,628,230,518	1,426,629,349
 Gearing ratio	 25%	 18%

The increase in net debt to total capital is due to the decrease in cash and cash equivalents and increase in total borrowings and loans.

Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

The debt to equity ratio must be not more than 1:1

(3) Fair value estimation

The fair value of financial assets or liabilities with maturities date less than one year is assumed to approximate their carrying value. The fair value of financial liabilities – for disclosure purposes – is estimates by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

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4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

Estimates and adjustments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Intangible assets impairment (Trade Mark)

The Group estimates the useful life of the trademark to be indefinite useful life based on trademark agreement which give the Group the license with perpetual, irrevocable and exclusive including the knowhow in the territory in connection with the HOHOS, Twinkies and Tiger tail products, accordingly, the Group's management annually test the impairment of intangible assets (Trade Mark), that have an indefinite useful life based on the financial and operational performance in previous years and the management expectation for the market developments in the future by preparing a business plan by using the growth rate and the discount rate prevailing

Intangible assets useful life (Knowhow)

The Group estimates the useful life of the knowhow to be 25 years based on the Company's useful life which is upon the management's expectation and intention

2. Critical judgments in applying the group's accounting policies

In general the application of the Group's accounting policies does not require from management the use of personal judgment (except relating to critical accounting estimate and judgments "Note 4-1" which might have a major impact on the value recognized at the financial statement.

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5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 31 December 2014								
Cost	62,226,931	358,756,888	467,724,860	130,514,617	39,346,149	46,442,136	197,420,789	1,302,432,370
Accumulated depreciation	-	(42,535,772)	(132,481,461)	(63,583,055)	(22,910,791)	(25,051,641)	-	(286,562,720)
Net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Year ended 31 December 2015								
Opening net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Additions	44,487,197	94,541	17,057,231	36,072,030	7,893,495	15,670,686	240,492,430	361,767,610
Depreciation charge	-	(13,706,638)	(28,914,338)	(17,301,950)	(7,678,036)	(9,165,525)	-	(76,766,487)
Disposal depreciation	-	-	200,543	26,531,920	519,333	2,869,226	-	30,121,022
Disposals	-	(75,478)	(322,961)	(27,647,439)	(528,669)	(2,887,516)	-	(31,462,063)
Transfers from projects under construction	-	119,313,063	151,186,774	-	11,206,129	198,924	(281,904,890)	-
Closing net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
At 31 December 2015								
Cost	106,714,128	478,089,014	635,645,904	138,939,208	57,917,104	59,424,230	156,008,329	1,632,737,917
Accumulated depreciation	-	(56,242,410)	(161,195,256)	(54,353,085)	(30,069,494)	(31,347,940)	-	(333,208,185)
Net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Period ended 30 September 2016								
Opening net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Additions	14,194,132	-	13,798,074	9,788,258	6,642,985	7,631,818	149,330,261	201,385,528
Depreciation charge	-	(13,986,976)	(26,949,761)	(14,041,537)	(7,931,892)	(8,723,289)	-	(71,633,455)
Disposal depreciation	-	-	1,480,969	1,456,751	666,316	74,078	-	3,678,114
Disposals	-	-	(2,454,633)	(1,909,080)	(676,187)	(92,383)	-	(5,132,283)
Transfers from Projects under construction	-	14,526,630	124,968,577	-	10,148,855	1,923,504	(151,567,566)	-
Closing net book amount	120,908,260	422,386,258	585,293,874	79,880,515	36,697,687	28,890,018	153,771,024	1,427,827,636
At 30 September 2016								
Cost	120,908,260	492,615,644	771,957,922	146,818,386	74,032,757	68,887,169	153,771,024	1,828,991,162
Accumulated depreciation	-	(70,229,386)	(186,664,048)	(66,937,871)	(37,335,070)	(39,997,151)	0	(401,163,526)
Net book amount	120,908,260	422,386,258	585,293,874	79,880,515	36,697,687	28,890,018	153,771,024	1,427,827,636

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Property, plant and equipment (continued)

During the period, the Group has capitalized borrowings costs amounting to LE 1,646,173 (31 December 2015: LE 9,971,079) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

	30 September 2016	31 December 2015
Allocation of the borrowing cost on Qualified Assets		
Projects under construction – Buildings	442,708	7,363,397
Projects under construction – Machinery	1,203,465	2,607,682
Total	1,646,173	9,971,079

6. Intangible assets

	Net Book Value	
	30 September 2016	31 December 2015
A- Intangible assets which have indefinite useful lives	131,480,647	131,480,647
B- intangible assets which have finite useful lives	29,545,135	30,488,065
Balance as of	161,025,782	161,968,712

A. Intangible assets which have indefinite useful lives - Trademarks (HOHOS, Twinkies & Tiger Tail)

	Trade Mark (HOHOS, Twinkies & Tiger Tail)	
	30 September 2016	31 December 2015
Cost		
Opening Balance	131,480,647	68,618,658
Additions during the period / year	-	62,861,989
Balance as of	131,480,647	131,480,647

B. Intangible assets which have definite useful lives – Know how

	Know How	
	30 September 2016	31 December 2015
Cost		
Opening Balance	31,430,995	-
Additions during the period / year	-	31,430,995
Balance as of	31,430,995	31,430,995

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Intangible assets (continued)

Accumulated Amortization	30 September 2016	31 December 2015
Opening Balance	(942,930)	-
Amortization expense during the period / year	(942,930)	(942,930)
Balance as of	(1,885,860)	(942,930)
Net book value for know how	29,545,135	30,488,065
Net book value for intangible assets (a+b)	161,025,782	161,968,712

Intangible assets which have indefinite useful lives - Trademarks (HOHOS, Twinkies & Tiger Tail)

The intangible assets in the amount of ten million US Dollars equivalent to LE 68,618,658 paid against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) and the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine these rights do not have a definite time, and on the 16th of April 2015 the Company had signed a new contract for the expanding the scope of the rights to the trademarks (Hohos, Twinkies, and Tiger Tail) to include Algeria, Bahrain,, Iraq,, Kuwait, Lebanon, Morocco, Oman,, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, United Arab Emirates and this trademarks has indefinite useful lives, and the this is against USD 8 Million equivalent to EGP 62,861,989.

HOHOS, Twinkies and Tiger tail are related to one cash generating unit within the same operating segment

The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable value. The recoverable have been determined using value in use

Assumptions used by the Group when testing the impairment of intangible assets (indefinite useful life) as of 31 December 2015 as follows:

Average gross profit	34 %
Discount rate	19 %
Growth rate	3 %

The Group test the impairment of intangible assets depending on financial, operational, marketing position in the prior periods, and its expectation for the market in the future by preparing a business plan using the growth rate and the discount rate prevailing. At the balance sheet date the carrying value of the intangible assets is not less than its recoverable amount.

Sensitivity of recoverable amounts

At 30 September 2016, if the discount rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

At 30 September 2016, if the growth rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

At 30 September 2016, if the gross profit rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Intangible assets (continued)

C. Intangible assets which have definite useful lives – Know how

On the 16th of April 2015 the Company had signed a "License and Technical Assistance Agreement" with the owner of the knowhow with purpose to acquire the license, knowhow and technical assistance for some Hostess Brands products in the countries Egypt, Libya, Palestine, Jordan, Algeria, Bahrain, Iraq, Jordan, Lebanon, Kuwait, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, and the United Arab Emirates, and this is against an amount of USD 4 Million equivalent to EGP 31,430,995.

7. Inventories

	30 September 2016	31 December 2015
Raw and packaging materials	111,694,547	96,827,316
Spare parts	24,997,538	26,436,664
Finished goods	9,592,604	10,177,972
Consumables	7,040,166	5,887,149
Work in process	3,998,787	1,935,464
Total	157,323,642	141,264,565
Less: provision for slow moving and obsolete inventory	(943,322)	(967,094)
Net	156,380,320	140,297,471

The cost of individual items of inventory are determined using moving average cost method.

During the period ended 30 September 2016, there has been a slow moving and obsolete inventory addition amounted to LE 1,240,004 (30 September 2015: LE Nil) (Note 24) and utilized amounted to LE 1,263,776 (30 September 2015: LE Nil).

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 809,874,056 during the nine months ended 30 September 2016 (30 September 2015: LE 755,662,566).

8. Trade and other receivables

	30 September 2016	31 December 2015
Trade receivables	13,042,922	6,387,918
Notes receivable	1,432,844	704,561
Total	14,475,766	7,092,479
Less: Provision for impairment of trade receivables	(20,556)	(20,556)
	14,455,210	7,071,923
Advances to suppliers	63,226,494	43,539,492
Prepaid expenses	12,839,908	4,708,186
Other debit balances	7,594,178	9,861,458
Tax authority – Corporate tax prepayments	13,544,989	-
Deposits with others	5,633,791	2,106,229
Letters of credit	508,672	431,169
Employee loans	144,117	77,787
Accrued revenues	71,065	46,935
Total	118,018,424	67,843,179

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

9. Treasury bills

	30 September 2016	31 December 2015
Treasury bills par value	141,575,000	151,475,000
Unearned interest	(3,664,110)	(4,830,740)
Amount of treasury bills paid	137,910,890	146,644,260
Interest income recognized to profit or loss	2,193,343	2,946,854
Treasury bills balance	140,104,233	149,591,114

The Group purchased Egyptian treasury bills on 12th of July 2016 with par value amounted LE 32,750,000 with an annual interest of 10%. These treasury bills are due in 11th of October 2016. The total recognized interest income amounted to LE 700,490.

The Group purchased Egyptian treasury bills on 12th of July 2016 with par value of LE 35,825,000 with an annual interest of 10%. These treasury bills are due on 11th of October 2016. The total recognized interest income amounted to LE 766,261.

The Group purchased Egyptian treasury bills on 23rd of August 2016 with par value of LE 53,000,000 with an annual interest of 10.1%. These treasury bills are due on 22nd of November 2016. The total recognized interest income amounted to LE 543,559.

The Group purchased Egyptian treasury bills on 6th of September 2016 with par value amounted LE 20,000,000 with an annual interest of 14.42%. These treasury bills are due in 6th of December 2016. The total recognized interest income amounted to LE 183,033.

10. Cash and cash equivalents (excluding bank overdrafts)

	30 September 2016	31 December 2015
Bank deposits	140,360,840	260,360,840
Cash at banks and on hand	57,663,888	52,983,212
Cash and cash equivalents (excluding bank overdrafts)	198,024,728	313,344,052

The average interest rate on local currency time deposits during 2016 is 9.25 % (2015: 7.5%).

Bank deposits are having maturity period of less than 3 months from date of the deposit.

For the preparation of the cash flow statements, so cash and cash equivalents consists of:

	30 September 2016	31 December 2015
Cash and cash equivalents	198,024,728	313,344,052
Bank overdraft (Note 18)	(105,296,445)	(73,698,428)
Total	92,728,283	239,645,624

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

11. Borrowings

	30 September 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	103,811,573	393,480,087	497,291,660	134,688,327	346,217,286	480,905,613
	103,811,573	393,480,087	497,291,660	134,688,327	346,217,286	480,905,613

The due short term portion loans according to the following schedule:

	30 September 2016	31 December 2015
Balance due within 1 year	92,388,985	120,456,761
Accrued interest	11,422,588	14,231,566
	103,811,573	134,688,327

(1) Edita Food Industries Company

	30 September 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	13,057,767	-	13,057,767
Second loan	-	-	-	12,645,613	-	12,645,613
Third loan	-	-	-	11,830,743	-	11,830,743
Fourth loan	18,593,446	26,249,975	44,843,421	20,558,670	43,749,965	64,308,635
Fifth loan	33,357,487	90,982,702	124,340,189	34,408,847	115,311,417	149,720,264
Sixth Loan	15,220,000	81,000,000	96,220,000	20,438,125	72,000,000	92,438,125
Seventh Loan	15,590,786	125,311,740	140,902,526	162,383	89,431,939	89,594,322
Eighth loan	486,227	57,409,400	57,895,627	-	-	-
	83,247,946	380,953,817	464,201,763	113,102,148	320,493,321	433,595,469

The due short term portion of loans is according to the following schedule:

	30 September 2016	31 December 2015
Balance due within 1 year	72,282,583	100,161,521
Accrued interest	10,965,363	12,940,627
Total	83,247,946	113,102,148

- First loan**

This first loan is provided by one of the Egyptian banks in August 2011 based on a cross guarantee issued from Digma Trading Company with an amount of LE 100,000,000 and the total withdrawal amount is LE 100,000,000 in addition to accrued interest. The company paid the last due installments amounted to 12,500,000 in addition accrued interests on 1 February 2016.

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Borrowings (continued)

- **Second loan:**

This second loan is provided by one of the Egyptian banks in August 2012 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The company paid the last due installments amounted to 11,666,667 in addition accrued interests on 6 June 2016

- **Third loan:**

This third loan is provided by one of the Egyptian banks in May 2013 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The company paid the last due installments amounted to 11,667,000 in addition accrued interests on 18 May 2016.

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 on 30 September 2016 in addition to accrued interest. The loan outstanding balance at 30 September 2016 after payment of due installments amounted to 43,750,000 in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 43,750,000 on 5 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 February 2017 and the last on 22 February 2019.

Interest:

The interest rate is 2 % above mid corridor rate of central bank of Egypt.

Fair value:

Fair value is approximately equal to book value.

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 86,857,057 plus 5,587,500 USD on 30 September 2016. The loan outstanding balance at 30 September 2016 after payment of due installments amounted to LE 77,206,280 plus 4,966,666 USD in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 77,206,280 on 8 equal semi-annual installments; each installment is amounted to LE 9,650,785 In addition. The company is obligated to pay 4,966,666 EGP on 8 equal semi-annual installments; each installment is amounted to 620,834 USD.

The first installment is due on January 2017 and the last on July 2020.

Interest:

The interest rate is 1.25% above mid corridor rate of Central Bank of Egypt and 2.5% above the Euro Libor rate.

Fair value:

Fair value is approximately equal to book value.

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Borrowings (continued)

- **Sixth loan:**

This sixth loan is provided by one of the Egyptian banks on April 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 90,000,000 in addition to accrued interest. The loan outstanding balance at 30 September 2016 after payment of due installments amounted to 81,000,000 in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 81,000,000 on 9 equal semi-annual installments; each installment is amounted to LE 9,000,000. The first installment is due on 9 April 2017 and the last on 9 April 2021.

Interest:

The interest rate is 1.25% above mid corridor rate of Central Bank of Egypt.

Fair value:

Fair value is approximately equal to book value.

- **Seventh loan:**

This seventh loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and the total withdrawal amount is LE 75,273,404 plus 6,405,612 Euro plus 60,214 USD plus 90,208 GBP on 30 September 2016 in addition to accrued interest. The bank committed to translate the foreign Currency to Egyptian pound as the company in not obligated to pay the loan back in foreign currency.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 170,000,000 on 11 equal semi-annual instalments; each instalment is amounted to LE 15,455,000, except for the last instalment amounted to LE 15,450,000 the first instalment is due on 19 April 2017 and the last on 19 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

Interest:

The interest rate is 1% above mid corridor rate of Central Bank of Egypt and 2.5% above the Euro Libor rate.

Fair value:

Fair value is approximately equal to book value.

- **Eighth loan:**

This eighth loan is provided by one of the Egyptian banks on September 2016 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and 6,000,000 Euro. The total withdrawal amount is LE 54,915,000 plus 250,000 Euro on 30 September 2016 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 170,000,000 and 6,000,000 Euro on 11 equal semi-annual instalments; each instalment is amounted to LE 15,454,500 and 545,455 Euro the first instalment is due on September 2018 and the last on September 2023.

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Borrowings (continued)

Interest:

The interest rate is 0.5% above mid corridor rate of Central Bank of Egypt and 4% above the Euro Libor rate.

Fair value:

Fair value is approximately equal to book value.

(2) Digma for Trading

	30 September 2016			31 December 2015		
	Short term portion	Long term portion	Total	Short term portion	Long term portion	Total
First loan	3,458,939	-	3,458,939	3,733,704	3,333,334	7,067,038
Second loan	3,357,224	1,666,666	5,023,890	3,637,597	5,000,000	8,637,597
Third loan	7,448,651	10,859,604	18,308,255	7,620,274	14,290,631	21,910,905
Net	14,264,814	12,526,270	26,791,084	14,991,575	22,623,965	37,615,540

The due short term portion loans according to the following schedule:

	30 September 2016	31 December 2015
Balance due within 1 year	13,906,402	14,095,240
Accrued interest	358,412	896,335
	<u>14,264,814</u>	<u>14,991,575</u>

• The First loan

The second loan is provided by one of the Egyptian banks in December 2013 based on a cross guarantee issued from Edita Food Industries Company S.A.E. amounted to LE 10,000,000 and the total withdrawal amount is LE 10,000,000 in addition to accrued interest,

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 3,333,334 on 2 equal semi-annual instalment, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The next instalments is due on 1th of January 2017 and the last on 15th of July 2017.

Interest:

The interest rate is 2% above mid corridor rate of central bank of Egypt.

Fair value:

Fair value is approximately equal to book value.

• The Second loan

The third loan is provided by one of the Egyptian banks on 20 August 2014 based on a cross guarantee issued from Edita Food Industries Company S.A.E. amounted to LE 10,000,000 and the total withdrawal amount is LE 10,000,000 in addition to accrued interest,

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Borrowings (continued)

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 5,000,000 on 3 equal semi-annual instalments, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalment is due on 20 February 2017 and the last on 20 February 2018.

Interest:

The interest rate is 2% above mid corridor rate of central bank of Egypt,

Fair value:

Fair value is approximately equal to book value.

- **The Third loan**

The fourth loan is provided by one of the Egyptian banks on 07 September 2015 based on a cross guarantee issued from Edita Food Industries Company S.A.E. amounted to LE 26,000,000 and the total withdrawal amount is LE 25,339,072 in addition to accrued interest,

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 18,099,338 on 5 equal semi-annual instalments, each instalment is amounted to LE 3,619,867 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on October 2016 and the last on October 2018.

Interest:

The interest rate is 1% above mid corridor rate of central bank of Egypt

Fair value:

Fair value is approximately equal to book value.

(3) Edita Confectionery Industries

	30 September 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Long-term loan	6,298,813	-	6,298,813	6,594,604	3,100,000	9,694,604
	6,298,813	-	6,298,813	6,594,604	3,100,000	9,694,604

The due short term portion loans according to the following schedule:

	30 September 2016	31 December 2015
Balance due within 1 year	6,200,000	6,200,000
Accrued interest	98,813	394,604
	6,298,813	6,594,604

This loan is provided by one of the Egyptian banks based on a cross guarantee issued from Edita Food Industries Company amounted to LE 31,000,000.

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(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Loans (continued)

Terms of payments:

Edita Confectionary Industries S.A.E. is obligated to pay LE 31,000,000 on 10 equal semi-annual instalments (each instalment is amounted to LE 3,100,000) and the instalments come due after 6 months from the first withdrawal, the next instalment due on October 2016 and the last on 17 April 2017.

Interest:

The rate is 0.5% above central bank of Egypt mid corridor.

Fair value:

Fair value is approximately equal to book value.

Compliance with debt covenants

As of 30 September 2016, the group has complied with the financial covenants of its borrowing facilities during 2016 and 2015 reporting periods.

12. Long-term notes payable

The long-term loan represents the total installment for the land purchased from Urban communities Authority – Shiekh Zayed City as the last installment on September 2016.

	<u>30 September 2016</u>		<u>31 December 2015</u>	
	<u>Notes payable</u>	<u>Present value</u>	<u>Notes payable</u>	<u>Present value</u>
Short-term notes payables				
Current portion of long-term notes payables (Note 17)	-	-	10,546,825	10,546,825
Total short-term liabilities	<u>-</u>	<u>-</u>	<u>10,546,825</u>	<u>10,546,825</u>

The total accrued interest on the loan for the period ended at 30 September 2016 amounting to LE 531,405 (September 2015: LE 848,489) has been charged on the statements of Profit or loss as a finance cost (Note 25).

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

13. Deferred income tax liability

Deferred income tax represents tax expenses on the temporary differences arising between the tax basis of assets and their carrying amounts in the financial statements:

	Property, plant & equipment and intangible assets	Acquiring Digma for Trading	Total
Balance at 1 January 2015	75,367,533	4,056,641	79,424,174
Charge to the statement of profit or loss	15,352,551	(240,423)	15,112,128
Balance at 31 December 2015 and 1 January 2016	90,720,084	3,816,218	94,536,302
Charged to the statement of profit or loss	14,472,853	(180,318)	14,292,535
Balance at 30 September 2016	105,192,937	3,635,900	108,828,837

According to the tax system in Egypt, the tax losses may be changed during the tax inspection by the tax authority, accordingly the management did not recognize deferred tax assets except the tax profit recognized in the financial period ended as of 30 September 2016.

14. Employee Benefit obligations

Employees of the company are entitled upon their retirement based on a defined benefit plan. The entitlement is based on the length of service and final remuneration package of the employee upon retirement. The defined benefit obligation is calculated using the projected credit unit method takes into consideration the principal actuarial assumptions as follows:

	30 September 2016	31 December 2015
Discount rate	10%	10%
Average salary increase rate	7%	7%
Turnover rate	25%	25%
Life table	49-52	49-52

The amounts recognized at the balance sheet date are determined as follows:

	30 September 2016	31 December 2015
Present value of obligations	2,102,663	2,533,203
Liability at the balance sheet	2,102,663	2,533,203

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(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Employee Benefit obligations (continued)

Movement in the liability recognized in the balance sheet:

	30 September 2016	31 December 2015
Balance at beginning of the period / year	2,533,203	-
Additions during period / year	-	2,533,203
Paid during the period / year	(430,540)	-
Balance at end of the period / year	2,102,663	2,533,203

The amounts recognized in the statement of profit or loss are determined as follows:

	30 September 2016	31 December 2015
Present cost of the service		
Accrued service cost	-	2,533,203
Total	-	2,533,203

15. Trade and other payables

	30 September 2016	31 December 2015
Trade payables	124,256,171	152,325,852
Notes payable	58,971,182	45,087,494
Accrued expenses	22,330,264	37,131,266
Other credit balances	11,467,763	8,639,617
Taxes payable	14,878,750	7,952,953
Advances from customers	1,244,682	2,582,453
Social insurance	75,118	75,118
Dividends payable	1,838,550	1,454,228
Total	235,062,480	255,248,981

Trade payables are unsecured and are usually paid within an average of 45 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

16. Current income tax liabilities

	30 September 2016	31 December 2015
Balance at 1 January	24,281,519	81,588,139
Income tax paid during the period / year	(24,015,547)	(81,088,673)
Withholding tax	(3,111,312)	(3,789,924)
Income tax for the period / year	28,840,551	80,743,540
Corporate tax advance payment	(25,495,011)	(50,850,000)
Accrued interest – advance payment	(500,200)	(1,821,563)
Tax adjustments	-	(500,000)
Balance at end of period / year	-	24,281,519

17. Current portion of long-term liabilities

	30 September 2016	31 December 2015
Short-term loans (Note 11)	103,811,573	134,688,327
Current portion at long-term notes payable (Note 12)	-	10,546,825
Total	103,811,573	145,235,152

18. Bank overdraft

	30 September 2016	31 December 2015
Bank overdraft (Note 10)	105,296,445	73,698,428
Total	105,296,445	73,698,428

Bank overdraft is an integral part of the Company's cash management. Bank overdraft is secured against guarantees by cross guarantees from the group of shareholders. The effective interest rate for bank overdraft was 12.75 % as of 30 September 2016 (31 December 2015: 11.25%).

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19. Provisions

	Other provisions	
	30 September 2016	31 December 2015
Balance at 1 January	16,000,854	10,916,700
Charged during the period / year	15,937,503	5,489,092
Utilized during the period / year	(2,806,460)	(404,938)
Balance at end of period / year	29,131,897	16,000,854

Other provisions related to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the International Financial Reporting Standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that party. These provisions are reviewed by management every year and the amount provided is adjusted based on latest development, discussions and agreements with the third party.

20. Share capital

Authorized capital LE 360,000,000 (1,800,000,000 share, par value LE 0.20 per share).

The issued and paid up capital amounted by LE 72,536,290 presented in 362,681,450 share (par value LE 0.20 per share) as it is the structure before going for the public offering distributed as follow:

	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	151,654,150	30,330,830	41.815%
EXODER Ltd.	101,458,950	20,291,790	27.975%
Africa Samba B.V.	108,804,450	21,760,890	30.000%
Others	763,900	152,780	0.210%
	362,681,450	72,536,290	100 %

Edita Food Industries' shares started trading on April 2, 2015 on the Egyptian Stock Exchange (EFID.CA) and in GDRs on the London Stock Exchange (EFIDq.L) with strong trading reflecting the Company's robust performance. The secondary offering was of 30% of Edita's share capital with the offer being 85% directed to institutional buyers (both local shares and GDRs) and 15% of the offering directed to local retail investors. The institutional portion was 13.4x oversubscribed and the retail portion was 4.5x oversubscribed. At the start of trading, of the total 108,804,435 shares being offered 65,125,189 were allocated to the GDR program.

On the 30th of March 2016 an extra ordinary general assembly meeting were held in which the shareholders approved the increase of issued and paid up capital from 72,536,290 EGP to be 145,072,580 EGP. An increase amounted to 72,536,290 EGP distributed on 362,681,450 shares with a par value of LE 0.2 per share financed from the net profit for the year ended 31 December 2015 distributed as a free share for each original share which has been registered in registration in commercial register on 9 May, 2016.

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Share capital (continued)

The issued and paid up capital amounted to LE 725,362,900 (par value LE 0.2 per share) will be distributed as follow:

Shareholders	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	303,308,300	60,661,660	41.815%
THE BANK OF NEW YORK MELLON	185,631,920	37,126,384	25.59%
EXODER Ltd.	94,113,464	18,822,693	12.975%
Africa Samba B.V.	54,402,234	10,880,447	7.5%
Others (Public stocks)	87,906,982	17,581,396	12.12%
	725,362,900	145,072,580	100%

21. Legal reserve

In accordance with Companies Law No. 159 of 1981 and the Company's Articles of Association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the Board of Directors, the Company may stop such transfers when the legal reserve reaches 50% of the issued capital. The reserve is not eligible for distribution to shareholders.

22. Non-controlling interest

Edita Participation Limited has non-controlling interest in Edita Food Industries:

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	30 September 2016	Total 31 December 2015
Balance at 1 January	12,271,000	5,000	38,162	(6,696,725)	5,617,437	1,966,793
non-controlling interest share in profit of subsidiaries	-	-	-	1,916,158	1,916,158	3,653,048
Assets revaluation reserve	-	-	-	-	-	(2,404)
Share in capital Increase of subsidiary	10,552,330	-	-	-	10,552,330	-
Balance at end of period / year	22,823,330	5,000	38,162	(4,780,567)	18,085,925	5,617,437

23. Other income

	30 September 2016	30 September 2015
Gain from sale of production waste	3,539,661	4,121,704
Export subsidies	3,250,926	-
Others	1,296,454	811,118
Net	8,087,041	4,932,822

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(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

24. Other gains / (losses) - net

	30 September 2016	30 September 2015
Provision for slow moving inventory	(1,240,004)	-
Foreign exchange losses	(71,526,703)	(3,803,537)
Other Provisions	(15,937,503)	(4,239,092)
Other expenses	(1,502,550)	-
Total	(90,206,760)	(8,042,629)
Gain from sales of fixed assets	969,747	7,698,600
Net	(89,237,013)	(344,029)

25. Finance cost - net

	30 September 2016	30 September 2015
Finance income		
Interest income	21,207,152	19,362,313
Interest income – corporate tax advance payment	500,200	166,000
	21,707,352	19,528,313
Finance cost		
Interest expense	(38,669,520)	(23,480,101)
Interest on land's instalments	(531,405)	(848,489)
	(39,200,925)	(24,328,590)
Finance cost - net	(17,493,573)	(4,800,277)

26. Income tax expense

The Company is subject to the corporate income tax according to tax law No. 91 of 2005 and its amendments No. 96 of 2015.

	30 September 2016	30 September 2015
Current income tax expense for the period	28,840,551	50,413,561
Deferred income tax expense for the period	14,292,535	5,451,788
Total	43,133,086	55,865,349

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27. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period / year.

	30 September 2016	30 September 2015
Profit attributed to owners of the parent	119,516,392	212,094,708
Weighted average number of ordinary shares in issue		
Ordinary shares	725,362,900	725,362,900
	725,362,900	725,362,900
Basic earnings per share	0.165	0.292

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

28. Expenses by nature

	30 September 2016	30 September 2015
Cost of sales	1,071,745,728	985,095,078
Distribution cost	219,039,909	205,529,717
Administrative expenses	129,188,046	120,341,276
	1,419,973,683	1,310,966,071
Raw materials used	826,219,242	772,192,751
Salaries and wages	247,321,160	240,549,643
Advertising and marketing	82,733,051	78,282,576
Depreciation	71,633,455	56,221,480
Gas, oil, water and electricity	33,192,080	28,058,793
Other Expenses	31,820,071	25,829,493
Employee benefits	31,741,230	24,762,527
Rent	26,996,029	23,482,189
Profit share employee	19,500,000	21,830,671
Transportation expenses	14,540,775	15,288,975
Maintenance	14,149,785	14,704,836
Vehicle expense	13,944,899	14,179,352
Consumable materials	8,063,330	7,146,550
Collection commission	4,479,806	-
Purchases – goods for resale	7,548,781	3,074,631
Royalty	1,492,245	1,263,169
Amortization of intangible assets	942,930	628,620
Change In Inventory	(16,345,186)	(16,530,185)
	1,419,973,683	1,310,966,071

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2016

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

29. Cash generated from operations

	<u>30 September 2016</u>	<u>30 September 2015</u>
Profit for the period before income tax	162,649,478	267,960,057
Adjustments for:		
Provisions	15,937,503	4,239,092
Interest on lands' installments	531,405	848,489
Interest expense	38,669,520	23,480,101
Interest income	(21,207,152)	(19,362,313)
Interest income – corporate tax payment	(500,200)	(166,000)
Depreciation of property, plant and equipment	71,633,455	56,221,480
Amortization of Intangible assets	942,930	628,620
Provision for slow moving and obsolete inventory	1,240,004	-
Gain on disposal of property, plant and equipment	(969,747)	(7,698,600)
	<u>268,927,196</u>	<u>326,150,926</u>
Change in working capital		
Inventories	(17,322,853)	(23,034,547)
Trade and other receivables	(36,630,256)	(29,713,599)
Trade and other payables	(18,807,391)	37,655,348
Provisions used	(2,806,460)	(380,417)
Payments of employee benefit obligations	(430,540)	-
Cash generated from operations	<u>192,929,696</u>	<u>310,677,711</u>

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	<u>30 September 2016</u>	<u>30 September 2015</u>
Net book amount	1,454,169	887,195
Profit of disposal of property, plant and equipment	969,747	7,698,600
Proceeds from disposal of property, plant and equipment	<u>2,423,916</u>	<u>8,585,795</u>

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30. Related party transactions

The following transactions were carried out with related parties:

1. Chipita Participation Company

Chipita Participation collects 0.5% of the net Bake Rolls and Molto Crossiont monthly sales as royalty with a maximum limit of Euro 150,000 annually for the knowhow of Chipita International Company.

The royalty paid during the period ended September 2016 amounted to LE 1,104,387 (30 September 2015: LE 723,299) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 12.97% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the period ended 30 September 2016 the company paid an amount of LE 45,480,550 as salaries and benefits to the key management members (30 September 2015: LE 44,439,400).

31. Tax position

- Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the company as of the date of the financial statements preparation

Edita Food Industries Company

Corporate tax

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2010 and all due tax amounts paid.
- For the years 2011-2015 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

Payroll tax

- The payroll tax inspection was performed till 31 December 2013 and company paid tax due.
- As for the years 2014 and 2015 the tax inspection has not been performed and the company is submitting the quarterly tax return on due time to the Tax Authority.

Sales tax

- The sales tax inspection was performed till 31 December 2014 and tax due was paid.
- For the years 2015 and 2016 the tax inspection has not been performed and the monthly tax return were submitted on due time.

Stamp duty tax

- The stamp duty tax inspection was performed till 2009 and company paid tax due.
- Years from 2010 till 2015 tax inspection have not been performed.

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Tax position (continued)

Digma for Trading Company

a) Corporate tax

The Company is subject to the corporate income tax according to tax law Law No, 91 of 2005 and amendments.

- The tax inspection was performed by the Tax Authority for the period from the Company's inception until year 2011 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2012 to 2015 Company submits its tax returns on due dates according to law No, 91 for the year 2005.

b) Payroll tax

- The tax inspection was performed until 31 December 2012 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2013 to 2015 the Company submitted its quarter tax returns to Tax Authority on due dates.

c) Sales tax

- The tax inspection was performed until 31 December 2014 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2015-2016 the Company submits its monthly sales tax return on due date.

d) Stamp tax

- The tax inspection was performed for the period from the Company's inception until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The tax inspection was performed for the years from 2009 to 2012 and the difference were sent to internal committee to study.
- For the years from 2013 to 2015 the Company paid the tax due.

Edita Confectionary Industries Company

a) Corporate tax

- The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and adjustments.
- The company's books have not been inspected yet until the financial statements date for corporate tax.

b) Payroll Tax

- The payroll tax inspection was performed from 2009 till 2012 and the company is waiting for the tax claims.
- The company hasn't been inspected for the year from 2013 till 2015.

c) Sales Tax

- The tax inspection was performed for the period from the Company's inception until 2013 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.

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Tax position (continued)

d) Stamp Tax

- The stamp tax inspection was performed from 2009 till 2012 and the tax due was paid to the Tax Authority.
- The Company hasn't been inspected for the year from 2013 till 2015.

Contingent Liabilities

(1) Edita Food Industries Company

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 5,688,625 as at 30 September 2016 (31 December 2015: LE 22,185,404).

(2) Digma for Trading Company

The Company guarantees Edita Food Industries against third parties in borrowing from one of Egyptian Bank.

At 30 September 2016 the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to Nil (31 December 2015: 913,869).

(3) Edita Confectionary Industries Company

At 30 September 2016 the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business at 30 September 2016 amounted to LE Nil (31 December 2015: LE 1,220,616)

32. Capital commitments

The Company has capital commitments as of 30 September 2016 amounted to LE 105,985,426 in respect of the construction of a new factory for Edita Food Industries.

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33. Financial instrument by category

	30 September 2016	
	Loans and receivables	Total
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	105,178,516	105,178,516
Cash and cash equivalents	198,024,728	198,024,728
Treasury bills	140,104,233	140,104,233
Total	443,307,477	443,307,477

	30 September 2016	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	497,291,660	497,291,660
Trade and other payables (excluding non-financial liabilities)	218,863,930	218,863,930
Bank overdraft	105,296,445	105,296,445
Total	821,452,035	821,452,035

	31 December 2015	
	Loans and receivables	Total
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	63,134,993	63,134,993
Cash and cash equivalents	313,344,052	313,344,052
Treasury bills	149,591,114	149,591,114
Total	526,070,159	526,070,159

	31 December 2015	
	Other financial liabilities at amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	491,452,438	491,452,438
Trade and other payables (excluding non-financial liabilities)	244,638,457	244,638,457
Bank overdraft	73,698,428	73,698,428
Total	809,789,323	809,789,323

* At the Balance sheet date, the carrying value of all short-term financial assets and liabilities approximates the fair value and management made the assessment by using level II approaches by relying significantly on observable data. Long-term borrowings also approximates the fair value as the management uses a variable interest rate above the mid corridor rate.

Trade and other receivables presented above excludes prepaid expenses

Trade and other payables presented above excludes taxes payables, advances from customers and social insurances.

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34. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake	Croissant	Bake	Friska	Mimix	Other	Total
	30 September 2016	30 September 2016	30 September 2016	30 September 2016	30 September 2016	30 September 2016	30 September 2016
Revenue	840,851	584,814	117,704	62,903	68,918	6,077	1,681,267
Gross profit	340,647	190,014	33,874	25,126	17,859	2,001	609,521
Profit from operations.	137,586	45,146	(11,066)	4,870	2,902	705	180,143
Debit interest	(19,606)	(13,636)	(2,744)	(1,467)	(1,607)	(141)	(39,201)
Credit interest	10,856	7,552	1,519	812	890	78	21,707
Income tax	(31,063)	(10,310)	-	(1,112)	(488)	(160)	(43,133)
Net profit	97,773	28,752	(12,291)	3,103	1,697	482	119,516
	30 September 2015	30 September 2015	30 September 2015	30 September 2015	30 September 2015	30 September 2015	30 September 2015
Revenue	894,989	492,123	68,234	59,491	58,397	5,904	1,579,138
Gross profit	339,977	192,880	19,298	24,900	14,191	2,796	594,042
Profit from operations.	170,775	86,780	2,100	7,043	4,229	1,833	272,760
Debit interest	(13,788)	(7,582)	(1,051)	(917)	(900)	(91)	(24,329)
Credit interest	11,067	6,086	844	736	722	73	19,528
Income tax	(34,874)	(17,803)	(554)	(1,487)	(781)	(366)	(55,865)
Net profit	133,180	67,481	1,339	5,375	3,270	1,449	212,094

The segment in formation disclosed in the table above represents the segment confirmation provided to the chief operating decision makers of the Group.

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35. Subsequent events

On 3 November 2016, the central bank of Egypt announced the floating of the Egyptian pound and raised the overnight interest rates on lending and deposits by 3%. Accordingly, the official exchange rates of the foreign currencies against the Egyptian pound shall be determined in the local banks based on the market's supply and demand rather than a binding rate imposed by the central bank.

As a result of the Egyptian pound floating, the US dollar at the date of issuance these financial statements is traded at local banks between 16 to 17 Egyptian pounds.

This devaluation of the Egyptian pound has no effect on the financial figures as of 30 September 2016 which had been prepared using the spot rate of USD as of 30 September which was equivalent to 8.88 EGP.