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

AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

Consolidated financial statements – For the year ended 31 December 2014

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Auditor's report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Edita Food Industries Company (S.A.E) and its Subsidiaries (the Group) which comprise the consolidated balance sheet as of 31 December 2014 and the consolidated statements of income, consolidated changes in equity and consolidated cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Edita Food Industries Company (S.A.E.) and its subsidiaries as of 31 December 2014, and of its financial performance and its cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Ahmed Gamal Al-Atrees
R.A.A. 8784
E.F.S.A. 136
Mansour & Co. PricewaterhouseCoopers

11 February 2015
Cairo

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

Consolidated balance sheet - At 31 December 2014

(all amounts in Egyptian Pounds)

	Note	2014	2013
Non-current assets			
Property, plant and equipment	5	1,015,869,650	826,446,532
Intangible assets	6	68,618,658	68,618,658
Total non-current assets		**1,084,488,308**	**895,065,190**
Current assets			
Inventory	7	112,481,757	84,140,649
Accounts and notes receivables	8	11,386,462	12,962,780
Debtors and other debit balances	9	54,955,661	53,185,426
Treasury Bills	10	106,014,124	104,327,401
Cash and bank balances	11	233,301,434	196,618,511
Total current assets		**518,139,438**	**451,234,767**
Current liabilities			
Provisions	12	10,916,700	9,034,968
Bank overdraft	13	60,418,179	38,752,046
Trade and other payables	14	205,931,191	185,467,750
Income tax liabilities	15	81,588,139	52,015,132
Current portion of long-term liabilities	16	125,176,964	129,372,279
Total current liabilities		**484,031,173**	**414,642,175**
Net working capital		**34,108,265**	**36,592,592**
Total invested funds		**1,118,596,573**	**931,657,782**
Represented in:			
Owners' equity			
Paid up capital	17	72,536,290	72,536,290
Legal reserve	18	31,103,903	16,407,621
Foreign currency translation reserve		3,501	(933)
Retained earnings		720,134,419	618,747,286
Total shareholders' equity		**823,778,113**	**707,690,264**
Minority interest	19	1,966,793	2,261,950
Total shareholders' equity		**825,744,906**	**709,952,214**
Non-current liabilities			
Long term loans	20	204,543,390	134,150,199
Long-term notes payable	21	8,884,103	17,138,295
Deferred tax liabilities	22	79,424,174	70,417,074
Total non-current liabilities		**292,851,667**	**221,705,568**
Total owners' equity and non-current liabilities		**1,118,596,573**	**931,657,782**

The accompanying notes on pages 7 - 39 form an integral part of these financial statements.

Mr. Sherif Fathy
Vice President - Finance

Eng. Hani Berzi
Chairman

10 February 2015
Auditor's report attached

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

Consolidated statement of income - For the year ended 31 December 2014

(All amounts in Egyptian Pounds)

	Note	2014	2013
Sales		1,918,561,386	1,647,488,499
Cost of sales	28	(1,190,558,470)	(1,022,722,491)
Gross profit		**728,002,916**	**624,766,008**
Selling and marketing expenses	28	(205,785,594)	(183,654,547)
General and administrative expenses	28	(118,811,269)	(85,195,841)
Other income	23	18,101,753	32,701,318
Other expenses	24	(15,546,470)	(8,821,004)
Net profit from operation		**405,961,336**	**379,795,934**
Finance income / (cost), net	25	4,021,396	(20,430,516)
Net profit before tax		**409,982,732**	**359,365,418**
Income tax expense	26	(126,628,100)	(94,191,730)
Net profit for the year		**283,354,632**	**265,173,688**
Distributed as follows:			
Shareholders' equity		283,558,211	268,764,445
Minority interest		(203,579)	(3,590,757)
Net profit for the year		**283,354,632**	**265,173,688**
Earning per share (Basic and Diluted)	27	**0.78**	**0.73**

The accompanying notes on pages 7 - 39 form an integral part of these financial statements.

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

Consolidated statement of changes in owners' equity - For the year ended 31 December 2014

(All amounts in Egyptian Pounds)

					Total Owners' Equity		
	Paid up capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total shareholders' equity	Minority interest	Total owners' equity
Balance at 1 January 2013	**72,536,290**	**16,407,621**	**5,580,157**	**513,941,194**	**608,465,262**	**5,931,838**	**614,397,100**
Dividends distribution for 2012	-	-	-	(163,958,353)	**(163,958,353)**	(76,727)	**(164,035,080)**
Assets revaluation reserve	-	-	-	-	-	(2,404)	**(2,404)**
Foreign currency translation reserve	-	-	(5,581,090)	-	**(5,581,090)**	-	**(5,581,090)**
Net profit for the year	-	-	-	268,764,445	**268,764,445**	(3,590,757)	**265,173,688**
Balance at 31december 2013 and 1 January 2014	**72,536,290**	**16,407,621**	(933)	**618,747,286**	**707,690,264**	**2,261,950**	**709,952,214**
Dividends distribution for 2013	-	-	-	(167,474,796)	**(167,474,796)**	(89,173)	**(167,563,969)**
Assets revaluation reserve	-	-	-	-	-	(2,405)	**(2,405)**
Foreign currency translation reserve	-	-	4,434	-	**4,434**	-	**4,434**
Net profit for the year	-	-	-	283,558,211	**283,558,211**	(203,579)	**283,354,632**
Transfer to legal reserve	-	14,696,282	-	(14,696,282)	-	-	-
Balance at 31 december 2014	**72,536,290**	**31,103,903**	**3,501**	**720,134,419**	**823,778,113**	**1,966,793**	**825,744,906**

The accompanying notes on pages 7 - 39 form an integral part of these financial statements.

Consolidated statement of cash flows - For the year ended 31 December 2014

(All amounts in Egyptian Pounds)

	Notes	2014	2013
Cash flows from operating activities			
Net profit for the year before tax		409,982,732	359,365,418
Adjustments for:			
Provisions formed	24	5,546,470	8,821,004
Interest on lands' installments	25	1,731,798	2,332,088
Interest expense	25	23,435,140	23,710,662
Interest income	25	(22,180,462)	(5,867,620)
Interest income - corporate tax advances	25	(1,083,880)	(973,000)
Depreciation	5	63,851,047	45,666,885
(Gain) / loss on disposal of property, plant and equipment		(1,671,219)	1,281,643
Tax settlements		118,566	4,362
Investment income from sale of investment in subsidiaries		-	(12,733,164)
Operating profits before changes in working capital		**479,730,192**	**421,608,278**
Changes in working capital			
Inventories	7	(28,873,433)	(3,865,074)
Accounts and notes receivables	8	1,576,318	(5,385,690)
Debtors and other debit balances	9	(1,770,235)	(17,890,998)
Due to related party		-	49,951
Trade and other payables	14	20,370,423	48,483,518
Provisions used	12	(3,132,413)	(7,068,425)
Cash flows generated from operating activities		**467,900,852**	**435,931,560**
Interest paid		(23,435,140)	(23,710,662)
Income tax paid	15	(87,085,083)	(64,712,257)
Net cash flows generated from operating activities		**357,380,629**	**347,508,641**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(254,667,763)	(154,710,273)
Purchase of intangible asset		-	(68,618,658)
Proceeds from sale of investments		-	50,355,074
Proceeds from sale of property, plant and equipment		3,064,817	3,133,650
Interest received		22,180,462	5,867,620
Treasury bills	10	(1,686,723)	(104,327,401)
Net cash flows used in investing activities		**(231,109,207)**	**(268,299,988)**
Cash flows from financing activities			
Paid sales tax on machinery		(25,296)	(80,519)
Notes payable		(9,425,154)	(8,864,318)
Dividends paid		(167,466,518)	(163,797,137)
Repayment of borrowings		(136,597,210)	(111,792,951)
Proceeds from borrowings		202,259,546	153,002,824
Net cash flows used in financing activities		**(111,254,632)**	**(131,532,101)**
Net increase / (decrease) in cash and cash equivalents		**15,016,790**	**(52,323,448)**
Cash and cash equivalents at beginning of the year		157,866,465	210,189,913
Cash and cash equivalents at end of the year	11	**172,883,255**	**157,866,465**

The accompanying notes on pages 7 - 39 form an integral part of these financial statements.

1. General information

Edita Food Industries S.A.E. was established on 9 July 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.

The Company is located in Sheikh Zayed City- Central Pivot, Giza.

The Company and its subsidiaries (the Group) provides manufacturing, producing and packing of all food products, juices, jams, ready made food, dry goods, cakes, pastry, dairy products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients.

The main shareholders are BERCO Limited which owns 41.82% of the Company's share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 27.97% of the Company's share capital and Africa Samba Cooperative which owns 30% of the Company's share capital, and other shareholders owning 0.21% of Company's share capital.

These consolidated financial statements have been approved by the board of directors and taken into account that the General Assembly Meeting has the right to amend the consolidated financial statements after issuance.

2. Accounting policies

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

A. Basis of preparation

The financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable laws and regulations. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with EAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The EAS requires the reference to the International Financial Reporting Standards (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

B. Basis of consolidation

1. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls.

Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. **Transactions and minority interests**
The Group recognises the transactions with minority interest, which will not result in losing control, in the shareholder's equity. The difference between the fair value of the consideration paid and the carrying value of the subsidiary which related to the purchasing shares recorded in the equity. Also, the group recognize gains and losses from sales to minority interest in the equity.

If the minority share in accumulated losses of a subsidiaries exceeds their equity in the Group, the excess of such losses is charged to the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover such losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

3. **Associates**
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Basis of consolidation (continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

C. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which every entity from the Group's entities operates except for Edita Participation Limited ('the functional currency'). The financial statements are presented in Egyptian Pounds which is the Group's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve within equity.

(3) Group companies

The results and financial position of all the Group entities that have a functional and presentation currency different from the functional and presentation currency for the consolidated financial statements (none of these currencies are related to hyper inflationary economic) which translated as follows:

(a) assets and 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 income statement are translated at average exchange rates during the year (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).
(c) All resulting translation exchange differences are recognised in other owners' equity.

Foreign currency translation (continued)

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 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.

D. Property, plant and equipment

All property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition.

Depreciation is calculated by using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful lives of assets except land, which is not depreciated.

Estimated useful lives of assets are as follows:

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

On annual basis the salvage value and useful lives are reviewed and changed if necessary.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset and are recognized as income from operations within the statement of income

Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset or the estimated useful life of the renovation, whichever is less.

The residual values and useful lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date.

E. Intangible assets

The intangible assets (Trade Mark) are stated at historical cost less impairment loss, where it does not have estimated useful lives. The historical cost includes all costs associated with acquiring the asset.

F. Impairment of non-financial assets

(1) Non-financial assets have an indefinite useful life

Assets that have an indefinite useful life – intangible assets (Trade Mark) – are not subject to amortisation and are tested annually for impairment whenever, events or changes in circumstances indicate that the carrying amount of the intangible assets 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.

Reversal of impairment losses recognized in prior years, if any, is recorded when there is an indication that the impairment losses recognized for the asset is no longer exist or has decreased. The amount of reversal of impairment is recognized within the statement of income.

(2) Non-financial assets have useful life

Fixed assets and other non-financial assets that have useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be not recoverable.

The impairment loss is recognized in the statement of income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell the asset or the amount estimated to be recovered from using it, for the purpose of assessing the impairment assets are grouped at its lowest level of separate cash flows.

The impairment loss is reversed by the amount recognized in prior period when there is an indication that these losses may no longer exist or decreased as is reversed impairment losses, which should not exceed the carrying amount that would have been determined (net of depreciation) recognizing this reverse in income statements.

G. Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. If the company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale.

At initial recognition, the company measures held for trading financial assets at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. That is subsequently measured at amortized cost using the effective interest rate method. In the event of a deterioration in the fair value of the carrying value of each bond is adjusted book value and its bearing on the income statement that in the event of a rise in the fair value is added to the income statement in the range of what has already charged on the income statements for the previous financial periods.

H. Leases

Leases are accounted for under Law 95 of 1995 if the assets leased are not vehicles or motorcycles, the lessee is not obliged to purchase the asset at end of the lease period, the lease contract is recorded in the relevant register with the Companies Authority, the contract gives the option to the lessee to buy the asset at a specific date and amount and the period of the contract represents at least 75% of the useful life of the asset or if the present value of total lease payments represents at least 90% of the asset value. If lease contracts fall outside the scope of Law 95 of 1995, leases of property, plant, and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Other leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease contracts
Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line period of the lease.

I. 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 selling expenses. And the provision for obsolete inventory is created in accordance to the management's assessment.

J. Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through the classification of its financial assets at initial recognition:

(1) Financial assets at fair value through profit or loss (trading investments in financial papers)
(2) Held to maturity investments
(3) Loans and receivables

(1) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if it is expected to adjusted during 12 months, if no it will be classified as non-current assets.

(2) Held to maturity investments
It is a non-derivative financial asset which has specific repaid value, available to be specific, specific maturity date; the Group has the ability and intend to hold it till the maturity date.

The initial recognition depending on it's fair value from gain or loss is excluded, or initially recognized as available for sale and apply on it loan and receivables definition.

Financial assets (continued)

(3) **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 than12 months after the balance sheet date. These are classified as non-current assets.

Included in this category accounts receivables, notes receivables, debtors, cash and cash equivalent and due from related parties.

(ii) **Measurement and subsequent measurement**
Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity investments, loans and receivables are carried at amortised cost using the effective interest method

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The financial assets disposed when the ownership of acquiring cash flow from these assets is transferred, the group has transferred most of risks and rewards related to ownership to other.

The Group assesses at balance sheet date whether there is objective evidence that a financial asset as a Group of financial assets is impaired.

K. Trade receivables and note receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'in the income statement.

L. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks maturing in three months less bank overdrafts.

Bank overdrafts are included within current liabilities on the balance sheet.

M. Paid up capital

Ordinary shares are classified as equity.

N. Borrowings

Borrowings are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

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 balance sheet date.

O. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group'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 and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred income tax (continued)

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 consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. However, the deferred income tax is 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 or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

P. Employee benefits

(1) Pension obligations

The Group has one type of pension scheme, which is a defined contribution plan. For defined contribution plans, the Group pays contributions to the Public Authority for Social Insurance plans on a mandatory basis. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

(2) Profit sharing

The employees have the right of 10% of the declared cash dividends as profit sharing. In accordance with the rules applied by the board of directors and approved by the general assembly. Such profit sharing should not exceed the total annual payroll.

Q. Provisions

Provisions are recognised 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 measured at the present value of the expenditures expected to be required to settle the obligation.

R. Trade payables

Trade payables are recognized initially at the value of goods or services received from others whether there invoices were received or not and subsequently measured at amortized cost using the effective interest rate.

S. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of sales tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, 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 amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(1) Sales of goods
Sales of goods are recognised when a Group entity has delivered products to the wholesaler, the wholesaler has full discretion over the 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 delivered either in the Group warehouse or in the wholesalers locations depend on the agreements, 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.

No element of financing is deemed present as the sales are made with a short credit term.

(2) Interest income
Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount.

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

(4) Revenues from investment in Osoul Fund
Revenue is recognized monthly at each of the Osoul Fund certificate as per the bank announced rate; at the year end the Group revaluates the outstanding numbers of Osoul Fund certificate up on the rate announced by the bank.

(5) Government incentive on export sales
Revenue for export subsidy provided by government is recognized as a percentage from value of export sales, when the Group has reasonable assurance to recognize the export subsidy, after meeting all required criteria the Group is eligible for subsidy and is recognized in the income statement as other income.

T. Dividend Distribution

Dividend Distribution is recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

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

U. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the top management. Top management, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

V. Corresponding figures

Where necessary, corresponding 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 currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's efforts are addressed to minimize potential adverse effects of such ricks on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

(A) Market risk

i. Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities at financial statement date and net investment in foreign operations.

The below table show the foreign currency positions:

	Assets	Liabilities	Net 2014	Net 2013
United States Dollars	5,991,878	(22,861,640)	**(16,869,762)**	**25,582,204**
Euros	6,346,638	(115,999,774)	**(109,653,136)**	**763,061**

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.

Borrowings at the balance sheet date with variable interest rate amounted to LE 319,734,364 (2013: LE 254,072,028).

Financial risk management (continued)

Overdraft at the balance sheet date in 2014 amounted to LE 60,418,179 (2013: LE 38,752,046).

Financial assets exposed to variable interest rate amounted to LE 210,960,840 (2013: LE 185,438,113).

(B) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesalers and retail customers, including outstanding accounts and notes receivables.

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

For the wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account its financial position, past experience and other factors.

There is no credit risk for sales to individuals since all sales are in cash. Provisions are accounted for doubtful debts on case by case basis.

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group's management aims at maintaining flexibility in funding by keeping committed credit lines available.

(2) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's 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 an optimum 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 the capital structure 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, trade payables, short and long-term notes payables and bank over drafts less cash and bank balances. Total capital is calculated as equity, plus net debts.

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

Financial risk management (continued)

The gearing ratio is calculated as below:

	2014	2013
Loans and long-term notes payables	328,618,467	271,210,323
Trade payables and short-term notes payables	159,325,667	128,476,981
Banks over draft	60,418,179	38,752,046
Total loans, trade and notes payable	**548,362,313**	**438,439,350**
Less: Cash and bank balances	(233,301,434)	(196,618,511)
Net debt	**315,060,879**	**241,820,839**
Total equity	825,744,906	709,952,214
Total capital	**1,140,805,785**	**951,773,053**
Gearing ratio	28%	25%

The increase in net debt to total capital is due to the increase in loans and long-term notes payables.

(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.

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:

Fixed assets useful lives
Fixed assets are depreciated based on useful lives and estimated residual values of each asset which is determined in accordance with the company's policy and in the light of the technical study prepared for each asset separately. Residual value and useful lives of assets are reviewed and modified periodically.

Critical accounting estimates and judgments (continued)

Impairment of intangible assets (Trade Mark)

The Group's management annually tests intangible assets (Trade Mark) for impairment on annual basis, for assets which have an indefinite useful life. This is tested on the basis of financial and operational performance in previous years and the group management of the expectations market developments in the future by preparing an action plan using the growth rate and the prevailing discount rate.

2. **The general personal judgments for implementation of the group 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.

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

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total 2014	Total 2013
Cost									
Balance at 1 January	62,226,931	338,886,497	453,977,153	115,151,844	32,512,878	35,874,070	15,097,813	**1,053,727,186**	**911,786,175**
Additions	-	2,833,108	11,979,837	20,434,335	6,948,313	10,575,822	201,896,348	**254,667,763**	**154,710,274**
Transfer from project under construction	-	17,495,548	1,862,698	-	-	215,126	(19,573,372)	-	-
Disposals	-	(458,265)	(94,828)	(5,071,562)	(115,042)	(222,882)	-	**(5,962,579)**	**(12,769,263)**
Balance at end of year	**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**	**1,053,727,186**
Accumulated depreciation									
Balance at 1 January	-	**29,611,451**	**109,594,043**	**53,350,864**	**17,916,506**	**16,807,790**	-	**227,280,654**	**189,967,738**
Charge for the year	-	12,961,342	22,971,288	14,391,308	5,104,782	8,422,327	-	**63,851,047**	**45,666,885**
Disposals	-	(37,021)	(83,870)	(4,159,117)	(110,497)	(178,476)	-	**(4,568,981)**	**(8,353,969)**
Balance at end of year	-	**42,535,772**	**132,481,461**	**63,583,055**	**22,910,791**	**25,051,641**	-	**286,562,720**	**227,280,654**
Net book value at at end of year	**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**	**826,446,532**

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

6. Intangible assets

	2014	2013
Trade Mark (HOHOS, Twinkies & Tiger Tail)	68,618,658	68,618,658
Total	**68,618,658**	**68,618,658**

The intangible assets in the amount of ten million U.S. dollars which is equivalent to LE 68,618,658 against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) as well as all the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine. The trademark has an indefinite life.

The impairment of intangible assets is reviewed annually to ensure from the carrying value of the intangible assets, so there is no impairment in the value.

Assumptions used by the Group when testing the impairment of intangible assets at 31 December 2014 as follows:

Average gross profit	30%
Return on capital	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 an action 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.

7. Inventories

	2014	2013
Raw materials	78,624,516	57,151,452
Spare parts	21,637,869	14,298,676
Finished goods	8,197,309	10,387,212
Consumables	3,357,898	1,735,851
Work in process	1,443,165	1,172,910
Total	**113,260,757**	**84,746,101**
Less: provision for slow moving and obsolete inventory	(779,000)	(605,452)
Net	**112,481,757**	**84,140,649**

The Group has changed during the period the process of evaluating its inventory from first in first out to moving average to give information that is reliable and more relevant. No significant effect from this change on each of inventory, earnings per share and statement of income for corresponding figures in which the change in the accounting policy amounted to LE 171 thousand related to the raw materials.

During the year, there has been a slow moving and obsolete inventory amounted to LE 779,000. Net realizable value provision have been built by an amount of LE 532,325 and provision used an amount of LE 358,777 (Note 24).

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

8. Accounts and notes receivables

	2014	2013
Trade receivables	10,514,126	12,633,335
Notes receivable and cheques under collection	1,011,121	350,001
Total	**11,525,247**	**12,983,336**
Provision for impairment of trade and notes receivables	(138,785)	(20,556)
	11,386,462	**12,962,780**

9. Debtors and other debit balances

	2014	2013
Advances to suppliers	36,938,398	45,319,802
Other debit balances	12,320,587	5,435,519
Prepaid expenses	4,316,961	1,190,285
Deposits with others	920,373	772,273
Letters of credit	226,297	257,073
Employee loans	181,994	122,252
Accrued revenues	51,051	88,222
Total	**54,955,661**	**53,185,426**

10. Treasury bills

	2014	2013
Treasury bills par value	106,325,000	105,125,000
Total interest income	(2,832,067)	(826,087)
Amount of treasury bills paid	**103,492,933**	**104,298,913**
Accrued interest	2,521,191	28,488
Treasury bills balance	**106,014,124**	**104,327,401**

The Group purchased treasury bills on 14 October 2014 with par value of LE 20,000,000 with an annual interest of 11.40 %. These treasury bills are due on 13th of January 2015. The total recognized interest income amounted to LE 473,829.

The Group purchased treasury bills on 31 October 2014 with par value of LE 51,325,000 with an annual interest of 11.40 %. These treasury bills are due on 6th of January 2015. The total recognized interest income amounted to LE 1,218,162.

The Group purchased treasury bills on 31 October 2014 with par value of LE 35,000,000 with an annual interest of 11.40 %. These treasury bills are due on 13th of January 2015. The total recognized interest income amounted to LE 829,200.

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

11. Cash and bank balances

	2014	2013
Bank deposits	210,960,840	185,438,113
Cash at banks	10,868,105	7,460,512
Cash on hand	11,472,489	3,676,071
Osoul Fund	-	43,815
Total	**233,301,434**	**196,618,511**

The average interest rate on local currency Time deposits during 2014 is 8.50 % (2013: 8%), and for foreign currency time deposits 0.12 % (2013: 0.12%).

The maturity of time deposits is less than 3 months from the date of deposit.

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

	2014	2013
Cash and banks balances	233,301,434	196,618,511
Bank overdraft (Note 13)	(60,418,179)	(38,752,046)
Total	**172,883,255**	**157,866,465**

12. Provisions

	Other provisions	
	2014	2013
Balance at 1 January	9,034,968	7,782,393
Additions during the year (Note 24)	5,014,145	8,321,000
Utilized during the year	(3,132,413)	(7,068,425)
Balance at 31 December	**10,916,700**	**9,034,968**

Other provisions relate to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the Egyptian accounting 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.

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

13. Bank overdraft

	2014	2013
Bank overdraft	60,418,179	38,752,046
Total	**60,418,179**	**38,752,046**

Bank overdraft is represented in credit facilities granted to the Group to open letters of credit and finance its working capital. Overdraft is secured against guarantees by the Group's shareholders. The effective interest rate for bank overdraft was 11.25 % as of 31 December 2014 (2013: 10.75%).

14. Trade and other payables

	2014	2013
Trade payables	108,621,906	72,796,798
Notes payable	40,717,771	46,255,029
Accrued expenses	27,830,269	38,728,338
Taxes payable	12,139,453	11,434,452
Other credit balances	10,759,252	9,818,751
Advances from customers	4,715,426	5,380,839
Dividends payable	1,072,192	974,741
Social insurance	74,922	78,802
Total	**205,931,191**	**185,467,750**

15. Income tax liabilities

	2014	2013
Balance at 1 January	52,015,132	34,740,256
Income tax paid during the year (Note 26)	(52,133,700)	(34,744,618)
Withholding tax	(2,836,383)	(1,134,639)
Income tax for the year	117,623,404	82,955,771
Corporate tax advance payment	(32,115,000)	(28,833,000)
Accrued interest – advance payment (Note 25)	(1,083,880)	(973,000)
Tax adjustments	118,566	4,362
Balance at end of year	**81,588,139**	**52,015,132**

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

16. Current portion of long-term liabilities

	2014	2013
Short-term loans (Note 20)	115,190,974	119,921,829
Current portion at long-term notes payable (Note 21)	9,985,990	9,425,154
Sales tax on machinery	-	25,296
Total	**125,176,964**	**129,372,279**

17. Paid up capital

Authorized capital LE 360,000,000 (1,800,000,000 share, par value LE .20 per share).

The issued and paid up capital amounted by LE 72,536,290 presented in 362,681,450 share (par value LE .20 per share) 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 Corporative	108,804,450	21,760,890	30.000%
Others	763,900	152,780	0.211%
	362,681,450	**72,536,290**	**100%**

Extraordinary General Assembly Meeting on 9 September 2014, which approved the increase of the authorized capital to become LE 360,000,000 instead of LE 150,000,000, also approved amendment par value of LE 10 to 20 piasters per share, thus the total issued and paid up capital amounted to 362,681,450 shares instead of 7,253,629 with shareholders retain the same contribution rates.

18. Legal reserve

In accordance with Company 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 Group may stop such transfers when the legal reserve reaches 50% of the issued capital. The reserve is not eligible for distribution to shareholders.

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

19. Minority interest

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	Total 31 December 2014	Total 31 December 2013
Balance at 1 January	12,271,000	5,000	42,971	(10,057,021)	**2,261,950**	**5,931,838**
Dividend distribution (minority share)	-	-	-	(89,173)	**(89,173)**	**(76,727)**
Minority share in loss of subsidiaries	-	-	-	(203,579)	**(203,579)**	**(3,590,757)**
Forex reserve	-	-	(2,405)	-	**(2,405)**	**(2,404)**
Balance at 31 December	**12,271,000**	**5,000**	**40,566**	**(10,349,773)**	**1,966,793**	**2,261,950**

20. Loans

	2014			2013		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	115,190,974	204,543,390	319,734,364	119,921,829	134,150,199	254,072,028
	115,190,974	**204,543,390**	**319,734,364**	**119,921,829**	**134,150,199**	**254,072,028**

The loans due according to the following schedule:

	2014	2013
Balance due within 1 year	103,866,533	111,504,320
Accrued interest	11,324,441	8,417,509
	115,190,974	**119,921,829**

(1) Edita Food Industries Company

	2014			2013		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	27,084,155	-	**27,084,155**
Second loan	26,690,885	12,500,000	**39,190,885**	27,825,521	37,500,000	**65,325,521**
Third loan	25,495,312	11,666,667	**37,161,979**	26,371,395	35,000,000	**61,371,395**
Fourth loan	23,834,870	11,667,000	**35,501,870**	24,135,284	35,000,199	**59,135,483**
Fifth loan	19,170,795	28,719,881	**47,890,676**	-	-	-
Sixth loan	3,472,419	115,689,842	**119,162,261**	-	-	-
	98,664,281	**180,243,390**	**278,907,671**	**105,416,355**	**107,500,199**	**212,916,554**

The loans due according to the following schedule:

	2014	2013
Balance due within 1 year	89,166,533	98,304,320
Accrued interest	9,497,748	7,112,035
Total	**98,664,281**	**105,416,355**

Loans (continued)

- **First loan**
  The first loan is provided by one of the Egyptian banks in July 2009 based on a cross guarantee from Digma Trading Company with an amount of LE 90,000,000 and the total withdrawal amount is LE 76,826,053 in addition to accrued interest. The loan balance is Zero at 31 December 2014 after payment of due instalments amounted to LE 27,084,155 in addition to the accrued interest.

- **Second loan**
  This second 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 loan outstanding balance at 31 December 2014 after payment of due instalments amounted to 37,500,000 in addition accrued interests.

  Terms of payments:
  Edita Food Industries S.A.E. is obligated to pay LE 37,500,000 on 3 equal semi- instalments annual amounting to LE 12,500,000 each.
  The first instalment is due on 1 February 2015 and the last on 1 February 2016 in addition to accrued interest.

  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.

- **Third loan:**
  This Third 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 loan outstanding balance at 31 December 2014 after payment of accrued instalments is LE 35,000,000 in addition to the accrued interest.

  Terms of payments:
  Edita Food Industries S.A.E. (borrower) is obligated to pay LE 35,000,000 on 3 equal semi-annual instalments; each instalment is amounted to LE 11,666,667.

  The first instalment is due on 6 June 2015 and the last on 6 June 2016.

  Interest:
  The interest rate is 1.5% above mid corridor rate of central bank of Egypt.

  Fair value:
  Fair value is approximately equal to book value.

- **Fourth loan:**
  This fourth 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 loan outstanding balance at 31 December 2014 after payment of due instalments is LE 35,000,200 in addition to the accrued interest.

Loans (continued)

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 35,000,200 on 3 equal semi- instalments annual instalment is amounted to LE 11,666,600 except for last instalment amounted to LE 11,667,000.

The first instalment is due on 18 May 2015 and the last on 18 May 2016.

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 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 46,219,881 on 31 December 2014 in addition to accrued interest.

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 70,000,000 on 8 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first instalment is due on 22 January 2015 and the last on 22 July 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.

- **Sixth loan:**
This sixth loan is provided by one of the Egyptian banks on June 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 60,984,331 and 6,260,514 Euro on 31 December 2014 in addition to accrued interest. The total loan amount including the foreign currency will be paid in Egyptian pound as the bank will convert the foreign currency to Egyptian pound by using the official rate.

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 185,000,000 on 10 equal semi-annual instalments; each instalment is amounted to LE 18,500,000. The first instalment is due on 26 December 2015 and the last on 26 June 2020, total loan amount with interest will be paid in local currency without any obligation settle balance in foreign currency.

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.

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

Loans (continued)

(2) Digma for Trading Company

	2014			2013		
	Short term portion	Long term portion	Total	Short term portion	Long term portion	Total
First loan	3,656,620	-	**3,656,620**	7,379,696	3,500,000	**10,879,696**
Second loan	3,948,750	6,666,667	**10,615,417**	40,641	7,650,000	**7,690,641**
Third loan	2,070,108	8,333,333	**10,403,441**	-	-	-
Net	**9,675,478**	**15,000,000**	**24,675,478**	**7,420,337**	**11,150,000**	**18,570,337**

The loans due according to the following schedule:

	2014	2013
Balance due within 1 year	8,500,000	7,000,000
Accrued interest	1,175,478	420,337
	9,675,478	**7,420,337**

- **The First loan**
  The first loan is provided by one of the Egyptian banks in September 2012 based on a cross guarantee issued from Edita Food Industries Company S,A,E and the total withdrawal amount is LE 14,000,000 in addition to accrued interest. And the remaining balance at 31 December 2014 after payment of accrued instalments is LE 3,500,000 in addition to accrued interest.

  Terms of payments:
  Digma Trading Company S,A,E, is obligated to pay the remaining balance of LE 3,500,000 on one instalment on 11 March 2015.

  Interest:
  The interest rate is 1.5% above mid corridor rate of central bank of Egypt.

- **The Second**
  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 10,000,000 on 6 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 first instalments is due on 15th of January 2015 and the last on 15th of July 2017,

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

- **The Third 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,

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

Loans (continued)

Terms of payments:
Digma Trading Company S.A.E. is obligated to pay LE 10,000,000 on 6 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 first instalment is due on 20 August 2015 and the last on 20 February 2018.

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

(3) **Edita Confectionery Industries Company**

	2014			2013		
	Short-term potion	Long-term potion	Total	Short-term potion	Long-term potion	Total
Long-term loan	6,851,215	9,300,000	**16,151,215**	7,085,136	15,500,000	**22,585,136**
	6,851,215	**9,300,000**	**16,151,215**	**7,085,136**	**15,500,000**	**22,585,136**

The loans due according to the following schedule:

	2014	2013
Balance due within 1 year	6,200,000	6,200,000
Accrued interest	651,215	885,136
	6,851,215	**7,085,136**

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.

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 first instalment was due on 17 October 2012 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.

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

21. Long-term notes payable

The long-term loan represents the total instalment for the land purchased from Urban communities Authority – Sheikh Zayed City as the first instalment due on September 2015 and the last instalment on September 2016.

Current portion of long-term notes payable:

	2014		2013	
	Notes payable	**Present Value**	**Notes payable**	**Present Value**
Less than one year (Note 16)	9,985,990	9,985,990	9,425,154	9,425,154
	9,985,990	**9,985,990**	**9,425,154**	**9,425,154**

Long term notes payable:

	2014		2013	
	Notes payable	**Present value**	**Notes payable**	**Present value**
Notes payable due for more than one year and less than 5 years	10,546,825	8,884,103	20,532,815	17,138,295
Total long-term liabilities	**10,546,825**	**8,884,103**	**20,532,815**	**17,138,295**

The total accrued interest on the loan for the year ended 2014 amounting to LE 1,731,798 (2013: LE 2,332,088) has been charged on the statement of income as a finance cost (Note 25).

22. Deferred tax liability

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

	Property, plant & equipment depreciation	Acquiring Digma Company for Trading	Total
Balance at 1 January 2013	54,641,226	4,537,487	**59,178,713**
Charge to the statement of income	11,478,784	(240,423)	**11,238,361**
Balance at 31 December 2013 and 1 January 2014	**66,120,010**	**4,297,064**	**70,417,074**
Charged to the statement of income	9,247,523	(240,423)	**9,007,100**
Balance at 31 December 2014	**75,367,533**	**4,056,641**	**79,424,174**

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

23. Other income

	2014	2013
Export incentive	8,071,926	2,810,683
Gain from sale of production waste	5,238,248	4,837,263
Others	3,117,894	1,683,663
Gain / (Loss) from sale of fixed assets	1,671,219	(1,281,643)
Investment income from Osoul Fund	2,466	11,918,188
Gain from sale of investment	-	12,733,164
Total	**18,101,753**	**32,701,318**

24. Other expense

	2014	2013
Other expenses*	10,000,000	-
Other Provisions (Note 12)	5,014,145	8,321,000
Provision for slow moving inventory (Note7)	532,325	500,004
Total	**15,546,470**	**8,821,004**

* Due to the company's responsibility in supporting the national economy, the Company made donation to "Tahia Misr" Fund for LE 10 million.

25. Finance income / (costs), net

	2014	2013
Interest income	22,180,462	5,867,616
Foreign exchange gains / (losses)	5,923,992	(1,228,382)
Interest in corporate tax advance (Note 15)	1,083,880	973,000
Interest on land's instalments	(1,731,798)	(2,332,088)
Interest expenses	(23,435,140)	(23,710,662)
Total	**4,021,396**	**(20,430,516)**

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

26. Income tax expense

The Group is subject to the corporate income tax according to tax law No. 91 of 2005 and as per tax law No. 53 of 2014 amendments.

	2014	2013
Income tax for the year (Note 15)	117,623,404	82,955,771
Deferred tax liabilities	9,004,696	11,235,959
Total	**126,628,100**	**94,191,730**
Net profit before tax	409,982,732	359,020,537
Tax calculated based on applicable tax rates	122,894,819	89,755,134
	122,894,819	**89,755,134**
Tax effect of non- deductible expenses	2,595,557	3,085,341
Tax effect of non-taxable revenues	(478,951)	(3,222,375)
Tax loss carry forward	1,616,675	4,573,630
Income tax expense	**126,628,100**	**94,191,730**

27. Earnings per share

Basic earnings per share is calculated by dividing the period net income / (loss) by the number of ordinary issued share, without any consideration for employees or board of directors future dividends related to the period ended 31 December 2014 since that the board of directors did not proposed dividends distribution at the balance sheet issuing date, the earnings per share is LE 0.78.

Extraordinary General Assembly held on 9 September 2014, which approved the increase of the authorized capital to become LE 360,000,000 instead of LE 150,000,000, also approved the amendments of the par value from 10 Egyptian Pound to 20 piasters per share, thus the total number of issued and paid up capital shares are 362,681,450 shares instead of 7,253,629 shares with shareholder retain the same contribution rates.

Earnings per share were set out as below:

	2014	2013
Net profit available for distribution	283,354,632	265,173,688
Number of ordinary and issued shares (Note 17)	362,681,450	362,681,450
Earnings per share	**0.78**	**0.73**

The 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.

As of 31 December 2014 and 31 December 2013, the company does not have dilutive potential shares and therefore, diluted earnings per share equal to basic earnings per share.

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

28. Expenses by nature

	2014	2013
Cost of goods sold	1,190,558,470	1,022,722,491
Selling and marketing	205,785,594	183,654,547
General and administrative expenses	118,811,269	85,195,841
	1,515,155,333	**1,291,572,879**

Raw materials used	960,836,819	840,149,588
Salaries and wages	272,319,836	221,041,918
Depreciation	63,851,047	45,666,885
Advertising and marketing	73,212,365	75,007,607
Employee benefits	39,929,032	16,858,627
Other expense	22,171,382	14,214,161
Vehicle expense	32,913,351	28,942,017
Gas, oil, water and electricity	24,604,170	17,389,062
Transportation expenses	17,229,269	13,631,900
Maintenance	10,225,732	11,082,107
Consumable materials	8,515,050	6,651,376
Purchases – goods for resale	3,681,436	4,321,618
Rent	3,326,219	3,947,145
Royalty	1,893,041	2,848,793
Change in inventory	(19,553,416)	(10,179,925)
	1,515,155,333	**1,291,572,879**

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

29. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	1,142,056	1,034,613	563,995	450,073	88,556	78,059	63,833	58,252	52,521	19,277	7,600	7,215	**1,918,561**	**1,647,489**
Gross Profit	443,723	395,178	228,117	182,351	22,786	21,202	23,576	24,786	6,507	(1,956)	3,294	3,205	**728,003**	**624,766**
Profit from Operations	264,032	257,502	139,403	107,194	6,500	8,428	(3,842)	5,031	(2,309)	(12,586)	2,177	2,309	**405,961**	**367,878**
Debit Interest	(13,872)	(14,681)	(6,851)	(6,387)	(1,076)	(1,108)	(776)	(827)	(2,500)	(2,939)	(92)	(102)	**(25,167)**	**(26,044)**
Credit interest	14,238	11,915	7,031	5,183	1,104	899	796	671	-	8	95	83	**23,264**	**18,759**
Forex	3,526	(772)	1,741	(336)	273	(58)	199	(43)	162	(14)	23	(5)	**5,924**	**(1,228)**
Income Tax	(81,232)	(64,137)	(42,848)	(26,682)	(2,062)	(2,061)	80	(1,220)	102	486	(668)	(578)	**(126,628)**	**(94,192)**
Net profit for the year	186,693	189,828	98,477	78,973	4,740	6,100	(3,545)	3,611	(4,545)	(15,045)	1,535	1,707	**283,355**	**265,174**

Other information	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Capital Expenditures 2014	81,045	61,193	135,782	80,636	25,131	6,131	6,942	4,973	1,381	1,358	4,387	420	**254,668**	**154,711**
Depreciation of the fiscal period additions	2,209	800	1,121	888	180	57	189	44	105	15	113	5	**3,917**	**1,809**
Net book value	**78,836**	**60,393**	**134,661**	**79,748**	**24,951**	**6,074**	**6,753**	**4,929**	**1,277**	**1,343**	**4,273**	**414**	**250,751**	**152,901**
The Remaining of segment assets	804,729	749,448	397,408	326,022	62,399	56,544	44,979	42,196	37,008	13,964	5,355	5,226	**1,351,878**	**1,193,399**
Total Segment Assets	**883,564**	**809,841**	**532,069**	**405,769**	**87,350**	**62,618**	**51,732**	**47,125**	**38,285**	**15,307**	**9,629**	**5,641**	**1,602,629**	**1,346,301**
Segment Liabilities	**462,453**	**399,622**	**228,379**	**173,842**	**35,859**	**30,151**	**25,848**	**22,500**	**21,267**	**7,446**	**3,077**	**2,787**	**776,883**	**636,348**
Depreciation	**34,178**	**23,430**	**19,248**	**11,504**	**3,820**	**3,172**	**3,189**	**2,727**	**3,254**	**4,167**	**162**	**667**	**63,851**	**45,668**

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 know-how of Chipita International Company.

The royalty paid for the year ended 31 December 2014 LE 723,049 (2013: LE 796,880). The Balance of due from Chipita Participation as of 31 December 2014 is amounted to Nil. Chipita Participation is considered a related party as it owns Exoder Ldt. Company that in turn owns 27.98% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the period ended 31 December 2014 the company paid an amount of LE 47,654,466 as salaries and benefits to the key management members (31 December 2013: LE 37,506,112).

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 group as at 31 December 2014.

Edita Food Industries Company

a. 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 2009 and all due tax amounts paid.
- For the years 2010-2013 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period.

b. Payroll tax

- The payroll tax inspection was performed till 31 December 2012 and company paid tax due.
- As for the years 2013 and 2014 the tax inspection has not been performed yet till the balance sheet date.
- The Company is submitting the tax quarterly return on due time to the Tax Authority.

c. Sales tax

- The sales tax inspection was performed till 31 December 2012 and tax due was paid.
- For the year 2013 and 2014 the tax inspection has not been performed yet till the balance sheet date, monthly tax return were submitted on due time.

Tax position (continued)

d. Stamp duty tax

- The stamp duty tax inspection was performed till year 2006 and Company paid tax due.
- Years from 2007 till 2014 tax inspection have not been performed yet till the balance sheet date.

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 2007 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2008 to 2009 the inspection completed and the differences submitted to internal committee for discussion
- For the years from 2010 to 2013 Company submits its tax returns on due dates according to law No, 91 for the year 2005.

b) Salaries tax

- The tax inspection was performed until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2009 to 2014 the Company submitted its quarter tax returns to Tax Authority on due dates.

c) 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.
- For the years from 2009 to 2014 the Company paid the tax due.

d) Sales tax

- The tax inspection was performed until 31 December 2010 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2011-2014 the Company submits its monthly sales tax return on due date.

Edita Confectionary Industries Company

Corporate tax

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

- The company's books have not been inspected yet until the financial statements date for corporate tax, stamp tax, withholding tax, and payroll tax. The company submits the tax returns stated by tax law on due time to the Tax Authority.

32. 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 24,422,901 as at 31 December 2014 (2013: LE 13,730,297).

(2) Digma for Trading Company

The Company guarantees Edita Food Industries against third parties in borrowing from Credit Agricole Egypt

At 31 December 2014, the Company had contingent liabilities to third parties in respect of letters of guarantee and other matters arising in the ordinary course of business of which no significant liabilities are expected to arise from them,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 453,934 as at 31 December 2014 (2013: LE 25,000).

(3) Edita Confectionary Industries Company

At 31 December 2014, the company had contingent liabilities to third parties. 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 1,185,971 as at 31 December 2014.