

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

**INDEPENDENT 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, which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in light of the prevailing Egyptian laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing and in light with applicable Egyptian laws and regulation. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



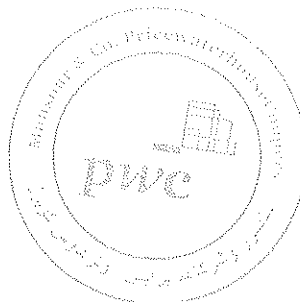
To: The Shareholders of Edita Food Industries Company (S.A.E) and its Subsidiaries
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Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Edita Food Industries Company (S.A.E) and its Subsidiaries as of 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in light of the related Egyptian laws and regulations.

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

19 February 2015
Cairo



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

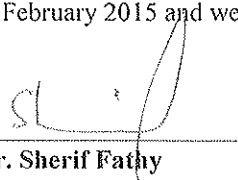
Consolidated balance sheet - At 31 December 2014

(all amounts in Egyptian Pounds)

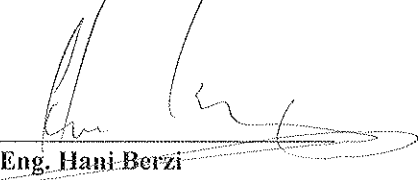
	Note	2014	2013
Non-current assets			
Property, plant and equipment	5	1,015,869,650	826,446,532
Intangible assets	6	68,618,658	68,618,658
Total non-current assets		1,084,488,308	895,065,190
Current assets			
Inventories	7	112,481,757	84,140,649
Trade and other Receivables	8	66,342,123	66,148,206
Treasury bills	9	106,014,124	104,327,401
Cash and cash equivalents (excluding bank overdrafts)	10	233,301,434	196,574,696
Financial assets at fair value through profit or loss		-	43,815
Total current assets		518,139,438	451,234,767
Total assets		1,602,627,746	1,346,299,957
Equity and Liabilities			
Equity			
Ordinary Shares	11	72,536,290	72,536,290
Legal reserve	12	31,103,903	16,407,621
Retained earnings		720,137,920	618,746,353
Equity attributable to owners of the parent		823,778,113	707,690,264
Non-controlling interests	13	1,966,793	2,261,950
Total equity		825,744,906	709,952,214
Liabilities			
Non-current liabilities			
Long term loans	14	204,543,390	134,150,199
Long-term notes payable	15	8,884,103	17,138,295
Deferred tax liabilities	16	79,424,174	70,417,074
Total non-current liabilities		292,851,667	221,705,568
Current liabilities			
Provisions	17	10,916,700	9,034,968
Bank overdraft	18	60,418,179	38,752,046
Trade and other payables	19	205,931,191	185,467,750
Current income tax liabilities	20	81,588,139	52,015,132
Current portion of long-term liabilities	21	125,176,964	129,372,279
Total current liabilities		484,031,173	414,642,175
Total Liabilities		776,882,840	636,347,743
Total equity and liabilities		1,602,627,746	1,346,299,957

The accompanying notes on pages 8 - 45 form an integral part of these financial statements.

The financial statements on pages 3 to 45 were authorised for issuance by the board of directors on 10 February 2015 and were signed on its behalf.


Mr. Sherif Fathy
Vice President - Finance

10 February 2015
Auditor's report attached


Eng. Hani Berzi
Chairman

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
Revenue		1,918,561,386	1,647,488,499
Cost of goods sold		(1,197,772,308)	(1,028,286,034)
Gross profit		720,789,078	619,202,465
Distribution cost		(211,275,916)	(188,193,601)
Administrative expenses		(123,581,905)	(88,857,985)
Other income	22	16,430,534	21,249,797
Other (losses)/ gains-net	23	(7,951,259)	1,402,135
Profit from operations		394,410,532	364,802,811
Finance income	24	23,264,342	6,840,616
Finance cost	24	(25,166,938)	(26,042,750)
Finance (cost) income, net	24	(1,902,596)	(19,202,134)
Profit before income tax		392,507,936	345,600,677
Income tax expense	25	(126,628,100)	(94,191,730)
Net profit		265,879,836	251,408,947
Earnings per share (expressed in EGP per share):			
Basic earnings per share	26	0.73	0.69
Diluted earnings per share	26	0.73	0.69
Distributed as following:			
Shareholders' equity		266,083,415	254,999,704
Non-controlling interest		(203,579)	(3,590,757)
Net profit for the year		265,879,836	251,408,947

The accompanying notes on pages 8 - 45 form an integral part of these financial statements.

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

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

(All amounts in Egyptian Pounds)

	<u>2014</u>	<u>2013</u>
Items that will not be reclassified to profit and loss		
Profit for the year	265,879,836	251,408,947
Forex Translation	<u>4,434</u>	<u>(5,581,090)</u>
Total comprehensive income for the year	<u>265,884,270</u>	<u>245,827,857</u>

The accompanying notes on pages 8 - 45 form an integral part of these financial statements.

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

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

	Total Owners' Equity				
	Paid up capital	Legal reserve	Retained earnings	Total shareholders	Non-controlling interest
(All amounts in Egyptian Pounds)					equity
Balance at 1 January 2013	72,536,290	16,407,621	519,521,351	608,465,262	5,931,838
Net profit for the year	-	-	254,999,704	254,999,704	(3,590,757)
Other comprehensive income for the year	-	-	(5,581,090)	(5,581,090)	-
Total other comprehensive income for the year	-	-	249,418,614	249,418,614	(3,590,757)
Dividends distribution for 2012	-	-	(150,193,612)	(150,193,612)	(76,727)
Total contribution by and distribution to owner's of the parent recognized directly in Equity	-	-	(150,193,612)	(150,193,612)	(76,727)
Assets revaluation reserve	-	-	-	-	(2,404)
Balance at 31 December 2013	72,536,290	16,407,621	618,746,353	707,690,264	2,261,950
Balance at 1 January 2014	72,536,290	16,407,621	618,746,353	707,690,264	2,261,950
Net profit for the year	-	-	266,083,415	266,083,415	(203,579)
Other comprehensive income for the year	-	-	4,434	4,434	-
Total other comprehensive income for the year	-	-	266,087,849	266,087,849	(203,579)
Dividends distribution for 2013	-	-	(150,000,000)	(150,000,000)	(89,173)
Total contribution by and distribution to owner's of the parent recognized directly in Equity	-	-	(150,000,000)	(150,000,000)	(89,173)
Assets revaluation reserve	-	-	-	-	(2,405)
Transfer to legal reserve	-	14,696,282	(14,696,282)	-	-
Balance at 31 December 2014	72,536,290	31,103,903	720,137,920	823,778,113	1,966,793
					825,744,906

The accompanying notes on pages 8 - 45 form an integral part of these financial statements.

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

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

(All amounts in Egyptian Pounds)

	Notes	2014	2013
Cash flows generated from operating activities	28	450,469,871	422,162,628
Interest paid		(23,435,140)	(23,710,662)
Income tax paid		(87,085,083)	(64,712,257)
Net cash flows generated from operating activities		339,949,648	333,739,709
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(254,667,763)	(154,710,274)
Purchase of intangible asset		-	(68,618,658)
Proceeds from sale investments		-	50,355,074
Proceeds from sale of property, plant and equipment		3,064,817	3,133,651
Interest received		22,180,462	5,867,620
Treasury bills		(1,686,723)	(104,327,401)
Net cash flows used in investing activities		(231,109,207)	(268,299,988)
Cash flows from financing activities			
Sales tax on machinery		(25,296)	(80,519)
Notes payable		(9,425,154)	(8,864,318)
Dividends paid for shareholders'		(149,991,722)	(150,032,397)
Proceeds from borrowings		202,259,546	153,002,824
Repayment of borrowings		(136,597,210)	(111,792,951)
Net cash flows used in financing activities		(93,779,836)	(117,767,361)
Increase in cash and cash equivalents		15,060,605	(52,327,640)
Cash and cash equivalents at beginning of the year		157,822,650	210,150,290
Cash and cash equivalents at end of the year	10	172,883,255	157,822,650

The accompanying notes on pages 8 - 45 form an integral part of these financial statements.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

(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 financial statements of the Company comprise financial statements of the Company 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 41.82% 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% and other shareholder owing 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 change the consolidated financial statements after issuance.

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 ready made food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Digma for trading company.

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 an agent and 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 of 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 company.

Edita participation limited:

The principal activities of the company are the provision of services and the holding of investments.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

(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 for confectionery	Egypt	22.3%
Edita participation limited	Cyprus	-

Financial information about the subsidiaries of the group:

Name of subsidiary	Total Assets	Total Equity	Total Sales	Net Income/ (loss)
Digma for trading	198,691,680	132,986,474	1,806,571,777	54,755,351
Edita for confectionery	-	9,290,669	49,818,573	(1,404,621)
Edita participation limited	188,872	(54,334)	-	(68,792)

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these 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 financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations

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

The preparation of the consolidated 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 consolidated financial statements are disclosed in note 4.

B. Changes in accounting policy and disclosure

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on the company.

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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

C. 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.

2. Acquisitions

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.

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. When necessary amounts reported by subsidiaries have been adjusted to confirm to the group's accounting policies.

3. Changes in ownership interests in subsidiaries without change of control

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.

4. Disposal of subsidiaries

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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

D. 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 consolidated financial statements are presented in Egyptian Pounds, which is the group's presentation currency.

(2) Transactions and balances

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

(3) Group companies

The results and financial position of all the group entities (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) 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 (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) The Equity items other than profit or losses for the year have been translated at the historical exchange rate.
- (d) All resulting exchange differences are recognized in other comprehensive income.

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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

E. Property and equipment

All property 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 income statement during the financial period 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	20 years
Vehicles	5 - 8 years
Tools & equipment	3 - 5 years
Furniture & office equipment	4 - 5 years
Computer	4 years

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 (losses)/gains - net' in the income statement.

F. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, intangible assets not ready to use - 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

G. Financial assets

(1) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) 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 also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) 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

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized 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 recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized 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. Loans and receivables are subsequently 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 within 'Other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Financial assets (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the group's right to receive payments is established.

H. 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 intangible asset

I. Impairment of financial assets

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. 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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

J. 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.

K. Trade receivables

Trade receivables are amounts due from customers for goods' sold or services performed 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.

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

L. Cash and cash equivalents

In the consolidated 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 and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

M. 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.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

N. 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.

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O. Borrowings

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

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement 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.

P. 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.

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

Q. Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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 company and its subsidiaries operate and generate taxable income and as per tax law, the income tax is calculated on the standalone level rather the consolidation level. 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 recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; 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 is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability 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.

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Current and deferred income tax (continued)

Only where there is an agreement in place that gives the group the ability to control the reveal of the temporary difference not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

R. Employee benefits

(1) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the group pays contributions to The Egyptian Authority for Social Insurance on a mandatory basis as per Egyptian Law of Social Insurance. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(2) 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.

(3) Dividends distribution

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

(4) 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.

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S. 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.

T. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises 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 recognised 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.

(2) Interest income

Interest income is recognised 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 recognised using the original effective interest rate.

(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 subsidy on export sales

Revenue for export incentive provided by government is recognized as a percentage from value of export sales, when the government can confirm that the export sales mentioned actually accrual. The Group is eligible for incentive and is recognized in the income statement as other income, after meeting all required criteria.

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U. 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 income statement on a straight-line basis over the period of the lease.

V. Dividend distribution

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

W. Legal reserve

In accordance with the Companies Law No. 159 year 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 20% of the issued capital. The reserve is not eligible for distribution to shareholders.

X. Earnings per share

(1) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weight average number of ordinary shares in issue during the year excluding ordinary shares purchase by the Company and held as treasury shares.

(2) 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.

Y. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

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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, fair value interest rate risk, cash flow interest rate risk and price 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.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(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 US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

At year end, major financial assets / (liabilities) in foreign currencies were as follows:

	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

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the year would have been LE 1,686,976 (2013: LE 2,558,220) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit for the year would have been LE 10,965,313 (2013: LE 76,306) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

(ii) Price risk

The Group does not instrument in equity securities or bonds and accordingly is not exposed to price risk related to the change in the fair value of the investment.

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Financial risk management (continued)

(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 cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 31 December 2014, if interest rates on Egyptian pound -denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been LE 465,712 (2013: LE 304,783) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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

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).

	2014	2013
Time deposit – LE	210,960,840	165,960,840
Time deposit – USD	-	19,477,273
	<u>210,960,840</u>	<u>185,438,113</u>

(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 governments which are considered with a high credit rating (Egypt B+).

For Individual the legal arrangements and documents accepted by the customer are minimizing the credit risk

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 9).

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

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Financial risk management (continued)

(C) Liquidity risk

The Group treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 14) at all times so that the group does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the group debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

At 31 December 2014	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	Between 2 & 5 years
Borrowings	52,849,934	69,516,600	103,200,332	82,843,058
Trade and other payables	165,213,420	-	-	-
Bank overdraft	60,418,179	-	-	-
Notes payable	40,717,771	9,985,990	8,884,103	-
Accrued interest	11,324,441	-	-	-
Total	330,523,745	79,502,590	112,084,435	82,843,058
At 31 December 2013				
Borrowings	55,752,159	55,752,159	84,699,866	49,450,333
Trade and other payables	139,212,721	-	-	-
Bank overdraft	38,752,046	-	-	-
Notes payable	46,255,029	9,425,154	17,138,295	-
Accrued interest	8,417,509	-	-	-
Total	288,389,464	65,177,313	101,838,161	49,450,333

(2) Capital 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 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)

	2014	2013
Current and long-term liabilities and loans	338,604,457	280,660,772
Bank Over Draft	60,418,179	38,752,046
Total liabilities and loans	399,022,636	319,412,818
Less: Cash and bank balances	(233,301,434)	(196,574,696)
Treasury bills	(106,014,124)	(104,327,401)
Net debt	59,707,078	18,510,721
Total equity	825,744,906	709,952,214
Total working capital	885,451,984	728,462,935
Gearing ratio	7%	3%

(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:

a. 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 Group'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.

During 2013, The group changed the useful life for the furniture to be 5 years instead of 10 years , the financial impact of changing the life time is increase the depreciation cost for the year.

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Critical accounting estimates and judgments (continued)

b. Intangible assets impairment (Trade Mark)

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

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 1 January 2013								
Cost	62,226,931	186,640,395	402,085,927	89,804,078	27,449,691	27,191,414	116,387,739	911,786,175
Accumulated depreciation	-	(22,588,040)	(94,062,346)	(41,290,266)	(15,357,054)	(16,670,032)	-	(189,967,738)
Net book value	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
Year ended 31 December 2013								
Opening net book value	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
Additions	-	154,000	1,817,768	27,633,932	1,991,211	4,279,448	118,833,915	154,710,274
Depreciation charge	-	(7,023,411)	(15,690,368)	(13,565,882)	(4,355,686)	(5,031,538)	-	(45,666,885)
Disposal Depreciation	-	-	158,671	1,505,284	1,796,234	4,893,780	-	8,353,969
Disposals	-	-	(2,065,626)	(2,286,166)	(1,831,022)	(6,586,449)	-	(12,769,263)
Transfers from Projects under construction	-	152,092,102	52,139,084	-	4,902,998	10,989,657	(220,123,841)	-
Balance at 31 December 2013	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
At 31 December 2014								
Cost	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
Accumulated depreciation	-	(29,611,451)	(109,594,043)	(53,350,864)	(17,916,506)	(16,807,790)	-	(227,280,654)
Net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
At 1 January 2014								
Cost	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
Accumulated depreciation	-	(29,611,451)	(109,594,043)	(53,350,864)	(17,916,506)	(16,807,790)	-	(227,280,654)
Net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
Year ended 31 December 2014								
Opening net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
Additions	-	2,833,108	11,979,837	20,434,335	6,948,313	10,575,822	201,896,348	254,667,763
Depreciation charge	-	(12,961,342)	(22,971,288)	(14,391,308)	(5,104,782)	(8,422,327)	-	(63,851,047)
Disposal Depreciation	-	37,021	83,870	4,159,117	110,497	178,476	-	4,568,981
Disposals	-	(458,265)	(94,828)	(5,071,562)	(115,042)	(222,882)	-	(5,962,579)
Transfers from Projects under construction	-	17,495,548	1,862,698	-	-	215,126	(19,573,372)	-
Balance at 31 December 2014	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
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 value	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

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Property, plant and equipment (continued)

During the year, the Company has capitalized borrowings costs amounting to LE 6,423,328 (2013: LE 5,848,410) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

	2014	2013
Classification of the Qualified Assets		
Buildings	2,895,203	4,666,650
Machinery	3,528,125	1,181,760
Total	6,423,328	5,848,410

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 because it is irrevocable, exclusive, sub licensable and fully assignable, license (the perpetual license) to use the know how in the territory in connection with the lake precuts.

The impairment of intangible assets is reviewed periodically 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 in 31 December 2014 as follows:

Average Gross profit	30%
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 an action plan by using the growth rate and the discount rate prevailing . At the balance sheet date the carrying value of the intangible assets was not less than its recoverable amount.

Sensitivity of recoverable amounts

At 31 December 2014, 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.

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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 23).

8. Trade and other receivables

	2014	2013
Trade receivables	10,514,126	12,633,335
Notes receivable	1,011,121	350,001
Total	11,525,247	12,983,336
Provision for doubtful debts	(138,785)	(20,556)
	11,386,462	12,962,780
Due from related parties	-	-
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
Employee loans	181,994	122,252
Letters of credit	226,297	257,073
Accrued revenues	51,051	88,222
Total	66,342,123	66,148,206

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

9. Treasury bills

	<u>2014</u>	<u>2013</u>
Treasury bills par value	106,325,000	105,125,000
Net accrued interest income	<u>(310,876)</u>	<u>(797,599)</u>
Treasury bills balance	<u>106,014,124</u>	<u>104,327,401</u>

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.

10. Cash and cash equivalents (excluding bank overdrafts)

	<u>2014</u>	<u>2013</u>
Bank deposits	210,960,840	185,438,113
Cash at banks and on hand	<u>22,340,594</u>	<u>11,136,583</u>
Cash and cash equivalents (excluding bank overdrafts)	<u>233,301,434</u>	<u>196,574,696</u>

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

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	233,301,434	196,574,696
Bank overdraft (Note 18)	<u>(60,418,179)</u>	<u>(38,752,046)</u>
Total	<u>172,883,255</u>	<u>157,822,650</u>

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

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

11. Ordinary shares

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:

	<u>No. of shares</u>	<u>Shares value</u>	<u>Percentage of ownership</u>
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%
	<u>362,681,450</u>	<u>72,536,290</u>	<u>100%</u>

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.

12. 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.

13. Non-controlling interest

					Total	
	<u>Paid up capital</u>	<u>Legal reserves</u>	<u>Revaluation assets reserve</u>	<u>Accumulated losses</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
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

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

14. 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
Short-term portion	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

• 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Loans (continued)

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.

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.

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

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

Loans (continued)

- **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.

(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

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

Loans (continued)

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
	<u>9,675,478</u>	<u>7,420,337</u>

- **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,

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.

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

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

Loans (continued)

(3) Edita Confectionery Industries Company

	2014			2013		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Long-term loan	6,851,215	9,300,000	16,151,215	7,085,136	15,500,000	22,585,136
	<u>6,851,215</u>	<u>9,300,000</u>	<u>16,151,215</u>	<u>7,085,136</u>	<u>15,500,000</u>	<u>22,585,136</u>

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
	<u>6,851,215</u>	<u>7,085,136</u>

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 Confectionery 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.

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15. Long-term notes payable

The long-term loan represents the total instalment for the land purchased from Ministry of housing, Utilities and Urban communities as the first instalment will be due on November 2014 and the last instalment on November 2016.

Current portion of long-term notes payable:

	2014		2013	
	Notes payable	Present Value	Notes payable	Present Value
Less than one year (Note 21)	9,985,990	9,985,990	9,425,154	9,425,154
	9,985,990	9,985,990	9,425,154	9,425,154

	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 24).

16. 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

Unrecognized temporary differences were not recorded due to the uncertainty of future benefit.

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17. Provisions

	Other provisions	
	2014	2013
Balance at 1 January	9,034,968	7,782,393
Additions during the year (Note 23)	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 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.

18. Bank overdraft

	2014	2013
Bank overdraft (Note 10)	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%).

19. 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

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20. Income tax liabilities

	2014	2013
Balance at 1 January	52,015,132	34,740,256
Income tax paid during the year	(52,133,700)	(34,744,618)
Withholding tax	(2,836,383)	(1,134,639)
Income tax for the year (Note 25)	117,623,404	82,955,771
Corporate tax advance payment	(32,115,000)	(28,833,000)
Accrued interest – advance payment (Note 24)	(1,083,880)	(973,000)
Tax adjustments	118,566	4,362
Balance at end of year	81,588,139	52,015,132

21. Current portion of long-term liabilities

	2014	2013
Short-term loans (Note 14)	115,190,974	119,921,829
Current portion at long-term notes payable (Note 15)	9,985,990	9,425,154
Sales tax on machinery	-	25,296
Total	125,176,964	129,372,279

22. Other income

	2014	2013
Export subsidies	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
Investment in Osoul Fund	2,466	11,918,188
Net	16,430,534	21,249,797

23. Other (losses)/ gains-net

	2014	2013
Other expenses*	(10,000,000)	-
Provisions (Note 17)	(5,014,145)	(8,321,000)
Provision for slow moving inventory (Note 7)	(532,325)	(500,004)
Total	(15,546,470)	(8,821,004)
(Losses)/Gain from sales of fixed assets	1,671,219	(1,281,643)
Gain from sale of investment	-	12,733,164
Foreign exchange (losses)/gains	5,923,992	(1,228,382)
Total	(7,951,259)	1,402,135

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

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24. Finance (cost) income, net

	2014	2013
Finance income		
Interest in corporate tax advance	1,083,880	973,000
Interest income	22,180,462	5,867,616
	<u>23,264,342</u>	<u>6,840,616</u>
Finance expense		
Interest on land's instalments	(1,731,798)	(2,332,088)
Interest expenses	(23,435,140)	(23,710,662)
	<u>(25,166,938)</u>	<u>(26,042,750)</u>
Net	<u>(1,902,596)</u>	<u>(19,202,134)</u>

25. Income tax expense

	2014	2013
Income tax for the year (Note 20)	117,623,404	82,955,771
Deferred tax liabilities	9,004,696	11,235,959
Total	<u>126,628,100</u>	<u>94,191,730</u>

26. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weight average number of ordinary shares in issue during the year excluding ordinary shares purchase by the Company and held as treasury shares.

	2014	2013
Profit attributed to owners of the parent	<u>265,879,836</u>	<u>251,408,947</u>
Weighted average number of ordinary shares in issue		
Original shares	362,681,450	362,681,450
	<u>362,681,450</u>	<u>362,681,450</u>
Basic earnings per share	<u>0.73</u>	<u>0.69</u>

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.

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

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27. Consolidated expenses by nature

	2014	2013
Cost of goods sold	1,197,772,308	1,028,286,034
Selling and marketing	211,275,916	188,193,601
General and administrative expenses	123,581,905	88,857,985
	1,532,630,129	1,305,337,620
Profit share employee	17,474,796	13,764,740
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	14,214,162
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)
	1,532,630,129	1,305,337,620

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

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28. Cash generated from operations

	2014	2013
Net profit for the year before tax	392,507,936	345,600,677
Adjustments for:		
Additions to provision	5,546,470	8,821,004
Interest on lands' installments	1,731,798	2,332,088
Interest expense	23,435,140	23,710,662
Interest income	(22,180,462)	(5,867,619)
Interest income corporate tax prepayments	(1,083,880)	(973,000)
Depreciation of property, plant and equipment	63,851,047	45,666,885
Loss / (gain) on disposal of property, plant and equipment	(1,671,219)	1,281,643
Tax settlements	118,566	4,362
Gain on sale of investments	-	(12,733,164)
	462,255,396	407,843,538
Change in working capital		
Inventories	(28,873,433)	(3,865,074)
Accounts and notes receivables	1,576,318	(5,385,690)
Debtors and other debit balances	(1,770,235)	(17,890,998)
Due to related party	43,815	49,951
Trade payables and other credit balances*	20,370,423	48,483,518
Provisions used	(3,132,413)	(7,068,425)
Financial assets at fair value through profit and loss	-	(4,192)
Cash generated from operations	450,469,871	422,162,628

* Trade and other payables include LE 97,451 (2013: LE 237,945).

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

	2014	2013
Net book amount	1,393,598	4,415,294
Profit/(loss) of disposal of property, plant and equipment	1,671,219	(1,281,643)
Proceeds from disposal of property, plant and equipment	3,064,817	3,133,651

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

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29. 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.

Edita Food Industries sold all its investments in Edita Participation to Chipita Participation by an amount of Euro 5,397,516.

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 Ltd. Company that in turn owns 27.98% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the year ended 2014 the Company paid an amount LE 47,654,467 (2013: LE 37,506,112) as salaries to the key management members.

30. 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 to the Tax Authority.
- For the years 2013 and 2014 the tax inspection has not been performed yet till the balance sheet date, monthly tax return were submitted on due time.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

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

(1) 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 2014 the Company submits its tax returns on due dates according to law No, 91 for the year 2005.

(2) 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.

(3) 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.

(4) 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 2011-2013 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, sales tax and payroll tax.

The Company submits it's tax returns stated by tax law on due time to the Tax Authority. .

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

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31. 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 bank and other guarantee and other matters arising in the ordinary course of business of which no significant liabilities are expected to arise from them, The Company issued letter of guarantee amounting to LE 453,934 (2013: 25,000).

(3) Edita Confectionary Industries Company

At 31 December 2014, the company had contingent liabilities to third parties. The uncovered portion of the guarantee to the Company arising from ordinary course of business amounted to LE 1,185,971 as at 31 December 2014.

32. Financial instrument by category

	2014	
	Loans & receivables	Assets at fair value through profit and loss
		Total
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	62,025,162	- 65,421,750
Cash and cash equivalents	233,301,434	- 233,301,434
Treasury bills	106,014,124	- 106,014,124
Total	401,340,720	- 404,737,308

	2014	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	259,316,185	259,316,185
Trade and other payables (excluding non-financial liabilities)	205,856,269	205,856,269
Bank overdraft	60,418,179	60,418,179
Total	525,590,633	525,590,633

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Financial instrument by category (continued)

	2013		
	Loans & receivables	Assets at fair value through profit and loss	Total
Assets as per balance sheet			
Trade and other receivables (excluding prepayments)*	64,957,921	-	64,957,921
Cash and cash equivalents	196,574,696	-	196,574,696
Treasury bills	104,327,401	-	104,327,401
Financial assets at fair value through profit and loss	-	43,815	43,815
Total	365,860,018	43,815	365,903,833

	2013	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	254,072,028	254,072,028
Trade and other payables (excluding non-financial liabilities)	185,388,948	185,388,948
Total	439,460,976	439,460,976

* 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.

33. Credit quality of financial assets

Trade receivables

Counter parties without external credit rating:

	2014	2013
Others parties	10,514,126	12,633,335
Total	10,514,126	12,633,335

Cash at bank and short-term bank deposits:

	2014	2013
AA	2,106,307	100,265,822
A	97,129,463	485,995
BBB	122,033,130	90,378,204
B	393,679	1,701,143
Total	221,662,579	192,831,164

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

34. 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	1,142,057	1,034,613	563,995	450,073	88,556	78,059	63,833	58,252	52,520	19,277	7,600	7,215	1,918,561	1,647,489
Gross profit	439,900	391,670	226,041	180,824	22,127	20,937	23,160	24,589	6,267	(2,022)	3,294	3,205	720,789	619,203
Profit from ops.	257,627	255,556	136,051	106,347	5,641	8,282	(4,401)	4,921	(2,668)	(12,623)	2,161	2,320	394,411	364,803
Debit interest	(13,872)	(14,680)	(6,851)	(6,387)	(1,077)	(1,108)	(775)	(827)	(2,500)	(2,939)	(92)	(102)	(25,167)	(26,043)
Credit interest	14,238	4,431	7,031	1,927	1,104	334	796	250	-	(131)	95	30	23,264	6,841
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	176,761	181,170	93,383	75,205	3,606	5,447	(4,300)	3,124	(5,066)	(15,207)	1,496	1,670	265,880	251,409

	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Capital expenditures	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	1809
Net book value	78,836	60,393	134,661	79,748	24,951	6,074	6,753	4,929	1,276	1,343	4,274	415	250,751	152,902
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	5,354	5,224	1,351,877	1,193,398
Total segment assets	883,565	809,841	532,069	405,770	87,350	62,618	51,732	47,125	38,284	15,307	9,628	5,639	1,602,628	1,346,300
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	45,667