

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

**AUDITOR'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016**

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

Consolidated financial statements - For the year ended 31 December 2016

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Auditor's report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Edita Food Industries Company (S.A.E) and its Subsidiaries (the Group) which comprise the consolidated statement of financial position as of 31 December 2016 and the consolidated statements of profit or loss, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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



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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Edita Food Industries Company (S.A.E.) and its subsidiaries as of 31 December 2016, and of its financial performance and its cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

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

28 February 2017
Cairo



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

Consolidated statement of financial position - As of 31 December 2016

(All amounts in Egyptian Pounds)

	Note	2016	2015
Assets			
Non-current assets			
Property, plant and equipment	5	1,474,461,243	1,299,529,732
Intangible assets	6	162,911,642	161,968,712
Total non-current assets		1,637,372,885	1,461,498,444
Current assets			
Inventories	7	318,428,559	140,297,471
Trade and other receivables	8	196,668,474	67,843,179
Treasury bills	9	192,144,828	149,591,114
Cash and cash equivalents (excluding bank overdrafts)	10	90,465,545	313,344,052
Total current assets		797,707,406	671,075,816
Total assets		2,435,080,291	2,132,574,260
Equity and liabilities			
Equity attributable to owners of the parent			
Paid up capital	11	145,072,580	72,536,290
Legal reserve	12	48,745,291	38,947,275
Foreign currency translation reserve		(162,824)	5,568
Retained earnings		945,722,773	1,057,715,965
Total equity attributable to owners of the parent		1,139,377,820	1,169,205,098
Non-controlling interest	13	14,983,768	5,617,437
Total equity		1,154,361,588	1,174,822,535
Liabilities			
Non-current liabilities			
Long-term loans	14	527,825,757	346,217,286
Employee benefit obligations	16	1,945,034	2,533,203
Deferred income tax liabilities	17	86,492,634	94,536,302
Total non-current liabilities		616,263,425	443,286,791
Current liabilities			
Provisions	18	19,166,385	16,000,854
Bank overdraft	19	240,473,897	73,698,428
Trade and other payables	20	257,349,109	255,248,981
Current portion of long-term liabilities	21	146,232,334	145,235,152
Current income tax liabilities	22	1,233,553	24,281,519
Total current liabilities		664,455,278	514,464,934
Total equity and liabilities		2,435,080,291	2,132,574,260

The accompanying notes on pages 8 to 65 form an integral part of these consolidated financial statements.


Mr. Sameh Naguib
Vice President - Finance

28 February 2017
Auditor's report attached


Eng. Hani Berzi
Chairman

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

Consolidated statement of profit or loss - For the year ended 31 December 2016

(All amounts in Egyptian Pounds)

	Note	2016	2015
Revenue		2,502,918,189	2,225,354,667
Cost of sales	28	(1,594,247,951)	(1,349,479,274)
Gross profit		908,670,238	875,875,393
Other income	23	9,725,028	15,405,017
Distribution cost	28	(301,300,697)	(276,435,403)
Administrative expenses	28	(173,114,459)	(149,811,098)
Other gains / (losses) - Net	24	(2,447,390)	4,341,921
Operating profit		441,532,720	469,375,830
Finance cost - Net	25	(228,468,914)	(2,613,929)
Profit before income tax		213,063,806	466,761,901
Income tax expense	26	(44,888,835)	(95,853,264)
Net profit for the year		168,174,971	370,908,637
Profit is attributable to			
Owners of the parent		166,494,294	367,255,589
Non-controlling interest		1,680,677	3,653,048
Net profit for the year		168,174,971	370,908,637
Basic earnings per share	27	0.23	0.51
Diluted earnings per share	27	0.23	0.51

The accompanying notes on pages 8 to 65 form an integral part of these consolidated financial statements.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES**Consolidated statement of comprehensive income - For the year ended 31 December 2016****(All amounts in Egyptian Pounds)**

	<u>2016</u>	<u>2015</u>
Net profit for the year	168,174,971	370,908,637
Other comprehensive income		
Currency translation differences	(168,392)	2,067
Assets revaluation surplus	-	(2,404)
Foreign currency exchange rates losses from revaluation of monetary items at the date of the exchange rate floating	(94,735,706)	-
Total comprehensive income for the year	<u><u>73,270,873</u></u>	<u><u>370,908,300</u></u>
Attributable to		
Owners of the parent	74,200,245	367,257,656
Non-controlling interest	(929,372)	3,650,644
Total comprehensive income for the year	<u><u>73,270,873</u></u>	<u><u>370,908,300</u></u>

The accompanying notes on pages 8 to 65 form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity - For the year ended 31 December 2016

(All amounts in Egyptian Pounds)

	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total Owners of the parent	Non-controlling interest	Total owners' equity
Balance at 1 January 2015	72,536,290	31,103,903	3,501	720,134,419	823,778,113	1,966,793	825,744,906
Change of equity in 2015							
Net Profit for the year	-	-	-	367,255,589	367,255,589	3,653,048	370,908,637
Currency translation differences	-	-	2,067	-	2,067	-	2,067
Assets revaluation reserve	-	-	-	-	-	(2,404)	(2,404)
Total comprehensive income for the year	-	-	2,067	367,255,589	367,257,656	3,650,644	370,908,300
Shareholders transactions							
Dividends distribution for 2014	-	-	-	(21,830,671)	(21,830,671)	-	(21,830,671)
Transfer to legal reserve	-	7,843,372	-	(7,843,372)	-	-	-
Total shareholders transactions	-	7,843,372	-	(29,674,043)	(21,830,671)	-	(21,830,671)
Balance at 31 December 2015	72,536,290	38,947,275	5,568	1,057,715,965	1,169,205,098	5,617,437	1,174,822,535
Change of equity in 2016							
Net Profit / (Loss) for the year	-	-	-	166,494,294	166,494,294	1,680,677	168,174,971
Currency translation differences	-	-	(168,392)	-	(168,392)	-	(168,392)
Foreign currency exchange rates losses from revaluation of monetary items at the date of the exchange rate floating	-	-	-	(92,125,657)	(92,125,657)	(2,610,049)	(94,735,706)
Total comprehensive income for the year	-	-	(168,392)	74,368,637	74,200,245	(929,372)	73,270,873
Shareholders transactions							
Bonus share, capital increase	72,536,290	-	-	(72,536,290)	-	-	-
Dividends distribution to non-controlling interests in subsidiary	-	-	-	-	-	(256,627)	(256,627)
Non controlling interest share in capital increase of subsidiary	-	-	-	-	-	10,552,330	10,552,330
Dividends distribution for 2015	-	-	-	(104,027,523)	(104,027,523)	-	(104,027,523)
Transfer to legal reserve	-	9,798,016	-	(9,798,016)	-	-	-
Total shareholders transactions	72,536,290	9,798,016	-	(186,361,829)	(104,027,523)	10,295,703	(93,731,820)
Balance at 31 December 2016	145,072,580	48,745,291	(162,824)	945,722,773	1,139,377,820	14,983,768	1,154,361,588

The accompanying notes on pages 8 to 65 form an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows - For the year ended 31 December 2016

(All amounts in Egyptian Pounds)

	Notes	2016	2015
Cash flows from operating activities			
Profit for the period before income tax		213,063,806	466,761,901
Adjustments for:			
Provisions	24	5,800,730	5,489,092
Provision for employee benefit obligation	24	-	2,533,203
Interest on lands' installments	25	531,405	1,131,318
Interest expense	25	57,364,682	32,366,845
Interest income	25	(30,279,881)	(27,648,656)
Interest income - corporate tax advances	25	(2,923,815)	(1,821,563)
Depreciation of property, plant and equipment	5	96,961,815	76,766,487
Amortization of intangibles (knowhow)	6	(942,930)	942,930
Provision of slow moving inventory	24	595,504	738,482
Gain from sale of property, plant and equipment	24	(3,905,164)	(13,102,698)
Provision no longer required	24	(43,680)	-
		336,222,472	544,157,341
Inventories		(178,726,592)	(28,554,196)
Trade and other receivables		(121,864,968)	(1,501,056)
Trade and other payables		(28,409,967)	49,094,792
Provisions used	18	(2,591,519)	(404,938)
Payments of employee benefit obligations	16	(588,169)	-
Dividends paid to Company's employees		(22,626,526)	(21,607,673)
Cash (outflow) / inflow from operating activities		(18,585,269)	541,184,270
Interest paid		(56,831,581)	(29,459,700)
Income tax paid		(73,056,654)	(136,228,597)
Net cash (outflow) / inflow from operating activities		(148,473,504)	375,495,973
Cash flows from investing activities			
Payment for property, plant and equipment	5	(274,146,026)	(361,767,610)
Purchase of intangible asset	6	-	(94,292,984)
Proceeds from sale of property, plant and equipment	5	6,157,864	14,443,739
Interest received		30,656,227	27,222,993
Payment for purchase of treasury bills		(691,612,480)	(575,914,568)
Proceeds from sale of treasury bills		648,682,420	532,763,241
Net cash outflow from investing activities		(280,261,995)	(457,545,189)
Cash flows from financing activities			
Proceeds from Non controlling interest share in capital increase of subsidiary		10,552,330	-
Dividends paid to Company's shareholders		(81,016,675)	-
Payments against notes payable for acquisition of land		(10,546,825)	(9,985,990)
Repayments of borrowings		(220,436,080)	(163,356,268)
Proceeds from borrowings		329,675,508	322,151,776
Net cash inflow from financing activities		28,228,258	148,809,518
Net (decrease) / increase in cash and cash equivalents		(400,507,241)	66,760,302
Cash and cash equivalents at beginning of the period		239,645,624	172,883,255
Effect of exchange rate on cash and cash equivalents		(168,392)	2,067
Foreign currency exchange rates gains from revaluation of cash at the date of the exchange rate floating		11,021,657	-
Cash and cash equivalents at end of the period	10	(150,008,352)	239,645,624

The accompanying notes on pages 8 to 65 form an integral part of these consolidated financial statements.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

1. General information

Edita Food Industries S.A.E. was established on 9 July 1996, under the investment Law No. 230 of 1989 and the money market Law No. 95 of 1992 and is registered in the commercial register under number 692 Cairo, which had been replaced by law No. 8 of 1997, and the company's period is for 25 years.

The Company is located in Sheikh Zayed city- Central Axis, Giza

The Company and its subsidiaries (the Group) provides manufacturing, producing and packing of all food products, juices, jams, readymade food, dry goods, cakes, pastry, dairy products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients. The company is registered in Egypt and London's stock exchange.

The main shareholders are BERCO Limited which owns 41.815% of the Company's share capital and the Bank of New York Mellon which owns 25.592% of the Company share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 13.065% of the Company's share capital and Africa Samba B.V. which owns 7.5% of Company's share capital and other shareholders owning 12.029% of company's share capital.

These consolidated financial statements have been approved by the board of directors taking into consideration that shareholders General Assembly Meeting has these right to amend the consolidated financial statements after being approved.

2. 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 for all the years presented , unless otherwise stated.

A. Basis of preparation

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable related laws and regulations. The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and employees post-employment defined benefit obligations that are measured at the present value of the obligation.

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

Egyptian Accounting Standards (EAS) requires referring to the International Financial Reporting Standards (IFRS) in treating certain balances and transactions, which have not been covered in any Egyptian Accounting Standards or legal requirements.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Basis of preparation (continued)

Percentage of owner ship in subsidiaries

The group consists of the below companies as of 31 December 2016 unless otherwise was noted and the percentage of the Group's share of the companies in is the direct ownership of the ordinary shares of the paid up capital only.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2016	2015	2016	2015
Digma for trading	Egypt	99.8 %	99.8 %	0.2 %	0.2 %
Edita Confectionery Industries	Egypt	77.71 %	77.71 %	22.29 %	22.29 %
Edita participation limited	Cyprus	100 %	100 %	-	-

Financial information about the subsidiaries of the group as at 31 December 2016 and 31 December 2015 as follows:

Name of subsidiary	Total Assets	Total Equity	Total Sales	Net Profit/ (loss)
	2016	2016	2016	2016
Digma for trading	284,033,086	187,714,292	2,322,059,255	104,471,710
Edita Confectionery Industries	173,523,440	67,086,992	92,886,054	6,602,664
Edita participation limited	163,466	(182,007)	-	(54,926)

Name of subsidiary	Total Assets	Total Equity	Total Sales	Net Profit/ (loss)
	2015	2015	2015	2015
Digma for trading	322,750,258	217,172,414	2,082,513,160	90,652,009
Edita Confectionery Industries	101,337,408	24,866,010	81,561,456	15,575,341
Edita participation limited	159,141	(121,503)	-	(31,121)

New issued and amended Egyptian Accounting Standards:

The Egyptian Accounting Standards have been re-issued during 2015, which includes new accounting standards and amendments to existing standards, These new and amended accounting standards are effective for annual periods beginning after 1 January 2016,. The following are the most significant amendments adopted to the consolidated financial statements as of December 31, 2016.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Basis of preparation (continued)

(1) Egyptian Accounting standard No (1) - Presentation of Financial Statements:

Summary of the significant amendments

Statement of financial position

The presentation of working capital has been removed. Also, the illustrative example of the financial statement attached with 2006 issuance have been amended which were presenting working capital to be replaced with current presentation of statement of financial position.

Income statement (Profit or losses) / and statement of comprehensive income:

The company shall disclose all items of income and expense recognized during the period in two separate statements: single statement one presents components of profit or loss (statement of profit or loss) and the other begins with profit or loss and components of other comprehensive income (statement of comprehensive income).

The potential impact on the financial statements:

A new statement (statement of comprehensive income) has been presented for the current & comparative period. In addition to restating the comparative amounts presented in the presented financial statements and the accompanying notes, to conform with the amendments to the standard.

(2) Egyptian Accounting standard No (10) – Property, Plant & Equipment:

Summary of the significant amendments

The revaluation model option at subsequent measurement of fixed assets has been removed. Fixed assets and accumulated depreciation movement should be presented for both periods in the accompanying notes to the financial statements (the current period and the comparative period). Strategic spare parts (Basic), as well as backup equipment, which serve as fixed assets can be capitalized when the company expects to use them during more than one period (that is, when it applies the definition of fixed assets).

The potential impact on the financial statements:

The Company did not apply this change retrospectively, and the book value at the date of application is the cost and the accumulated depreciation at the beginning of the application of this amended standard. Thus, the comparative figures of fixed assets movement in the notes to the financial statements has been restated to conform with the required amendments for the standard.

(3) Egyptian Accounting standard No (23) – Intangible assets:

Summary of the significant amendments

The revaluation model option at subsequent measurement of intangible assets has been removed. Intangible assets and accumulated amortization movement in the accompanying notes to the financial statements should be presented for both periods (the current period and the comparative period).

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Basis of preparation (continued)

The potential impact on the financial statements:

The Company did not apply this change retrospectively, and the book value at the date of application is the cost and the accumulated amortization at the beginning of the application of this amended standard. Thus, the comparative figures of intangible assets movement in the notes to the financial statements has been restated to conform with the required amendments for the standard.

(4) Egyptian Accounting standard No (45) – Fair Value measurement:

Summary of the significant amendments

A new Egyptian Accounting standard was issued under number (45) "Fair Value Measurement" This standard applies when another standard requires or permits measurement or disclosure at fair value. The standard is objective is to:

- Define the fair value.
- Establish the framework for measuring fair value in a single standard.
- Determine the required disclosure of fair value measurements.

The potential impact on the financial statements:

The standard has been applied to the consolidated financial statements at 31 December 2016, The group has no financial assets at fair value, Where the fair value model used in the subsequent measurement of non-financial assets have been removed.

(5) Egyptian Accounting standard No (29) – Business combination :

Summary of the significant amendments

Combination method

The purchase method has been cancelled and replaced with the acquisition method, which resulted in changing the cost of the acquisition to become the consideration transferred and to be measured at fair value at the acquisition date.

The consideration transferred

The fair value of the contingent consideration is recognized at the date of acquisition as a part of the consideration transferred

Transaction costs (Costs associated with acquisition)

Transaction costs are expensed in the statement of profit or loss where incurred and not included as part of the consideration transferred, except for the issuance of equity or debt instruments associated with the acquisition

The potential impact on the financial statements:

The standard has been applied to the business combination with acquisition date at /or after first of January 2016, accordingly assets or liabilities recognized from acquisition of businesses before January 1, 2016 have been amended.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Basis of preparation (continued)

(6) Egyptian accounting standard No (42) – Consolidated financial statements:

Summary of the significant amendments

A new Egyptian accounting standard No. 42, "Consolidated Financial Statements" has been issued, accordingly IAS 17 "Consolidated and separate Financial Statements" have been changed to "Separate Financial Statements". In accordance with the new Egyptian accounting standard (42) "Consolidated Financial Statements" the control model to identify the investor and investee that must be consolidated have been changed.

For changes in the ownership of the parent, company's rights in a subsidiary that does not lead to loss of control are treated as Equity transactions.

Re measurement of any remaining equity share in a subsidiary in the date on which the parent loses control at fair value and charge the difference in the statement of profit or loss.

In the case of non-controlling interests (minority) share in losses of a subsidiary is higher their equity balance, profit or loss and other comprehensive income items attributed to the owners of the holding company and the owners of non-controlling interest, even if it led to a negative balance for owners of non-controlling interests.

The potential impact on the financial statements:

In case of the financial statements were affected by this standard's amendments, adjustment will be affected retrospectively and adjustments to the comparative figures presented, In case that no effect to the financial statements resulted from the standard amendments it will lead to no changes over the figures of the financial statements

(7) Egyptian accounting standard No (43) – Joint arrangements:

Summary of the significant amendments

A new Egyptian accounting standards number (43) "joint arrangements" has been issued, accordingly IAS (27) has been removed "Interests in joint ventures". Based on the new Egyptian Accounting standard (43) "joint arrangements" a new criteria for classifying joint arrangement and determine its type of whether joint venture, or joint operation where it depends on the substance of the arrangement and not its legal form.

In the case of classifying the arrangement as a joint venture, each party of the arrangement recognizes the investment using equity method (where the proportionate consolidation method has been removed), in the consolidated or economic - interest financial statements issued by the investor.

The potential impact on the financial statements:

In case of the financial statements were affected by this standard's amendments, the adjustment would be made retrospectively and the presentation of comparative figures would have been restated in the consolidated financial information.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Basis of preparation (continued)

(8) Egyptian accounting standard No (18) – Investment in associates:

Summary of the significant amendments

The accounting treatment of joint ventures has been merged in this standard, thereby addressing both the investments in associates and joint ventures in the consolidated and economic - interest financial statements using the equity method.

If the investor ceases to have significant influence over an associate or joint venture, then the equity method should not be used with the measurement of the fair value of any investment the investor retains in the former associate or joint venture, and recognizes the resulted difference to statement of profit or loss

If the investment in associate transformed into investment in a joint venture or vice versa, the company shall continue to apply the equity method and do not re-measure the value of the equity shares held

If the company's share in an associate company or joint venture reduced, and the company continued to use the equity method. The company should transfer that portion of other comprehensive income recognized in prior periods, In respect of the company's share in a associate or Joint ventures other comprehensive income, to the statement profit or loss when equity reduced to other comprehensive income, based on reduced percentage. Which that has recognized in the past profit or loss within other comprehensive income that the re-classification of that part of the amount of gain or loss on reduction of equity to the profit or losses on the basis of the decline rate.

The potential impact on the financial statements:

In case of the financial statements were affected by this standard's amendments, so the adjustment would be made retrospectively and the presentation of comparative figures would have been restated in the consolidated financial information. No retrospective restatement, in respect of stop using equity method, where the stoppage date occurred in an early period to the application of this standard, and also for changes in the ownership of equity share of an associate or J.V and equity accounting continuing.

(9) Egyptian accounting standard No (36) – 'Exploration for and evaluation of mineral resources':

Summary of the significant amendments

The valuation model at subsequent measurement of fixed assets & intangible assets has been removed.

The potential impact on the financial statements:

The Company did not apply this change retrospectively, and the book value at the date of application is the cost and the accumulated depreciation and amortization at the beginning of the application of this amended standard. Thus, the comparative figures of fixed assets & intangible assets movement in the notes to the financial statements has been restated to conform with the required amendments for the standard.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Basis of preparation (continued)

(10) Egyptian accounting standard No (34) – 'Investment properties:

Summary of the significant amendments

The valuation model at the subsequent measurement for investment properties has been removed.

The potential impact on the financial statements:

This standard is not applied retrospectively, the carrying values at in the date of the transformation is the cost of the investment property. And as For the revaluation surplus associated with investment properties included included in equity at the date of transition to the cost model, and the resulting change in the property classified as fixed assets to an investment property the surplus is charged as profits (or losses) stage, when is asset is no longer acquired , taking into account tax impact of this conversion.

(11) Egyptian accounting standard No (14) – 'Borrowing costs:

Summary of the significant amendments

Typical accounting treatment has been removed, which was related to the recognition of a cost of borrowing directly related to the acquisition, construction or production of a qualifying asset in the statement of profit or loss without capitalization on the asset original cost.

The potential impact on the financial statements:

This standard has been applied to borrowing costs associated with qualified assets which has a capitalization date after 1 January 2016

(12) Egyptian accounting standard No (38) – 'Employee benefits:

Summary of the significant amendments

Actuarial gains and losses

Accumulated actuarial gains and losses should be recognized immediately under the defined benefit obligations to other comprehensive income items.

Past service cost

The company should recognize past service cost as an expense at the earliest of the following dates:

- When curtailment reduction to the plan occurs.
- When the company implements a restructuring plan to its activities and recognizes related restructuring costs, which include the payment of termination benefits.

The potential impact on the financial statements:

Retrospective restatement for outstanding employee benefits at the date of application of this revised standard and restating all comparative figures presented.

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Basis of preparation (continued)

(13) Egyptian accounting standard No (41) – 'Operating segments:

Summary of the significant amendments

The Egyptian accounting standard no 33 (Segment reporting) has been canceled and replaced with standard no 41 (Operating segments), and accordingly Segment reporting system to be disclosed and the size of the disclosures required depends mainly on the segments of information on the manner used by the chief operating decision maker of the entity (CODM) to make decisions about resources to be allocated to the segment and assessing its performance.

The potential impact on the financial statements:

Restating of the comparative information presented for previous periods, including interim periods, unless the information is not available and the cost of preparation is very high, with the necessity to disclose this fact.

(14) Egyptian accounting standard No (25) – 'Financial instruments - presentation:

Summary of the significant amendments

Any financial instrument that include right to resale is classified as equity instead of financial liability if it meets the criteria specified in paragraphs (16 "a" and 16 "b") or paragraphs (16 "c" and 16 "d") of the same standard, from the date of that instrument fulfils the criteria and features included in these paragraphs and the company should reclassify the financial instruments from the data of stopping fulfils all the criteria and features included in these paragraphs

The potential impact on the financial statements:

Any financial instrument which fulfils the criteria that has been represented including all comparative figures for the presented periods have been restated.

(15) Egyptian accounting standard No (40) – 'Financial instruments - Disclosures:

Summary of the significant amendments

A new Egyptian accounting standard No (40) "Financial Instruments – Disclosures " has been issued to include all the required disclosures for the financial instruments

Accordingly, the Egyptian accounting standard No (25) has been revised by separating the disclosures from the standard to become: "Financial Instruments – presentation" instead of "Financial Instruments – presentation and disclosure"

The potential impact on the financial statements:

A retrospective application amendment has been made to all comparative figures for the disclosures.

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Basis of preparation (continued)

(16) Egyptian accounting standard No (13) – The effects of changes in foreign currency exchange rates:

Summary of the significant amendments

On February 7, 2017, Minister of Investment issued decision allowing an exceptional accounting treatments specifically for companies whose functional currency primarily is the Egyptian pound, and only for financial statements for the year or part thereof, which begins before the date foreign currency devaluation at floating exchange rate, “3 November 2016” and it ends on or after this date.

Option 1: Assets financed in foreign currency liabilities:

Companies that acquired fixed assets and / or investment properties and / or exploration and evaluation assets and / or intangible assets (other than goodwill) financed with outstanding obligations denominated in foreign currency before the devaluated date can recognize of the related outstanding liability at the devaluation date, and for portion sold during the same period.

Option2 : recognition of exchange difference resulting from translating the monetary items outstanding at the floating date in the other comprehensive income.

Companies that its operating results have been affected by net foreign currency gain or losses resulted from the devaluation of foreign currency exchange rates, can recognize within its other comprehensive income, the debit and credit foreign exchange differences resulted from translating the monetary items outstanding at the floating date, using an average exchange rate that represents the average closing exchange rates announced by the Central Bank of Egypt between the floating date at “3 November 2016” till “10 November 2016” (Compared with closing rates for foreign currency at the latest days early to the devaluation date), after deducting the exchange differences that have been recognized with the cost of assets qualified for amendments (Option one).

Option 3: revised cost model:

A Company can apply the amended cost model on class or more of the assets qualified for amendments classes, which is fixed assets (except for land, building and assets leased by a lessor under finance lease and recognized at the lessors' books in accordance with the revised Egyptian accounting standard No. “20” – Accounting standards and principles related to finance lease arrangements), intangible assets (except for goodwill) and exploration and evaluation assets.

The potential impact on the financial statements:

Option two from exceptional accounting treatments included in the amendment of the Egyptian accounting standard No. (13) - The Effects of Changes in Foreign Exchange Rates have been applied to the consolidated financial statements.

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B. Basis of consolidation

1. Subsidiaries

Subsidiaries are all entities (including structured entities) 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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.

1.1 Acquisition method

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 acquire 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, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the date of acquisition .

Acquisition-related costs are expensed as incurred.

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

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

1.2 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.

1.3 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 recognised in profit or loss for the parent company.

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Basis of consolidation (continued)

1.4 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.5 Measurement period:

The measurement period is the period after the acquisition date which provides the acquirer with a reasonable time to obtain the information necessary to identify and measure all items arisen from an acquisition of a subsidiary. The measurement period shall not exceed one year from the acquisition date. If the group has identified a new facts or circumstances regarding the acquisition during the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date.

2. Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying (Directly or indirectly) a shareholding of between 20% and 50% of the voting rights in the associate.

2.1 Equity accounting method

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition from the change of the group's share from the associate's net assets. The group's share of post-acquisition profit or loss is recognized in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. with the group's share of the changes in equity after acquisition date.

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Basis of consolidation (continued)

2.2 Changes in owner's equity

If the ownership interest of the group in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate, From the disposal of the related assets and liabilities

2.3 The losses of an associate:

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, and after the group's share reduced to zero, any additional losses and liabilities are recognized only to the limit it has incurred legal or constructive obligations or made payments on behalf of the associate, When the associate start to generate profits in the upcoming periods , the group continues to recognize their share in these profits , only after their share of profits equals their share of unrecognized losses .

4.2 Transactions with associates

Profits and losses resulting from upstream and downstream transactions between the group (including the subsidiaries) and the associate are recognised in the group's financial statements only to the extent of other investor's interests in the associates.

5.2 Goodwill arisen from investments in associates

Goodwill represents the excess of the consideration transferred, of the group's share in the fair value of the net identifiable assets and liabilities acquired at the acquisition date

Goodwill arises from the investment in associates within the cost of the investment in associate after deduction of impairment losses in associates and it does not presented separately , and the goodwill impairment is not tested separately, In addition to the impairment test is performed on the carrying amount of total investments – as an individual asset , by comparing the carrying value with the recoverable amount of the asset , and the impairment losses recognized at this case are not allocated to any asset ,therefore , any reversed settlement for the impairment losses are recognized to the extent that the recoverable amount will increase to the extent it will not exceed the amount of the impairment losses previously recognized .

3. Joint arrangements

The group classifies the joint arrangement either as joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has classified their joint arrangement to be joint ventures , Joint ventures are accounted for using the equity method.

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Basis of consolidation (continued)

3.1 Joint Ventures

Under the equity method of accounting for joint ventures, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profit or loss according to the subsequent conditions that affects the group's share of the net assets of the joint venture. The group's profit or loss includes the profit or loss in the joint venture, as well as the other comprehensive income includes the group's share in the other comprehensive income of the joint venture, that is against the change in the carrying amount of the investment with the total share of the changes in equity after the joint ventures acquisition date.

When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Profits and losses resulting from upstream and downstream transactions between the group and its joint ventures are recognised in the group's financial statements only to the extent of unrelated investor's interests in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Whenever deemed necessary.

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Transactions in foreign currency during the period are recognised at the initial recognition with the functional currency of the group on the basis of translation of foreign currency which is the transaction is recorded with using the exchange intraday prevailing rate between the functional currency and the foreign currency at the date of the transaction, as well as monetary items translated or translation of items in foreign currency using the closing rate at the end of each fiscal period. And the group recognizes foreign currency revaluation differences resulting from the settlement of monetary items or for the translation of monetary items - by using the exchange rates different from those used in the translation at initial recognition in the same period or in previous financial statements - and within profit or loss in the period in terms of where these differences arise except when the postponement of the currency translation differences on the nature of the non monetary items in the other comprehensive income, which is an effective part of the process to cover the net investment in a foreign currency or the effective portion of cash flow to cover the risk.

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Foreign currency translation (continued)

The Group recognize Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

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

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

All resulting exchange differences are recognised in other comprehensive income.

In the consolidated financial statements, it is recognized in the statement of comprehensive income the value of the currency revaluation differences resulting from the translation of the net investment in foreign entities, as well as loans or financial instruments assigned to cover this investment in foreign currency differences and when the investment in the foreign entity excluding the currency differences stage to property rights are recognized As part of the profits and losses on disposal of this investment

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 recognised in other comprehensive income.

D. Property, plant and equipment

The group applies the historical cost model at measuring Property, plant and equipment ,All property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition by the group's management

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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.

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Property, plant and equipment (continued)

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

Estimated useful lives of assets are as follows:

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

Salvage value and useful lives are reviewed and changed if necessary by the groups at the end of each fiscal year.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, and this will be considered as an impairment loss.

Gains and losses on disposals for an item of fixed assets items are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the statement of profit or loss from the disposition of fixed assets .

E. Intangible assets

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

The trademark and know how is recognized as an indefinite intangible asset as the license is perpetual, irrevocable and exclusive including the trademark in the territory related to cake products. The brand has an established presence in the territory since nineteenth. In addition, the group has a strong historic financial track-record and forecasts continued growth also, the know how of perpetual license not exposed to typical obsolescence as it relates to a food products. The brand remain popular in the Middle East and the group does not foresee any decline in the foreseeable future.

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F. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. at the date of the financial statements

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.

For impairment assessment for an asset, comparison is performed between the amount by which the asset's carrying amount and its recoverable amount The recoverable amount is the higher of an asset's fair value less costs of disposal 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).

Impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets other than goodwill that suffered impairment are reviewed by the group for possible reversal of the impairment at each reporting date.

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

G. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted 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.

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H. 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) 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 year. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' in the statement of financial position.

(b) Held to maturity financial assets

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

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

(2) Initial recognition and measurement

Financial asset is recognised on trade-date, the date on which the group commits to the contractual provision of the financial assets.

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

(3) Subsequent Measurement

Loans, receivables, and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method. Interest calculated is recognised in the statement of profit or loss as part of Finance cost- net.

(4) De recognition

A financial asset is derecognised the end period of validity of the contractual right to receive cash flows from the financial asset ends, or the Group has transferred the risks and rewards of ownership of the asset financial materially.

A financial asset is derecognized with the book value at the date of the derecognition , and are recognized profit / (loss) arisen from the derecognition is recognized in the statement of profit or loss in the gains / (loss) on investment

The gains / (loss) from derecognition of the financial asset is the difference between the book value at the date of disposal and the proceeds received from the financial asset de recognition in addition to the accumulated gain or loss previously included in other comprehensive income items.

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I. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability.

Simultaneously, the legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of counterparty and it must reflect the ordinary group practices and the financial markets requirements and other conditions associated with risk considerations and the timing of cash flows for the group.

J. Impairment of financial assets

Assets recognized and measured at amortized cost

The group assesses at the end of each reporting year 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 to the group's assets .

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

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K. Trade and other receivables

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

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. And the asset is impaired by the amount of the provision and the losses are recognised at the statement profit and loss and writeoff the doubtful debts from thier associated provisions and recognize any subsequent recoveries as profit in the statement of profit or loss.

L. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand which is characterized by fluctuating bank balance from a positive balance to an overdraft balance, bank overdrafts are shown in current liabilities in the separate statement of financial position.

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.

N. 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 statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down.

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 statement of financial position date.

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O. Borrowings 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.

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

The amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the year less any investment income on the temporary investment of those Loans.

The group recognizes all other borrowing costs in profit or loss in the period in which they are incurred.

P. Current and deferred income tax

The group recognizes The tax expense for the period, comprises current and deferred tax, in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax is not accounted for if it arises from initial recognition of goodwill or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

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

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Current and deferred income tax (continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, 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. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements 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 utilised.

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.

Q. Employee benefits

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(1) Defined contribution plan

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

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(2) Defined benefit pension plan

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

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

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

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)

Employee benefits (continued)

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

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

(3) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever 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 Egyptian accounting standard no (28) and involves the payment of termination 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. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(4) Profit-sharing and bonus plans

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

R. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group recognizes the necessary commitments for restructuring and non-related activities of the Group in the provision for restructuring costs.

Contingent liability is a present obligation that arises from past events but is not recognized because it is not probable that an out flow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability . Contingent liabilities is only disclosed in the consolidated financial statement and not recognized.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. And it is expected for the outflow of resources is necessary to settle all the elements of commitment

When the time value of money assumption is important ,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 in the statement of profit or loss .

When it is expected to re-charge some or all required expenses to settle a provision to a third party outside the group, the Group recognize the recovered amount when it is certain that the recovery will take place if the group has to settle the obligation, and treats recovery as a separate asset in the statement of financial position, and shall not exceed the value that is recognized to recover the amount of the provision.

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S. Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

T. Trade payables & other credit balances

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

U. Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(1) Sales of goods

Sales of goods are recognised when delivered products to the wholesalers, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the Group warehouse or in the wholesalers locations depend on the agreements, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. And no element of financing is deemed present as the sales are made with a short credit term.

(2) Interest income

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

(3) Dividend income

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

(4) Government incentive on export sales

The Group recognizes a subsidy against exporting some of its production. and is calculated based on a percentage from the total exported goods ,Export subsidy is recognized in the statement of profit or loss as other income when received in cash after meeting all required criteria.

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V. Dividend Distribution

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

W. Operating lease

Leases where 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 statement of profit or loss on a straight-line year of the lease.

X. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for the group. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer for the holding company.

Y. Comparative figures

Where necessary, comparative figures is reclassified to conform to changes in presentation in the current period.

3. Financial risk management

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

(A) Market risk

Foreign currency exchange risk

(i) Foreign exchange risk

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

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

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)

Financial risk management (continued)

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

	2016	2015
Amounts recognised in profit or loss		
Net foreign exchange (loss) / gain included in other income/other expenses net of tax	(157,926,806)	1,095,862
	(157,926,806)	1,095,862
Net (Losses) / gains recognised in other comprehensive income		
Foreign currency exchange rates losses from revaluation of monetary items at the date of the exchange rate floating	(73,420,172)	-
Foreign currency translation reserve net of tax	(168,392)	2,067
	(73,588,564)	2,067

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

	2016			2015
	Assets	Liabilities	Net	Net
Euros	830,822	(257,479,531)	(256,648,709)	(186,657,909)
US Dollars	20,885,620	(179,989,393)	(159,103,773)	(34,730,182)

At 31 December 2016, 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 25,664,871 (2015: LE 18,665,791) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 31 December 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the Year would have been LE 15,910,377 (2015: LE 3,473,018) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

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

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Financial risk management (continued)

At 31 December 2016, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, post-tax profit for the Year would have been LE 708,762 (2015: LE 342,889) lower/higher, mainly as a result of higher/lower interest expense on floating rate Loans.

Loans at the statement of financial position on 31 December 2016 with variable interest rate amounted to LE 674,058,091 (2015: LE 480,905,613).

Overdraft at the statement of financial position on 31 December 2016 amounted to LE 240,473,897 (2015: LE 73,698,428).

(B) Credit risk

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

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

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors. For Individuals there is no credit risk since all sales are in cash.

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

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

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

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

Trade receivables

Counter parties without external credit rating:

	2016	2015
Trade and notes receivables	32,249,179	7,092,479
	32,249,179	7,092,479

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Financial risk management (continued)

Cash at bank and short-term bank deposits:

	2016	2015
A	6,350,075	156,075,388
BBB	-	137,853,764
AA	78,888,032	823,278
B	2,610,544	1,201,037
Total	87,848,651	295,953,467

(C) Liquidity risk

Management 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 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 statement of financial position ratio targets.

The table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 December 2016 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

At 31 December 2016	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Loans	82,314,203	63,918,131	148,571,413	379,254,344
Future interest payments	15,734,086	35,601,580	59,198,436	71,312,725
Trade and other payables	188,746,773	-	-	-
Bank overdraft	240,473,897	-	-	-
Notes payable	32,925,768	-	-	-
Total	560,194,727	99,519,711	207,769,849	450,567,069
At 31 December 2015				
Loans	63,735,176	70,953,151	97,684,524	248,532,762
Future interest payments	2,578,269	3,240,990	6,307,605	15,705,858
Trade and other payables	199,550,963	-	-	-
Bank overdraft	73,698,428	-	-	-
Notes payable	45,087,494	10,546,825	-	-
Total	384,650,330	84,740,966	103,992,129	264,238,620

The unused amount of Loans is amounted to EGP 154,586,942 as of 31 December 2016, also the Group will have future interest payments related to Loans amounting to LE 181,846,827 (2015: LE 27,832,722).

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Financial risk management (continued)

i. Capital management

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

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

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

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

	2016	2015
Total Loans and long term notes payable	674,058,091	491,452,438
Bank Overdraft	240,473,897	73,698,428
Total Loans and overdraft	914,531,988	565,150,866
Less: Cash and cash equivalents	(90,465,545)	(313,344,052)
Net debt	824,066,443	251,806,814
Total equity	1,154,361,588	1,174,822,535
Total capital	1,978,428,031	1,426,629,349
 Gearing ratio	 42 %	 18 %

The increase in net debt to total capital is mainly due to the increase in total loans and overdraft and the decrease in cash and cash equivalents as a result of dividends distribution.

Loan covenants

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

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

ii. Fair value estimation

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

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4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

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 by the group's technical resources. In order on conformity with Egyptian accounting standards, the management will regularly reviews residual value and useful lives of assets and modified annually.

Intangible assets impairment (Trade Mark & Know how)

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

Income tax

The group is subject to corporate income tax. The group estimates the income tax provision by using the advice of an expert. In case there are differences between the final and preliminary results, these differences will affect the income tax provision in these years.

2. The general personal judgments for implementation of the group accounting policies

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

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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 2015								
Cost	62,226,931	358,756,888	467,724,860	130,514,617	39,346,149	46,442,136	197,420,789	1,302,432,370
Accumulated depreciation	-	(42,535,772)	(132,481,461)	(63,583,055)	(22,910,791)	(25,051,641)	-	(286,562,720)
Net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Year ended 31 December 2015								
Opening net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Additions	44,487,197	94,541	17,057,231	36,072,030	7,893,495	15,670,686	240,492,430	361,767,610
Depreciation charge	-	(13,706,638)	(28,914,338)	(17,301,950)	(7,678,036)	(9,165,525)	-	(76,766,487)
Disposal Depreciation	-	-	200,543	26,531,920	519,333	2,869,226	-	30,121,022
Disposals	-	(75,478)	(322,961)	(27,647,439)	(528,669)	(2,887,516)	-	(31,462,063)
Transfers from Projects under construction	-	119,313,063	151,186,774	-	11,206,129	198,924	(281,904,890)	-
Closing net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
At 31 December 2015								
Cost	106,714,128	478,089,014	635,645,904	138,939,208	57,917,104	59,424,230	156,008,329	1,632,737,917
Accumulated depreciation	-	(56,242,410)	(161,195,256)	(54,353,085)	(30,069,494)	(31,347,940)	-	(333,208,185)
Net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Year ended 31 December 2016								
Opening net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Additions	14,194,132	-	14,874,049	10,906,147	10,323,755	10,240,089	213,607,854	274,146,026
Depreciation charge	-	(18,759,872)	(36,518,579)	(18,773,364)	(11,068,526)	(11,841,474)	-	(96,961,815)
Disposal Depreciation	-	-	1,480,969	4,479,770	826,086	1,337,475	-	8,124,300
Disposals	-	-	(2,454,633)	(5,712,850)	(842,344)	(1,367,173)	-	(10,377,000)
Transfers from Projects under construction	-	14,526,630	177,790,647	-	12,302,435	1,923,504	(206,543,216)	-
Closing net book amount	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243
At 31 December 2016								
Cost	120,908,260	492,615,644	825,855,967	144,132,505	79,700,950	70,220,650	163,072,967	1,896,506,943
Accumulated depreciation	-	(75,002,282)	(196,232,866)	(68,646,679)	(40,311,934)	(41,851,939)	-	(422,045,700)
Net book amount at 31 December 2016	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243

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Property, plant and equipment (continued)

Depreciation included in the statement of profit or loss is as follows:

	2016	2015
Charged to cost of sales	61,553,299	45,263,368
Charged to administrative expenses	16,082,305	14,026,960
Charged to distribution costs	19,326,211	17,476,159
	96,961,815	76,766,487

During the year, the Group has capitalized borrowings costs amounting to LE 4,872,184 (2015: LE 9,971,079) on qualified assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 13%.

	2016	2015
Allocation of the borrowing cost on Qualified Assets		
Projects under construction – Buildings	3,234,209	7,363,397
Projects under construction – Machinery	1,637,975	2,607,682
Total	4,872,184	9,971,079

The project under construction represents the following Categories:

	2016	2015
Buildings	134,067,710	24,506,337
Machinery & equipment	10,909,915	112,474,638
Tools & equipment	2,575,700	6,932,536
Technical and other installations	15,519,642	12,094,818
	163,072,967	156,008,329

Cash flow statement

The proceeds from disposal of fixed assets amount in the cash flow comprise as follows :

	2016	2015
Net book value of the assets disposed	2,252,700	1,341,041
Gain on sale of fixed assets (Note 24)	3,905,164	13,102,698
	6,157,864	14,443,739

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6. Intangible assets

	Net Book Value	
	2016	2015
A- Trademark	131,480,647	131,480,647
B- Know how	31,430,995	30,488,065
Balance as of	162,911,642	161,968,712

A. Trademarks

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

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

B. Know how

	Know How	
	2016	2015
Cost		
Opening balance	31,430,995	-
Additions during the year	-	31,430,995
Balance as of	31,430,995	31,430,995
Accumulated amortization		
Opening Balance	(942,930)	-
Amortization expense during the year	942,930	(942,930)
Balance as of	-	(942,930)
Net book value for know how	31,430,995	30,488,065

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

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Intangible assets (continued)

Impact of change in accounting policy

- The accounting policy of intangible asset “Know how” have been changed during the year from intangible assets have finite useful lives, amortized over the company life span (25 years) and measured at cost less amortization in the consolidated financial statements to became intangible assets have an indefinite useful live measured at cost in the consolidated financial statements, and impairment is tested on an annual basis.
- Intangible asset “Know how” have been recognized in the consolidated financial statements for the year ended 31 December 2015, as a finite useful live intangible assets, based on significant incompleteness of its related production lines and that these new products is considered have new trade mark in the market and no actual marketing testing for these products took place at the consolidated financial statements date.
- Later during 2016, these production lines completed and genuine marketing for these products have been started. This provides the company’s management with the ability to establish assumptions on developing the market in the future.
- For the purpose of uniting the accounting policy for all intangible assets and to provide reliable and more relevant information, the company’s management changed the know how accounting policy from cost less amortisation based on finite useful live determined on 25 years to indefinite useful live measured at cost with impairment tested annually, considering the ability to establish reliable assumptions of future sales.
- The retrospective application of change in accounting policy resulted with adjustment of EGP 942,930 represents the amortization of 2015 fiscal year. Management concluded to recognize such adjustment on current year statement of profit or loss, as the resulting adjustment from changing the accounting policy has an immaterial impact on 2016 retained earnings opening balance, net profit for the year, basic and diluted earnings per share and comparative figures for the year ended 31 December 2015.

The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable value.

Assumptions used by the Group when testing the impairment of intangible assets as of 31 December 2016 as follows:

Average gross profit	26%
Discount rate	23%
Growth rate	3%

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

Sensitivity of recoverable amounts

At 31 December 2016, if the discount rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

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

Notes to the consolidated financial statements – For the year ended 31 December 2016

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

Intangible assets (continued)

At 31 December 2016, if the growth rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

At 31 December 2016, if the gross profit rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

7. Inventories

	2016	2015
Raw and packaging materials	250,308,760	96,827,316
Spare parts	26,269,668	26,436,664
Finished goods	25,381,892	10,177,972
Consumables	9,849,632	5,887,149
Work in process	6,881,927	1,935,464
Total	318,691,879	141,264,565
Less: provision for slow moving and obsolete inventory	(263,320)	(967,094)
Net	318,428,559	140,297,471

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

During the year ended 31 December 2016, there has been a slow moving and obsolete inventory addition amounted to LE 595,504 (2015: LE 738,482) (Note 24) and utilized amounted to LE 1,299,278 (2015: LE 550,388).

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 1,249,637,425 during the year ended 31 December 2016 (2015: LE 1,052,610,030).

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)

8. Trade and other receivables

	2016	2015
Trade receivables	30,718,968	6,387,918
Notes receivables	1,530,211	704,561
Total	32,249,179	7,092,479
Provision for impairment of trade and notes receivables	(20,556)	(20,556)
Net trade and notes receivable	32,228,623	7,071,923
Advances to suppliers	138,088,609	43,539,492
Prepaid expenses	12,477,604	4,708,186
Other debit balances	7,419,676	9,861,458
Deposits with others	5,678,541	2,106,229
Letters of credit	581,818	431,169
Employee loans	128,524	77,787
Accrued revenues	65,079	46,935
Total	196,668,474	67,843,179

9. Treasury bills

	2016	2015
Treasury bills par value	198,000,000	151,475,000
Unearned interest	(8,425,680)	(4,830,740)
Amount of treasury bills paid	189,574,320	146,644,260
Interest income recognized to profit or loss	2,570,508	2,946,854
Treasury bills balance	192,144,828	149,591,114

The Group purchased Egyptian treasury bills on 15th of November 2016 with par value amounted LE 45,000,000 with an annual interest of 17%. These treasury bills are due in 14th of February 2017. The total recognized interest income amounted to LE 924,903.

The Group purchased Egyptian treasury bills on 23rd of November 2016 with par value amounted LE 53,000,000 with an annual interest of 17.19%. These treasury bills are due in 21th of February 2017. The total recognized interest income amounted to LE 909,881.

The Group purchased Egyptian treasury bills on 6th of December 2016 with par value amounted LE 20,000,000 with an annual interest of 17.95%. These treasury bills are due in 7th of March 2017. The total recognized interest income amounted to LE 235,385.

The Group purchased Egyptian treasury bills on 13th of December 2016 with par value amounted LE 20,000,000 with an annual interest of 18.59%. These treasury bills are due in 14th of March 2017. The total recognized interest income amounted to LE 175,213.

The Group purchased Egyptian treasury bills on 13th of December 2016 with par value amounted LE 10,000,000 with an annual interest of 18.47%. These treasury bills are due in 14th of March 2017. The total recognized interest income amounted to LE 87,072.

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)

Treasury bills (continued)

The Group purchased Egyptian treasury bills on 20th of December 2016 with par value amounted LE 15,000,000 with an annual interest of 18.95%. These treasury bills are due in 21th of March 2017. The total recognized interest income amounted to LE 81,793.

The Group purchased Egyptian treasury bills on 20th of December 2016 with par value amounted LE 5,000,000 with an annual interest of 18.95%. These treasury bills are due in 21th of March 2017. The total recognized interest income amounted to LE 27,252.

The Group purchased Egyptian treasury bills on 20th of December 2016 with par value amounted LE 20,000,000 with an annual interest of 18.95%. These treasury bills are due in 21th of March 2017. The total recognized interest income amounted to LE 109,057.

The Group purchased Egyptian treasury bills on 27th of December 2016 with par value amounted LE 10,000,000 with an annual interest of 19%. These treasury bills are due in 28th of March 2017. The total recognized interest income amounted to LE 19,952.

10. Cash and cash equivalents

	2016	2015
Bank deposits	59,960,840	260,360,840
Cash at banks	27,887,811	35,592,627
Cash on hand	2,616,894	17,390,585
Total	90,465,545	313,344,052

The average interest rate on local currency time deposits as of 31 December 2016 is 12.5% (2015: 7.5%).

Time deposits are having maturity year of less than 3 months from date of the deposit.

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

	2016	2015
Cash and banks balances	90,465,545	313,344,052
Bank overdraft (Note 19)	(240,473,897)	(73,698,428)
Total	(150,008,352)	239,645,624

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. Share capital

Authorized capital LE 360,000,000 (1,800,000,000 share, par value LE 0.2 per share).

The issued and paid up capital amounted to LE 72,536,290 after trading (par value LE 0.2 per share) are distributed as follow:

<u>Shareholders</u>	<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.	47,056,732	9,411,346	12.975%
Africa Samba B.V.	54,402,233	10,880,447	15.000%
Others (Public stocks)	109,568,335	21,913,667	30.210%
	362,681,450	72,536,290	100%

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

The issued capital amounted to LE 145,072,580 (par value LE 0.2 per share) are distributed as follows as of 31 December 2016:

<u>Shareholders</u>	<u>No. of shares</u>	<u>Shares value</u>	<u>Percentage of ownership</u>
BERCO Ltd.	303,308,300	60,661,660	41.815%
THE BANK OF NEW YORK MELLON	185,631,920	37,126,384	25.592%
EXODER Ltd.	94,769,464	18,953,893	13.065%
Africa Samba B.V.	54,402,234	10,880,447	7.500%
Others (Public stocks)	87,250,982	17,450,196	12.029%
	725,362,900	145,072,580	100%

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.

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

Notes to the consolidated financial statements – For the year ended 31 December 2016

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

13. Non-controlling interest

					Total	
	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	2016	2015
Balance at 1 January	12,271,000	5,000	38,162	(6,696,725)	5,617,437	1,966,793
Non-controlling share in profit of subsidiaries	-	-	-	1,680,677	1,680,677	3,653,048
Asset revaluation reserve	-	-	-	-	-	(2,404)
Foreign exchange (Losses)	-	-	-	(2,610,049)	(2,610,049)	-
Total comprehensive income for the year	-	-	-	(929,372)	(929,372)	3,650,644
Shareholders transactions						
Dividends distribution to non-controlling interests in subsidiaries	-	-	-	(256,627)	(256,627)	-
Non-controlling interest share in capital increase of subsidiary	10,552,330	-	-	-	10,552,330	-
Transfer to legal reserve	-	247,174	-	(247,174)	-	-
Shareholders transactions	10,552,330	247,174	-	(503,801)	10,295,703	-
Balance at 31 December	22,823,330	252,174	38,162	(8,129,898)	14,983,768	5,617,437

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

Notes to the consolidated financial statements – For the year ended 31 December 2016

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

14. Loans

	2016			2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	146,232,334	527,825,757	674,058,091	134,688,327	346,217,286	480,905,613
	146,232,334	527,825,757	674,058,091	134,688,327	346,217,286	480,905,613

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

	2016	2015
Balance due within 1 year	130,936,262	120,456,761
Accrued interest	15,296,072	14,231,566
	146,232,334	134,688,327

(1) Edita Food Industries Company

	2016			2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	13,057,767	-	13,057,767
Second loan	-	-	-	12,645,613	-	12,645,613
Third loan	-	-	-	11,830,743	-	11,830,743
Fourth loan	20,464,972	26,250,000	46,714,972	20,558,670	43,749,965	64,308,635
Fifth loan	49,286,230	125,885,836	175,172,066	34,408,847	115,311,417	149,720,264
Sixth loan	21,486,364	72,000,000	93,486,364	20,438,125	72,000,000	92,438,125
Seventh loan	36,811,734	164,105,235	200,916,969	162,383	89,431,939	89,594,322
Eighth loan	237,842	130,829,986	131,067,828	-	-	-
	128,287,142	519,071,057	647,358,199	113,102,148	320,493,321	433,595,469

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

	2016	2015
Balance due within 1 year	113,929,860	100,161,521
Accrued interest	14,357,282	12,940,627
Total	128,287,142	113,102,148

- First loan**

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

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

Loans (continued)

- **Second loan:**

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

- **Third loan:**

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

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 on 31 December 2016 in addition to accrued interest. The loan outstanding balance at 31 December 2016 after payment of due installments amounted to 43,750,000 in addition accrued interests.

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 86,857,057 plus 5,587,500 USD on 31 December 2016. The loan outstanding balance at 31 December 2016 after payment of due installments amounted to LE 77,206,280 plus 4,966,666 USD in addition accrued interests.

Terms of payments:

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

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

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Loans (continued)

- **Sixth loan:**

This sixth loan is provided by one of the Egyptian banks on April 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 90,000,000 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 90,000,000 on 10 equal semi-annual installments; each installment is amounted to LE 9,000,000. The first installment is due on 9 April 2017 and the last on 9 October 2021.

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.

- **Seventh loan:**

This seventh loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 200,581,054 and the total withdrawal amount is LE 94,073,754 plus 5,405,194 Euro plus 60,214 USD plus 90,208 GBP on 31 December 2016 in addition to accrued interest. The bank committed to translate the foreign Currency to Egyptian pound as the company is not obligated to pay the loan back in foreign currency.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 200,581,054 on 11 equal semi-annual instalments; each instalment is amounted to LE 18,233,915, except for the last instalment amounted to LE 18,241,904 the first instalment is due on 19 April 2017 and the last on 19 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Eighth loan:**

This eighth loan is provided by one of the Egyptian banks on September 2016 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and 6,000,000 Euro. The total withdrawal amount is LE 91,698,190 plus 2,046,000 Euro on 31 December 2016 in addition to accrued interest.

Terms of payments:

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

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Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(2) Digma for Trading Company

	2016			2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	3,601,575	-	3,601,575	3,733,704	3,333,334	7,067,038
Second loan	3,555,141	1,666,666	5,221,807	3,637,597	5,000,000	8,637,597
Third loan			14,541,16		14,290,63	21,910,90
	7,453,134	7,088,034	8	7,620,274	1	5
			23,364,55	14,991,57	22,623,96	37,615,54
Total	14,609,850	8,754,700	0	5	5	0

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

	2016	2015
Balance due within 1 year	13,906,402	14,095,240
Accrued interest	703,448	896,335
	14,609,850	14,991,575

- **The First loan**

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

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Second loan**

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

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Loans (continued)

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Third loan**

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 14,327,769 on 4 equal semi-annual instalments, each instalment is amounted to LE 3,619,867 and the last instalment amounted to LE 3,468,167 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on April 2017 and the last on October 2018.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(3) Edita Confectionery Industries Company

	2016			2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
loan	3,335,342	-	3,335,342	6,594,604	3,100,000	9,694,604
	<u>3,335,342</u>	<u>-</u>	<u>3,335,342</u>	<u>6,594,604</u>	<u>3,100,000</u>	<u>9,694,604</u>

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

	2016	2015
Balance due within 1 year	3,100,000	6,200,000
Accrued interest	235,342	394,604
	<u>3,335,342</u>	<u>6,594,604</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.

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Loans (continued)

Terms of payments:

Edita Confectionary Industries S.A.E. is obligated to pay LE 3,100,000 on 1 semi-annual instalment (instalment is amounted to LE 3,100,000) and the instalments come due after 6 months from the first withdrawal, the next instalment is due on the last on 17 April 2017 in addition accrued interests

Interest:

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

Fair value:

Fair value is approximately equal to book value.

15. Long-term notes payable

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

	2016		2015	
	Notes payable	Present value	Notes payable	Present value
Short-term notes payables				
Less than one year	-	-	10,546,825	10,546,825
Total short-term liabilities	-	-	10,546,825	10,546,825

The total accrued interest on the loan for the year ended at 31 December 2016 amounting to LE 531,405 (2015: LE 1,131,318) has been charged on the statement of profit or loss as a finance cost (Note 25).

16. Employee Benefit obligations

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

	2016	2015
Discount rate	14%	10%
Average salary increase rate	10%	7%
Turnover rate	25%	25%
Life table	49-52	49-52

The amounts recognized at the statement of financial position date are determined as follows:

	2016	2015
Present value of obligations	1,945,034	2,533,203
Liability at the statement of financial position	1,945,034	2,533,203

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Employee Benefit obligations (continued)

Movement in the liability recognized in the statement of financial position:

	<u>2016</u>	<u>2015</u>
Balance at beginning of the year	2,533,203	-
Additions during year	-	2,533,203
Paid during the year	(588,169)	-
Balance at end of the year	<u>1,945,034</u>	<u>2,533,203</u>

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

	<u>2016</u>	<u>2015</u>
Present cost of the service		
Accrued service cost	-	2,533,203
Total	<u>-</u>	<u>2,533,203</u>

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17. Deferred income 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:

	Fixed assets depreciation	Acquiring Digma Company for Trading	Unrealized foreign exchange loss	Net deferred tax liabilities	
				2016	2015
A. Deferred tax assets					
Balance at 1 January	-	-	-	-	-
Charged to statement of profit or loss	-	-	33,608,041	33,608,041	-
Ending balance as of 31 December	-	-	33,608,041	33,608,041	-
B. Deferred tax liabilities					
Balance at 1 January	(90,720,084)	(3,816,218)	-	(94,536,302)	(79,424,174)
Charged to statement of profit or loss	(25,804,796)	240,423	-	(25,564,373)	(15,109,724)
Charged to statement of comprehensive income	-	-	-	-	(2,404)
Ending balance as of 31 December	(116,524,880)	(3,575,795)	-	(120,100,675)	(94,536,302)
Net deferred tax liabilities	(116,524,880)	(3,575,795)	33,608,041	(86,492,634)	(94,536,302)
Balance at 1 January	(90,720,084)	(3,816,218)	-	(94,536,302)	(79,424,174)
Charged to statement of profit or loss (Note 26)	(25,804,796)	240,423	33,608,041	8,043,668	(15,109,724)
Charged to statement of comprehensive income	-	-	-	-	(2,404)
Ending Balance as of 31 December	(116,524,880)	(3,575,795)	33,608,041	(86,492,634)	(94,536,302)

According to the tax system in Egypt, the tax losses belongs to Edita confectionary Industries company may be changed during the tax inspection by the tax authority. Accordingly, the management did not recognize deferred tax assets except the tax losses recognized in the financial year ended as of 31 December 2016.

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)

18. Provisions

	Other provisions	
	2016	2015
Balance at 1 January	16,000,854	10,916,700
Additions during the year (Note 24)	5,800,730	5,489,092
Utilized during the year	(2,591,519)	(404,938)
Provision no longer required (Note 24)	(43,680)	-
Balance at 31 December	19,166,385	16,000,854

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

19. Bank overdraft

	2016	2015
Bank overdraft	240,473,897	73,698,428
Total	240,473,897	73,698,428

Bank overdraft is an integral part of the group's cash management. Bank overdraft is secured against guarantees by cross guarantees from the group of shareholders. The effective interest rate for bank overdraft was 15.75 % as of 31 December 2016 (2015: 11.25%).

20. Trade and other payables

	2016	2015
Trade payables	126,406,928	152,325,852
Accrued expenses	46,047,650	37,131,266
Taxes payable	33,240,605	7,952,953
Notes payable	32,925,768	45,087,494
Other credit balances	14,199,584	8,639,617
Advances from customers	2,360,845	2,582,453
Dividends payable	2,092,611	1,454,228
Social insurance	75,118	75,118
Total	257,349,109	255,248,981

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

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

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements – For the year ended 31 December 2016**

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

21. Current portion of long-term liabilities

	2016	2015
Short-term loans (Note 14)	146,232,334	134,688,327
Current portion at long-term notes payable (Note 15)	-	10,546,825
Total	146,232,334	145,235,152

22. Current income tax liabilities

	2016	2015
Balance at 1 January	24,281,519	81,588,139
Income tax paid during the year	(24,015,547)	(81,088,673)
Withholding tax receivable	(6,076,107)	(3,789,924)
Income tax for the year (Note 26)	52,932,503	80,743,540
Corporate income tax – advance payments	(42,965,000)	(50,850,000)
Accrued interest – advance payments (Note 25)	(2,923,815)	(1,821,563)
Tax adjustments	-	(500,000)
Balance at 31 December	1,233,553	24,281,519

23. Other income

	2016	2015
Gain from sales of production waste	4,768,776	4,940,762
Export subsidies	3,250,926	4,829,951
Other income	1,705,326	5,634,304
Total	9,725,028	15,405,017

24. Other gains / (losses) – Net

	2016	2015
Other provisions (Note 18)	(5,800,730)	(5,489,092)
Provision for slow moving inventory (Note 7)	(595,504)	(738,482)
Provision for employee benefit obligation (Note 16)	-	(2,533,203)
Provision no longer required (Note 18)	43,680	-
Gain from sale of property, plant and equipment (Note 5)	3,905,164	13,102,698
Other gains / (losses) – Net	(2,447,390)	4,341,921

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

Notes to the consolidated financial statements – For the year ended 31 December 2016

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

25. Finance cost – Net

	2016	2015
Finance income		
Interest income	30,279,881	27,648,656
Interest income – Corporate tax advance (Note 22)	2,923,815	1,821,563
	33,203,696	29,470,219
Finance cost		
Interest on lands' instalments (Note 15)	(531,405)	(1,131,318)
Interest expenses	(57,364,682)	(32,366,845)
Foreign exchange (Loss) gain	(203,776,523)	1,414,015
	(261,672,610)	(32,084,148)
Finance cost – Net	(228,468,914)	(2,613,929)

26. Income tax expense

The group is subject to the corporate income tax according to tax law No. 91 of 2005 and as per tax law No. 96 of 2015 amendments.

	2016	2015
Income tax for the year (Note 22)	52,932,503	80,743,540
Deferred Tax (Note 17)	(8,043,668)	15,109,724
Total	44,888,835	95,853,264
Profit before tax	213,063,806	466,761,901
Tax calculated based on applicable tax rates	47,939,356	105,021,428
	47,939,356	105,021,428
Tax effect of non-deductible expenses	1,439,153	1,971,175
Adjustments resulted from change in tax rates	-	3,827,947
Tax effect of unrealized foreign exchange loss	(4,489,674)	-
Tax losses which no deferred income tax assets was recognized	-	(14,967,286)
Income tax expense	44,888,835	95,853,264

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

Notes to the consolidated financial statements – For the year ended 31 December 2016

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

27. Earnings per share

Basic

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

	2016	2015
Profit attributed to owners of the parent	168,174,971	370,908,637
Weighted average number of ordinary shares in issue	725,362,900	725,362,900
Basic earnings per share	0.23	0.51

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 group does not have any categories of dilutive potential ordinary shares on 31 December 2016 and 31 December 2015, hence the diluted earnings per share is the same as the basic earnings per share.

The effect of applying appendix of amended EAS No. 13

The group recognized part of its exchange difference losses in other comprehensive income that was resulted from revaluation balances of outstanding monetary items on the date of floating the exchange rate using average of official closing rates of foreign currencies announced by Central bank of Egypt in the period from floating the exchange rate on 3 November 2016 till 10 November 2016 comparing to closing exchange rate of foreign currencies of the prior day before of floating the exchange rate according to paragraph "10" from extension (a) of amended EAS No. 13 "The Effects of Changes in Foreign Exchange Rates" issued by Minister of Investment No. 16 of 2017 on February 7, 2017 which has an impact on earnings per share as follows:

	In the case of applying paragraph no 10 from " effect of the changes in foreign currency exchange rates" standard's annex	In the case of not applying paragraph no 10 from " effect of the changes in foreign currency exchange rates" standard's annex
Profit attributed to owners of the parent	168,174,971	73,881,199
Weighted average number of ordinary shares in issue	725,362,900	725,362,900
Basic earnings per share	0.23	0.10

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements – For the year ended 31 December 2016**

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

28. Consolidated expenses by nature

	2016	2015
Cost of sales	1,594,247,951	1,349,479,274
Distribution cost	301,300,697	276,435,403
Administrative expenses	173,114,459	149,811,098
	2,068,663,107	1,775,725,775
Raw and packaging materials used	1,201,719,268	1,048,016,428
Salaries and wages	296,490,898	274,369,672
Company share in social insurance	32,218,341	31,101,529
Advertising expense	118,750,550	108,714,342
Depreciation	96,961,815	76,766,487
Other expenses	58,029,327	39,117,320
Gas, oil , water and electricity	50,207,622	39,953,959
Purchases – goods for resale	47,918,157	4,593,602
Employees benefits	45,178,073	45,708,239
Rent expense	38,223,402	34,320,999
Maintenance	21,151,087	21,347,708
Transportation expense	19,895,559	20,537,246
Vehicle expense	19,649,326	19,005,194
Consumable materials	14,117,656	10,495,081
Collection commission	6,659,781	-
Royalty	1,492,245	1,677,969
Total cost of sales, distribution costs, and administrative expenses	2,068,663,107	1,775,725,775

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

Notes to the consolidated financial statements – For the year ended 31 December 2016

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

29. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sales	1,292,555	1,205,203	830,670	748,680	178,799	94,155	98,278	85,181	95,776	84,281	6,840	7,855	2,502,918	2,225,355
Gross profit	503,989	480,677	285,576	306,695	53,071	27,097	37,937	36,228	25,783	21,581	2,314	3,597	908,670	875,875
Operating profit	271,207	274,245	141,604	165,449	5,079	5,051	13,543	14,238	8,793	7,933	1,307	2,460	441,533	469,376
Interest expense	(135,133)	(17,376)	(86,844)	(10,794)	(18,693)	(1,357)	(10,275)	(1,228)	(10,013)	(1,215)	(715)	(114)	(261,673)	(32,084)
Interest income	17,146	15,960	11,020	9,915	2,372	1,247	1,304	1,128	1,271	1,116	91	104	33,204	29,470
Income tax	(27,833)	(56,027)	(14,367)	(33,796)	(357)	(1,015)	(1,354)	(2,903)	(845)	(1,609)	(133)	(503)	(44,889)	(95,853)
Net profit	125,387	216,802	51,413	130,774	(11,599)	3,926	3,218	11,235	(794)	6,225	550	1,947	168,175	370,909

The segment information disclosed in the table above represents the segment information provided to the chief operating decision makers of the Company.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

30. Related party transactions

The following transactions were carried out with related parties:

1. Chipita Participation Company

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

The royalty during the year ended December 2016 amounted to LE 1,492,245 (2015: LE 1,677,969) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 13.065% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the year ended 31 December 2016, the group paid an amount of LE 61,785,420 as salaries to the key management members (2015: LE 61,969,936).

31. Contingent liabilities

a. Contingent Liabilities for banks

(1) Edita Food Industries Company

The Company guarantees Digma for trading company and Edita confectionary Industries against third parties in borrowing from Egyptian Banks.

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 50,700,499 as at 31 December 2016 (2015: LE 22,185,404).

(2) Digma for Trading Company

The Company guarantees Edita Food Industries against third parties in borrowing from Egyptian Banks.

At 31 December 2016, the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 27,500 as at 31 December 2016 (2015: LE 913,869).

(3) Edita Confectionary Industries Company

At 31 December 2016 the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business at 31 December 2016 amounted to LE 2,237,901 (2015: LE 1,220,616)

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Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Contingent liabilities (continued)

b. Tax position

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

Edita Food Industries Company

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 2010 and all due tax amounts paid.

For the years 2011-2012 the tax inspection was performed and the difference was sent to internal committee.

For the years 2013-2015 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

b) Payroll tax

- The payroll tax inspection was performed till 31 December 2013 and company paid tax due.
- As for the years 2014 and 2016 the tax inspection has not been performed and the company is submitting the quarterly tax return on due time to the Tax Authority.

c) Sales tax

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

d) Stamp duty tax

- The stamp duty tax inspection was performed till 2009 and company paid tax due.
- Years from 2010 till 2016 tax inspection has not been performed.

Digma for Trading Company

a) Corporate tax

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

- The tax inspection was performed by the Tax Authority for the year from the Company's inception until year 2009 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2010 to 2013 the tax inspection was performed and the difference was sent to internal committee.
- For the years from 2014 to 2015 Company submits its tax returns on due dates according to law No, 91 for the year 2005.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

Contingent liabilities (continued)

b) Payroll tax

- The tax inspection was performed until 31 December 2012 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2013 to 2016 the Company submitted its quarter tax returns to Tax Authority on due dates.

c) Sales tax

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

d) Stamp tax

- The tax inspection was performed for the year from the Company's inception until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The tax inspection was performed for the years from 2009 to 2012 and the difference were sent to internal committee to study.
- For the years from 2013 to 2016 the Company paid the tax due.

Edita Confectionary Industries Company

a) Corporate tax

- The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and adjustments.
- The corporate tax inspection was performed for the years from 2009 till 2014 and the company has not informed with any results yet.
- The company hasn't been inspected for the year 2015, the Company submitted its tax returns to Tax Authority on due dates.

b) Payroll Tax

- The payroll tax inspection was performed for the years from 2009 till 2012 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year from 2013 till 2016.

c) Sales Tax

- The tax inspection was performed for the year from the Company's inception until 2013 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The company hasn't been inspected for the year from 2014 till 2016 and the Company submits its monthly sales tax return on due date.

d) Stamp Tax

- The stamp tax inspection was performed from 2009 till 2012 and the tax due was paid to the Tax Authority.
- For the years 2013 and 2014 the tax inspection was performed and the difference was sent to internal committee.
- The Company hasn't been inspected for the year from 2015 till 2016.

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

Notes to the consolidated financial statements - For the year ended 31 December 2016

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

32. Capital Commitments

The Group has capital commitments as of 31 December 2016 amounted to LE 32,978,630 in respect of the construction of a new factory for Edita Food Industries.

33. Financial instrument by category

		2016	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (excluding prepayments)*		184,190,870	184,190,870
Cash and cash equivalents		90,465,545	90,465,545
Treasury bills		192,144,828	192,144,828
Total		466,801,243	466,801,243
		2016	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Loans*		674,058,091	674,058,091
Trade and other payables (excluding non-financial liabilities)*		221,672,541	221,672,541
Bank overdraft		240,473,897	240,473,897
Total		1,136,204,529	1,136,204,529
		2015	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (excluding prepayments)*		63,134,993	63,134,993
Cash and cash equivalents		313,344,052	313,344,052
Treasury bills		149,591,114	149,591,114
Total		526,070,159	526,070,159
		2015	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Loans*		491,452,438	491,452,438
Trade and other payables (excluding non-financial liabilities)*		244,638,457	244,638,457
Bank overdraft		73,698,428	73,698,428
Total		809,789,323	809,789,323

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

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Financial instrument by category (continued)

* At the Statement of financial position 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 Loans also approximate the fair value as the management uses a variable interest rate above the mid corridor rate.

Trade and other receivables presented above excludes prepaid expenses

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

34. Dividends distribution

a. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Group (First and second) by the weighted average number of ordinary shares in issue during the year. The dividends paid to shareholders during 2016 were amounted to EGP 153,568,353 (0.21 EGP Per share) and EGP NIL during 2015

b. Suggested Dividends distribution

The board of directors of the Group had suggested on the shareholders of the Group a dividends distribution for the year 2016 amounted to EGP 108,696,388 (EGP 0.15 per share) according the dividends distribution project.

35. Subsequent events

on November 3, 2016 The central bank of Egypt has announced floating of foreign exchange rates against the Egyptian pound with increased rates on deposit and lending by 3%, and based on it is determined the official exchange of foreign currencies against the Egyptian pound in local banks, according to the mechanisms of supply and demand in the market.

The decree was issued by Minister of Investment No. 16 of 2017 on February 7, 2017 by adding an extension (a) of EAS No. 13 "The Effects of Changes in Foreign Exchange Rates" in order to put a temporary optional accounting treatments from which to deal with the effects of the floating foreign currency exchange rate on the financial statements of companies whose functional currency it is the Egyptian pound put an additional option to temporarily paragraph number "28" of the Egyptian accounting standard No (13) "the effects of changes in foreign exchange rates," which requires the recognition of differences in foreign currency the date of the exchange rate associated with assets and fixed investment properties and intangible assets (excluding goodwill) and assets of exploration and evaluation either acquired before the date of the floating of exchange rate, the recognition of debit and credit differences resulting from the translation of these commitments in the history of floating of the exchange rate in the cost of these assets, in accordance with paragraph 8 "Annex. As for the processing facility will allow the recognition of currency differences and payables resulting from floating of exchange rates of monetary assets in foreign currency based on the date of the exchange rate within other comprehensive income items, as set out in paragraph "10".

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

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Subsequent events (continued)

The accounting treatment included in this Appendix also provides an option extra temporarily paragraph "29" of the Egyptian accounting standard No (10) "fixed assets and accumulated depreciation" amended and paragraph "74" of the EAS (23) "intangible assets", and paragraph "12 " Egyptian accounting standard No (36) rate" exploration and evaluation of mineral resources", for the measurement after initial recognition, allows the company to amend one or more of the fixed asset classes and / or intangible assets and / or assets exploration and evaluation stated at historical cost values in the financial statements of the company, using a coefficient reflecting the impact of the change in the exchange rate on the date of the exchange rate adjusted for inflation teams period, instead of using the revaluation at fair value model..

And the previously mentioned treatments has been applied to the fiscal year which stars before the floating of the exchange rates on 3 November 2016 and ends in/ or after that date

The following represents the effect on the group's financial statements of the application of the treatment included in paragraph no10 from the standard's reveised annex

	In the case of applying paragraph no 10 from " effect of the changes in foreign currency exchange rates" standard's annex	In the case of not applying paragraph no 10 from " effect of the changes in foreign currency exchange rates" standard's annex
<u>Statement of financial position</u>		
Legal reserve	48,745,291	43,925,547
Retained earnings	945,722,773	950,542,517
Non-controlling interest	14,983,768	15,129,371
Deferred tax liabilities	86,492,634	85,837,498
Current income tax liabilities	1,233,553	1,446,755
<u>Statement of profit or loss</u>		
Finance cost , net	(228,468,914)	(323,204,620)
Income tax expense	(44,888,835)	(44,446,901)
Net profit for the year	168,174,971	73,881,199
<u>Statement of other comprehensive income</u>		
Foreign currency exchange rates losses from revaluation of monetary items at the date of the exchange rate floating	(94,735,706)	-
Comprehensive income	73,270,873	73,712,807