

EDITA FOOD INDUSTRIES S.A.E.

**REVIEW REPORT AND SEPARATE INTERIM
FINANCIAL STATEMENTS FOR THE NINE MONTHS
PERIOD ENDED 30 SEPTEMBER 2016**

EDITA FOOD INDUSTRIES S.A.E.

Separate interim financial statements - For the nine months period ended 30 September 2016

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Review report

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

Introduction

We have reviewed the accompanying separate statement of financial position of Edita Food Industries (S.A.E.) (the company) as of 30 September 2016 and the related separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these Separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these Separate interim financial statements based on our limited review.

Scope of limited review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying Separate interim financial statements is not prepared in all material respects, the financial position of the company as at 30 September 2016, and of its financial performance and its cash flows for the nine months period then ended in accordance with Egyptian Accounting Standards.

Ahmed Gamal Al-Atrees

R.A.A. 8784

E.F.S.A. 136

Mansour & Co. PricewaterhouseCoopers



9 November 2016

Cairo

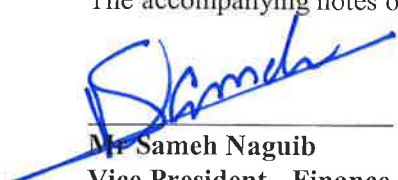
EDITA FOOD INDUSTRIES S.A.E.

Separate statement of financial position - As of 30 September 2016

(All amounts in Egyptian Pounds)

	Note	30 September 2016	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	5	1,177,755,582	1,108,691,429
Intangible Assets	6	161,025,782	161,968,712
Investments in subsidiaries	7	124,476,662	87,692,662
Total non-current assets		1,463,258,026	1,358,352,803
Current assets			
Inventories	8	130,491,529	118,826,860
Trade and other receivables	9	172,438,569	111,158,098
Treasury bills	10	32,653,682	94,018,810
Cash and cash equivalents (excluding bank overdrafts)	11	78,429,623	174,853,029
Total current assets		414,013,403	498,856,797
Total assets		1,877,271,429	1,857,209,600
Equity			
Share capital	12	145,072,580	72,536,290
Legal reserve	13	36,268,145	36,268,145
Retained earnings		805,400,711	899,251,921
Total equity		986,741,436	1,008,056,356
Liabilities			
Non-current liabilities			
Long-term loans	14	380,953,817	320,493,321
Employee benefit obligations	16	2,102,663	2,533,203
Deferred tax liabilities	17	90,532,192	75,912,565
Total non-current liabilities		473,588,672	398,939,089
Current liabilities			
Provisions	18	24,882,443	11,847,384
Bank overdraft	19	98,329,003	69,017,855
Trade and other payables	20	210,481,929	230,168,124
Current portion of long-term liabilities	21	83,247,946	123,648,973
Current income tax liabilities	22	-	15,531,819
Total current liabilities		416,941,321	450,214,155
Total equity and liabilities		1,877,271,429	1,857,209,600

The accompanying notes on pages 7 to 42 form an integral part of these separate interim financial statements


Mr Sameh Naguib
Vice President - Finance


Eng Hani Berzi
Chairman

Giza 9 November 2016
Review report attached

EDITA FOOD INDUSTRIES S.A.E.

Separate statement of profit or loss

For the nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Note	The nine months period ended 30 September		The Three months period ended 30 September	
		2016	2015	2016	2015
Revenue		1,406,145,004	1,332,706,310	511,110,562	453,075,803
Cost of sales	28	(1,002,817,363)	(930,770,925)	(383,471,649)	(322,790,956)
Gross profit		403,327,641	401,935,385	127,638,913	130,284,847
Other income	23	7,170,043	3,988,326	857,535	1,260,037
Distribution cost	28	(100,238,124)	(100,359,634)	(17,086,266)	(36,892,956)
Administrative expenses	28	(100,063,379)	(91,669,424)	(30,768,537)	(32,280,054)
Other gains / (losses) - net	24	(84,648,363)	(1,689,875)	(31,777,685)	(4,988,087)
Finance cost - net	25	(21,988,417)	(5,547,491)	(9,205,101)	(4,302,119)
Profit before income tax		103,559,401	206,657,287	39,658,859	53,081,668
Income tax expense	26	(27,410,611)	(40,545,627)	(11,252,899)	6,118,753
Net profit for the period		76,148,790	166,111,660	28,405,960	59,200,421
Basic earnings per share	27	0.10	0.23	0.04	0.08
Diluted earnings per share	27	0.10	0.23	0.04	0.08

The accompanying notes on pages 7 to 42 form an integral part of these separate interim financial statements.

EDITA FOOD INDUSTRIES S.A.E.

**Separate statement of comprehensive income
For the nine months period ended 30 September 2016**

(All amounts in Egyptian Pounds)

	The nine months period ended		The Three months period ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
Net profit for the period	<u>76,148,790</u>	<u>166,111,660</u>	<u>28,405,960</u>	<u>59,200,421</u>
Total comprehensive income for the period	<u>76,148,790</u>	<u>166,111,660</u>	<u>28,405,960</u>	<u>59,200,421</u>

The accompanying notes on pages 7 to 42 form an integral part of these separate interim financial statements.

EDITA FOOD INDUSTRIES S.A.E.**Separate statement of changes in equity
For the nine months period ended 30 September 2016****(All amounts in Egyptian Pounds)**

	Share capital	Legal reserve	Retained earnings	Total
Balance at 31 December 2014 and 1 January 2015	72,536,290	29,203,540	655,844,850	757,584,680
Net profit for the period	-	-	166,111,660	166,111,660
Dividends distribution for 2014	-	-	(15,454,601)	(15,454,601)
Balance at 30 September 2015	72,536,290	29,203,540	806,501,909	908,241,739
Balance at 31 December 2015 and 1 January 2016	72,536,290	36,268,145	899,251,921	1,008,056,356
Net profit for the period	-	-	76,148,790	76,148,790
Bonus shares, capital increase	72,536,290	-	(72,536,290)	-
Dividends distribution for 2015	-	-	(97,463,710)	(97,463,710)
Balance at 30 September 2016	145,072,580	36,268,145	805,400,711	986,741,436

The accompanying notes on pages 7 to 43 form an integral part of these separate interim financial statements.

EDITA FOOD INDUSTRIES S.A.E.

Separate statement of cash flows

For the nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Notes	30 September 2016	30 September 2015
<u>Cash flows from operating activities</u>			
Profit for the period before income tax		103,559,401	206,657,287
Adjustments for:			
Provisions	24	14,250,000	2,953,767
Interest on lands' installment	25	531,405	848,489
Interest expenses	25	34,741,904	19,772,732
Interest income	25	(12,885,270)	(14,953,730)
Interest income - corporate tax advances	25	(399,622)	(120,000)
Depreciation of property, plant and equipment	5	52,855,463	39,976,801
Amortization of Intangible assets	6	942,930	628,620
Provision of slow moving inventory		675,000	-
Gain on sale of property, plant and equipment		(631,121)	(4,819,218)
		193,640,090	250,944,748
Inventories		(12,339,669)	(17,551,538)
Trade and other receivables		(77,341,278)	(46,849,414)
Trade payables and other credit balances		(19,966,073)	43,836,769
Provision utilized		(1,214,941)	(246,741)
Payments of employee benefit obligations		(430,540)	-
Dividends paid to Company's employees		(16,174,818)	(15,454,601)
Cash inflow from operating activities		66,172,771	214,679,223
Interest paid		(37,248,785)	(19,772,732)
Income taxes paid		(48,646,374)	(96,496,172)
Net cash inflow from operating activities		(19,722,388)	98,410,319
<u>Cash flows from investing activities</u>			
Payment of property, plant and equipment	5	(123,070,405)	(194,522,897)
Payment of Intangible assets		-	(94,292,984)
Proceeds from sale of property, plant and equipment		1,781,910	5,356,742
Interest received		13,829,480	16,403,295
Payment for purchase of treasury bills		(31,953,192)	(84,847,979)
Proceeds from sale of treasury bills		92,374,110	84,045,733
Net cash outflow from investing activities		(47,038,097)	(267,858,090)
<u>Cash flows from financing activities</u>			
Notes payable payment		(10,546,825)	(9,985,990)
Dividends paid to Company's shareholders		(81,009,014)	-
Proceeds from borrowings		213,368,958	212,700,162
Repayment of borrowings		(180,787,188)	(60,723,359)
Net cash (outflow) / inflow from financing activities		(58,974,069)	141,990,813
Net decrease in cash and cash equivalents		(125,734,554)	(27,456,958)
Cash and cash equivalents at beginning of the period		105,835,174	98,683,988
Cash and cash equivalents at the end of the period	11	(19,899,380)	71,227,030

The accompanying notes on pages 7 to 43 form an integral part of these separate interim financial statements.

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

1. General information

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

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

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

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

2. Accounting policies

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

A. Basis of preparation

The separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS's) and applicable laws and regulations. The separate interim financial statements have been prepared under the historical cost convention.

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

The company has prepared these separate interim financial statements in accordance with local regulations. The company has also prepared consolidated financial statements in accordance with EAS's for the company and its subsidiaries (the "Company"). In the consolidated financial statements, subsidiary undertakings - which are those companies in which the Company, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations - have been fully consolidated. The consolidated financial statements can be obtained from the head office of the Company. In these separate interim financial statements, investment in subsidiaries are accounted for at cost.

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Basis of preparation (continued)

Users of these separate interim financial statements should read them together with the Company's consolidated financial statements for the period ended 30th of September 2016 in order to obtain full information on the financial position, results of operations, cash flow and changes in equity of the Company as a whole.

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

B. Foreign currency translation

(1) Functional and presentation currency

Items included in the separate interim financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') (Egyptian Pounds). The separate interim financial statements are presented in Egyptian Pounds which is the company's functional and presentation currency.

(2) Transaction and balances

"Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, they are deferred in equity if they are attributable to part of the net investment in foreign operations except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit or loss.

C. Property, plant and equipment

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

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

Estimated useful lives of assets are as follows:

Buildings	25 years
Machinery	20 years
Vehicles	5 years
Tools & equipment	5 years
Furniture & office equipment	4 – 5 years

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Property, plant and equipment (continued)

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

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

The residual values and useful lives of all assets are reviewed, and adjusted if appropriate, at each statement of financial position date.

Projects in progress are carried at cost, less any recognized impairment loss. Cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition. Depreciation for these assets, determined on the same basis as other comparable property, plant and equipment, commences when the assets are ready for their intended use.

D. Intangible assets

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

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

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

- The expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team;
- Typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way;
- Technical, technological, commercial or other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Impairment of non-financial assets (continued)

- The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level;
- The period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
- Whether the useful life of the asset is dependent on the useful life of other assets of the entity.

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

Intangible assets that have an indefinite useful life (Intangible assets – Trademarks) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

(2) Non-financial assets have useful life

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

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

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

E. Investments in subsidiaries

Investments in subsidiaries, where ownership is more than 50% of the voting power or there is control over the financial and operating policies for these companies are reflected in the separate interim financial statements using the cost method of accounting. Under this method, the investment is initially recorded at cost. Any received dividends are credited to the investment balance with the value of the dividend received in case the dividends exceed the investment share in the subsidiaries.

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

F. Held-to-maturity financial assets

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

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

G. Inventory

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

H. Financial assets

(i) Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' and 'treasury bills' in the statement of financial position (Notes 9, 10, 11 and 14).

(b) Held to maturity investments

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

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

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Financial assets (continued)

(ii) Recognition and de recognition

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

(iii) Measurement

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

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

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

(iv) Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company 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 company of financial assets that can be reliably estimated.

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

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

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

I. Trade and other receivables

Trade and other 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 company 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 granted credit limits).

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'in the statement of profit or loss.

J. Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of NINE 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. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

K. Share capital

Ordinary shares are classified as equity.

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

L. Borrowings

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

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

Borrowings are classified as current liabilities unless the company 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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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

M. Current and deferred income tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate interim 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. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit 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.

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

N. Employee benefits

(1) Defined contribution plan

The company pays contributions to the Public Authority for Social Insurance plans on a mandatory basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

(2) Employee benefit obligation

i. Pension obligations

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

ii. Defined benefit pension plans

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

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

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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Employee benefits (Continued)

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

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

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

iii. Profit sharing

The employees have a legal right of 10% of declared cash dividends as profit sharing, which shall not exceed the total employee's annual payroll expenses. The company reliably estimate the obligation and recognise employee's share in profit by as an expenses considering the possibility that some employees may leave without receiving profit-sharing payments.

O. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are reviewed at each statement of financial position date and adjusted to represent the Company's best estimate.

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

P. Trade payables

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

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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Q. Revenue recognition

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

The company 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 company'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 company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a company entity has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the company 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 company has objective evidence that all criteria for acceptance have been satisfied. No element of financing is deemed present as the sales are made with a short credit term.

(b) Interest income

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

(c) Dividend income

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

(d) Governmental subsidy on export sales

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

R. Dividends distribution

Dividend distribution is recorded in the company's separate interim financial statements in the period in which they are approved by the company's shareholders.

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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

S. Operating lease

Leases are classified as operating leases when the risk and reward of the ownership are retained with the lessor. 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 basis over the period of the lease.

T. Segment reporting

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

U. Comparative figures

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

3. Financial risk management

(1) Financial risk factors

The company'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 company's efforts are addressed to minimize potential adverse effects of such risks on the company's financial performance.

The company does not use any derivative financial instruments to cover specific risk.

A. Market risk

i. Foreign exchange risk

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

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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Financial risk management (continued)

During the period, the following foreign exchange related amounts were recognized in profit or loss:

	30 September 2016	31 December 2015
Amounts recognized in profit or loss		
Net foreign exchange (loss) / gain included in other income / (expense) net of tax	(53,360,249)	1,094,709
Total	(53,360,249)	1,094,709

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

	Assets	Liabilities	30 September 2016 Net	31 December 2015
Euros	9,474,113	(132,323,596)	(122,849,483)	(192,064,961)
US Dollars	17,127,240	(66,966,889)	(49,839,649)	(35,186,283)

At 30 September 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been LE 12,284,948 (2015: LE 19,206,496) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 30 September 2016, if the EGP had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been LE 4,983,964 (2015: LE 3,518,628) lower, mainly as a result of foreign exchange losses on translation of US dollar-denominated assets and liabilities.

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

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

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

ii. Price risk

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

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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Financial risk management (continued)

iii. Cash flow and fair value interest rate risk

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

At 30 September 2016, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, post-tax profit for the period would have been LE 464,202 (31 December 2015: LE 411,074) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowing at statement of financial position date with variable interest rate amounted to LE 464,201,763 (31 December 2015: LE 433,595,469).

Overdraft at the statement of financial position date as of 30 September 2016 amounted to LE 98,329,003 (31 December 2015: LE 69,017,855).

B. Credit risk

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

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

For the wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account its financial position, and their market reputation, past experience and other factors. Sales of the company are for a major customer (Digma for Trading – company's subsidiary), which represent 92% of total company sales.

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

The maximum exposure to credit risk is the amount of receivables and the intercompany receivable, treasury bills as well as the cash and cash equivalents.

C. Credit quality of financial assets

Trade receivables

Counter parties without external credit rating:

	30 September 2016	31 December 2015
Digma for Trading Company	32,336,714	32,621,679
Other parties	4,583,873	1,899
Total	36,920,587	32,623,578

Outstanding trade receivables are current and not impaired

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For the nine months period ended 30 September 2016**

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

Financial risk management (continued)

Cash at bank and short-term bank deposits:

	30 September 2016	31 December 2015
BBB	46,858,744	102,596,953
A	28,500,184	67,369,692
B	836,772	463,050
AA	252,437	806,413
Total	76,448,137	171,236,108

D. Liquidity risk

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

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 30 September 2016 based on contractual payment dates and current interest rates.

At 30 September 2016	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	27,658,083	55,589,794	96,737,582	284,216,304
Future interest payments	6,375,944	20,246,769	44,523,812	40,107,630
Trade and other payables	141,301,778	-	-	-
Bank overdraft	98,329,003	-	-	-
Notes payable	56,873,424	-	-	-
Total	330,538,232	75,836,563	141,261,394	324,323,934
At 31 December 2015				
Borrowings	52,942,087	60,160,061	82,201,604	238,291,717
Future interest payments	2,103,983	2,670,186	5,340,373	15,413,618
Trade and other payables	182,218,144	-	-	-
Bank overdraft	69,017,855	-	-	-
Notes payable	42,673,441	10,546,825	-	-
Total	348,955,510	73,377,072	87,541,977	253,705,335

The unused amount to borrowings is amounted to EGP 250,303,162 as of 30 September 2016 also the Company will have future interest payments related to borrowings amounted to EGP 111,254,155 (31 December 2015: LE 25,528,160).

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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

Financial risk management (continued)

(2) Capital management

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

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

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

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

Description	30 September 2016	31 December 2015
Total borrowings and long term notes payable	464,201,763	444,142,294
Bank Overdraft	98,329,003	69,017,855
Total borrowings and loans	562,530,766	513,160,149
Less: Cash and cash equivalents	(78,429,623)	(174,853,029)
Net debt	484,101,143	338,307,120
Total equity	986,741,436	1,008,056,356
Total capital	1,470,842,579	1,346,363,476
Gearing ratio	33%	25%

The increase in net debt to total capital is due to the decrease in cash and cash equivalents and decrease of total equity as a result of dividends distribution. In addition to increase in total borrowings and loans.

Loan covenants

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

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

(3) Fair value estimation

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

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Notes to the separate interim financial statements For the nine months period ended 30 September 2016

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

4. Critical accounting estimates and judgments and personal judgement

(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 company 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 company'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 periodically.

Intangible assets impairment (Trade Mark)

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

Intangible assets useful life (Knowhow)

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

Inventory provision

The Company forms a provision for obsolete and slow moving items based on periodic reports related to the expiry and the quality of inventory.

Income tax

The Company is subject to corporate income tax. The Company 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) Critical personal judgments in applying the company's policies

In general the application of the company'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 separate financial statement.

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 1 January 2015								
Cost	62,226,931	281,510,397	424,827,637	32,047,525	37,720,379	34,691,662	196,735,712	1,069,760,243
Accumulated depreciation	-	(31,399,788)	(125,994,759)	(23,082,056)	(22,196,521)	(17,385,503)	-	(220,058,627)
Net book amount	62,226,931	250,110,609	298,832,878	8,965,469	15,523,858	17,306,159	196,735,712	849,701,616
Year ended 31 December 2015								
Opening net book amount	62,226,931	250,110,609	298,832,878	8,965,469	15,523,858	17,306,159	196,735,712	849,701,616
Additions	44,487,197	-	15,082,849	4,613,260	6,565,143	8,114,269	235,370,938	314,233,656
Depreciation charge	-	(11,260,416)	(26,717,289)	(2,929,949)	(7,274,112)	(6,428,367)	-	(54,610,133)
Disposal Depreciation	-	-	200,543	14,983,240	519,334	51,380	-	15,754,497
Disposals	-	-	(322,961)	(15,485,197)	(528,669)	(51,380)	-	(16,388,207)
Transfers from Projects under construction	-	119,272,338	149,594,897	-	11,206,128	-	(280,073,363)	-
Closing net book amount	106,714,128	358,122,531	436,670,917	10,146,823	26,011,682	18,992,061	152,033,287	1,108,691,429
At 31 December 2015								
Cost	106,714,128	400,782,735	589,182,422	21,175,588	54,962,981	42,754,551	152,033,287	1,367,605,692
Accumulated depreciation	-	(42,660,204)	(152,511,505)	(11,028,765)	(28,951,299)	(23,762,490)	-	(258,914,263)
Net book amount	106,714,128	358,122,531	436,670,917	10,146,823	26,011,682	18,992,061	152,033,287	1,108,691,429
period ended 30 September 2016								
Opening net book amount	106,714,128	358,122,531	436,670,917	10,146,823	26,011,682	18,992,061	152,033,287	1,108,691,429
Additions	14,194,132	-	13,798,074	2,538,594	4,651,058	4,673,321	83,215,226	123,070,405
Depreciation charge	-	(12,111,859)	(25,207,414)	(2,184,758)	(7,440,109)	(5,911,323)	-	(52,855,463)
Disposal Depreciation	-	-	1,480,969	772,696	666,316	1,950	-	2,921,931
Disposals	-	-	(2,454,633)	(939,950)	(676,187)	(1,950)	-	(4,072,720)
Transfers from Projects under construction	-	13,524,840	124,968,577	-	10,148,855	924,199	(149,566,471)	-
Closing net book amount	120,908,260	359,535,512	549,256,490	10,333,405	33,361,615	18,678,258	85,682,042	1,177,755,582
At 30 September 2016								
Cost	120,908,260	414,307,575	725,494,440	22,774,232	69,086,707	48,350,121	85,682,042	1,486,603,377
Accumulated depreciation	-	(54,772,063)	(176,237,950)	(12,440,827)	(35,725,092)	(29,671,863)	-	(308,847,795)
Net book amount	120,908,260	359,535,512	549,256,490	10,333,405	33,361,615	18,678,258	85,682,042	1,177,755,582

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

6. Intangible assets

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

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

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

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

	Know How	
	30 September 2016	31 December 2015
Cost		
Opening Balance	31,430,995	-
Additions during the period / year	-	31,430,995
Balance as of	31,430,995	31,430,995
Accumulated Amortization		
Opening Balance	(942,930)	-
Amortization expense during the period /year	(942,930)	(942,930)
Balance as of	(1,885,860)	(942,930)
Net book value for know how	29,545,135	30,488,065
Net book value for intangible assets (A+B)	161,025,782	161,968,712

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

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

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

Intangible assets (continued)

Assumptions used by the Company when testing the impairment of intangible assets as of 31 December 2015 as follows:

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

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

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

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

7. Investments in subsidiaries

	<u>Country of Incorporation</u>	<u>% interest held</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
Digma for Trading Company	Egypt	99,80%	44,939,638	44,939,638
Edita Confectionary Industries	Egypt	77,71%	79,523,000	42,739,000
Edita Participation Ltd.	Cyprus	100%	14,024	14,024
Balance at period / year end			<u>124,476,662</u>	<u>87,692,662</u>

The impairment of investment in subsidiaries is reviewed periodically to ensure that the carrying amount of the investment in subsidiaries is not lower than the recoverable amount, so there is no impairment in the value.

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

8. Inventories

	30 September 2016	31 December 2015
Raw and packaging materials	99,189,190	88,944,175
Spare parts	24,208,654	25,872,230
Work in process	3,488,887	1,628,305
Consumables	2,345,343	1,869,440
Finished goods	2,087,495	1,479,804
Total	131,319,569	119,793,954
Less: provision for slow moving and obsolete inventory	(828,040)	(967,094)
Net	130,491,529	118,826,860

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

During the period ended 30 September 2016, there has been a slow moving and obsolete inventory addition amounted to LE 675,000 (30 September 2015: Nil) (Note 24) and utilized amounted to LE 814,054 (30 September 2015: Nil).

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 771,938,460 as of 30 September 2016. (30 September 2015: LE 727,457,482).

9. Trade and other receivables

	30 September 2016	31 December 2015
Due from related parties (Note 29)	78,585,348	77,547,627
Advances to suppliers	54,603,965	24,667,414
Tax authority – Corporate tax prepayments	20,723,193	-
Prepaid expenses	6,582,231	1,956,156
Deposits with others	4,862,427	1,639,865
Trade receivables	4,583,873	1,899
Other debit balances	1,787,649	4,832,443
Letters of credit	494,701	387,972
Employee loans	144,117	77,787
Accrued revenues	71,065	46,935
Total	172,438,569	111,158,098

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

10. Treasury bills

	30 September 2016	31 December 2015
Treasury bills par value	32,750,000	95,225,000
Unearned interest	(796,808)	(2,850,890)
Amount of treasury bills paid	31,953,192	92,374,110
Interest income recognized to profit or loss	700,490	1,644,700
Treasury bills balance	32,653,682	94,018,810

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

11. Cash and cash equivalents (excluding bank overdrafts)

	30 September 2016	31 December 2015
Bank deposits	58,960,840	147,760,840
Cash at banks	17,487,297	23,475,268
Cash on hand	1,981,486	3,616,921
Cash and Cash equivalents (excluding bank overdrafts)	78,429,623	174,853,029

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

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

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

	30 September 2016	31 December 2015
Cash and bank balances	78,429,623	174,853,029
Bank overdraft (Note 19)	(98,329,003)	(69,017,855)
Total	(19,899,380)	105,835,174

EDITA FOOD INDUSTRIES S.A.E.

Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

12. 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:

Shareholders	No. of shares	Shares value	Percentage of ownership
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 725,362,900 share (par value LE 0.2 per share) will be distributed as follows:

Shareholders	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	303,308,300	60,661,660	41.815%
THE BANK OF NEW YORK MELLON	185,631,920	37,126,384	25.59%
EXODER Ltd.	94,113,464	18,822,693	12.975%
Africa Samba B.V.	54,402,234	10,880,447	7.500%
Others (Public stocks)	87,906,982	17,581,396	12.12%
	725,362,900	145,072,580	100%

13. 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 company 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.

Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

14. Borrowings

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

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

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

- **First loan**

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

- **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.

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

Borrowings (continued)

- **Fourth loan:**

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

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Fifth loan:**

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

Terms of payments:

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

- **Sixth loan:**

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

Terms of payments:

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

EDITA FOOD INDUSTRIES S.A.E.

Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

Borrowings (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Seventh loan:**

This seventh loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and the total withdrawal amount is LE 75,273,404 plus 6,405,612 Euro plus 60,214 USD plus 90,208 GBP on 30 September 2016 in addition to accrued interest. The bank committed to translate the foreign Currency to Egyptian pound as the company 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 170,000,000 on 11 equal semi-annual instalments; each instalment is amounted to LE 15,455,000, except for the last instalment amounted to LE 15,450,000 the first instalment is due on 19 April 2017 and the last on 19 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Eighth loan:**

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

Terms of payments:

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

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.

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

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.

	30 September 2016		31 December 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 period ended at 30 September 2016 amounting to LE 531,405 (September 2015: LE 848,489) has been charged on the statement of profit or loss as a finance cost (Note 25).

16. Employee benefit obligation

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

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

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

	30 September 2016	31 December 2015
Present value of obligations	2,102,663	2,533,203
Liability at the statement of financial position	2,102,663	2,533,203

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

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

EDITA FOOD INDUSTRIES S.A.E.

Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

Employee benefit obligation (continued)

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

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

17. Deferred tax liabilities

		Net deferred tax liabilities	
	Fixed assets & Intangible assets	30 September 2016	31 December 2015
Deferred tax liabilities			
Balance at 1 January	(75,912,565)	(75,912,565)	(61,780,522)
Charged to statement of profit or loss (Note 26)	(14,619,627)	(14,619,627)	(14,132,043)
Ending balance as of	(90,532,192)	(90,532,192)	(75,912,565)

18. Provisions

	30 September 2016	31 December 2015
Balance at 1 January	11,847,384	8,227,379
Charged during the period/ year (Note 24)	14,250,000	3,891,267
Utilized during the period/ year	(1,214,941)	(271,262)
Ending Balance	24,882,443	11,847,384

Provisions related to claims expected to be made by a third party in connection with the company'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.

EDITA FOOD INDUSTRIES S.A.E.

Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

19. Bank overdrafts

	30 September 2016	31 December 2015
Bank overdraft	98,329,003	69,017,855
Total	98,329,003	69,017,855

Bank overdraft is an integral part of the Company's cash management to finance its working capital. The effective interest rate for bank overdraft was 12.75% as of 30 September 2016 (31 December 2015: 11.25%).

20. Trade and other payables

	30 September 2016	31 December 2015
Trade payables	111,766,749	143,776,912
Notes payable	56,873,424	42,673,441
Accrued expenses	19,782,193	30,671,282
Taxes payable	10,986,927	2,618,968
Other credit balances	8,277,687	6,574,679
Dividends payable	1,475,149	1,195,271
Advances from customers	1,244,682	2,582,453
Social insurance	75,118	75,118
Total	210,481,929	230,168,124

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.

21. Current portion of long-term liabilities

	30 September 2016	31 December 2015
Short-term loan (Note 14)	83,247,946	113,102,148
Current portion of long-term notes payable (Note 15)	-	10,546,825
Total	83,247,946	123,648,973

EDITA FOOD INDUSTRIES S.A.E.**Notes to the Separate interim financial statements
For the nine months period ended 30 September 2016**

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

22. Current income tax liabilities

	30 September 2016	31 December 2015
Balance at 1 January	15,531,819	69,739,367
Income tax paid during the period / year	(15,270,100)	(69,739,367)
Withholding tax receivable	(2,186,274)	(3,103,816)
Income tax for the period / year (Note 26)	12,790,984	56,706,948
Corporate income tax – advances	(10,466,807)	(36,750,000)
Accrued interest – advances	(399,622)	(1,321,313)
Balance at end of the Period / year	-	15,531,819

23. Other income

	30 September 2016	30 September 2015
Gain from sales of production waste	3,539,661	3,584,432
Export subsidies	3,250,926	-
Others income	379,456	403,894
Total	7,170,043	3,988,326

24. Other gains / (losses) - Net

	30 September 2016	30 September 2015
Foreign exchange loss	(68,851,934)	(3,555,326)
Other provisions (Note 18)	(14,250,000)	(2,953,767)
Other expenses	(1,502,550)	-
Provision for slow moving inventory	(675,000)	-
Gain from sales of fixed assets	631,121	4,819,218
Other gains / (losses) - Net	(84,648,363)	(1,689,875)

EDITA FOOD INDUSTRIES S.A.E.**Notes to the Separate interim financial statements
For the nine months period ended 30 September 2016**

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

25. Finance cost - Net

	30 September 2016	30 September 2015
Finance income		
Interest income	12,885,270	14,953,730
Interest income – Corporate tax advance	399,622	120,000
	13,284,892	15,073,730
Finance cost		
Interest on lands' instalments (Note 15)	(531,405)	(848,489)
Interest expenses	(34,741,904)	(19,772,732)
	(35,273,309)	(20,621,221)
Finance cost – Net	(21,988,417)	(5,547,491)

26. Income tax expense

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

	30 September 2016	30 September 2015
Income tax for the period (Note 22)	12,790,984	32,549,874
Deferred Tax (Note 17)	14,619,627	7,995,753
Total	27,410,611	40,545,627
Profit before tax	103,559,401	206,657,287
Tax calculated based on applicable tax rates	23,300,865	46,497,890
Tax effect of non-deductible expenses	4,109,746	664,598
Adjustments resulted from changes in tax rate	-	(6,616,861)
Income tax expense	27,410,611	40,545,627

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Notes to the Separate interim financial statements For the nine months period ended 30 September 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 Company by the weighted average number of ordinary shares in issue during the period. Without excluding the employees and board of directors share in dividends related to period ended 30 September 2016.

	30 September 2016	30 September 2015
Profit for the period	76,148,790	166,111,660
Weighted average number of ordinary shares in issue		
Ordinary shares	725,362,900	725,362,900
Basic earnings per share	0.10	0.23

Diluted

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

28. Expenses by nature

	30 September 2016	30 September 2015
Cost of sales	1,002,817,363	930,770,925
Distribution cost	100,238,124	100,359,634
Administrative expenses	100,063,379	91,669,424
	1,203,118,866	1,122,799,983
Raw materials used	784,790,802	740,374,452
Salaries and wages	170,082,818	165,414,770
Advertising expense	72,361,399	70,762,578
Depreciation	52,855,463	39,976,801
Fuel, oil, water and electricity	30,748,169	26,303,995
Miscellaneous and other expense	26,745,700	17,778,832
Rent expense	21,571,115	19,815,863
Employees benefits	20,087,232	17,230,792
Transportation expense	13,646,774	14,273,060
Maintenance	11,711,851	12,320,589
Consumables	7,547,180	6,543,495
Royalty	1,492,245	1,263,169
Vehicle expense	1,387,530	3,030,319
Amortization of intangible assets	942,930	628,620
Change in inventory	(12,852,342)	(12,917,352)
Total cost of sales, distribution costs, and administrative expenses	1,203,118,866	1,122,799,983

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

29. Related party transactions

The following transactions were carried out with related parties:

1. Edita Confectionary Industries

Edita Confectionary Industries produce all kinds of sweets, jelly and gum and the transactions balance during the period ended September 2016 amounted to LE 1,249,412 so the balance of all transactions amounted to be LE 45,910,643.

Edita Confectionary Industries is considered a related party as the Company is the main shareholder in Edita Confectionary Industries.

2. Digma for Trading Company S.A.E.

Digma for Trading is handling the distribution of all the company's products in local market. The total sales to Digma for Trading during the period ended 30 September 2016 amounted to LE 1,299,242,356 (30 September 2015: LE 1,234,064,482)

Digma for Trading is considered a related party as the company is the main shareholder in Digma for Trading.

3. Chipita Participation Company

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

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

4. Key management compensation

During the period ended September 2016 the company paid an amount of LE 41,398,245 as salaries to the key management members (30 September 2015: LE 37,917,205).

Due from related parties

	30 September 2016	31 December 2015
Edita Confectionary Industries	45,910,643	44,661,231
Digma for Trading Company	32,336,714	32,621,679
Edita Participation Ltd.	337,991	264,717
Total	78,585,348	77,547,627

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

30. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Friska		Total	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Revenue	742,217	791,881	507,010	430,241	102,167	58,757	54,751	51,827	1,406,145	1,332,706
Gross profit	248,694	241,167	118,253	133,470	18,798	10,125	17,583	17,173	403,328	401,935
Profit from operations	115,580	142,805	23,390	66,816	(16,096)	(1,518)	2,674	4,102	125,548	212,205
Interest expense	(18,619)	(12,253)	(12,718)	(6,657)	(2,563)	(909)	(1,373)	(802)	(35,273)	(20,621)
Interest income	7,012	8,957	4,791	4,866	965	665	517	586	13,285	15,074
Income tax	(23,504)	(27,308)	(3,496)	(12,766)	-	306	(411)	(778)	(27,411)	(40,546)
Net profit for the period	80,469	112,201	11,967	52,259	(17,694)	(1,456)	1,407	3,108	76,149	166,112

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

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

31. Contingent liabilities

a. Contingent liabilities for 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 5,688,625 as at 30 September 2016 (31 December 2015: LE 22,185,404).

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

Corporate tax

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

Payroll tax

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

Sales tax

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

Stamp duty tax

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

32. Capital commitments

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

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

33. Financial instrument by category

		30 September 2016	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (excluding prepayments)*		165,856,338	165,856,338
Cash and cash equivalents		78,429,623	78,429,623
Treasury bills		32,653,682	32,653,682
Total		276,939,643	276,939,643
		30 September 2016	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Borrowings *		464,201,763	464,201,763
Trade and other payables (excluding non-financial liabilities)		198,175,202	198,175,202
Bank overdraft		98,329,003	98,329,003
Total		760,705,968	760,705,968
		31 December 2015	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (excluding prepayments) *		109,201,942	109,201,942
Cash and cash equivalents		174,853,029	174,853,029
Treasury bills		94,018,810	94,018,810
Total		378,073,781	378,073,781
		31 December 2015	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Borrowings *		444,142,294	444,142,294
Trade and other payables (excluding non-financial liabilities)		224,891,585	224,891,585
Bank overdraft		69,017,855	69,017,855
Total		738,051,734	738,051,734

* 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 borrowings 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 insurance.

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Notes to the Separate interim financial statements For the nine months period ended 30 September 2016

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

34. Subsequent events after financial statement date

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

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

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