edita

Edita Food Industries S.A.E.

TRANSFORMING FOR GROWTH

Annual Report 2017

A year of

TRANSFORMATION

2017 was a year fraught with challenges. From ripple effects of macroeconomic reform to shifting consumer behavior, businesses across had to realign their strategies and adapt to a new operating reality. Thanks to management's prudence and early insights, Edita was quick to adjust and came out a transformed company ready to capture future opportunities and continue creating shareholder value.

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At a **Glance**

In 2017, Edita maintained its leading position in Egypt's growing packaged snack food market, continuing to produce its high-quality branded snack products including packaged cakes, croissants, rusks, wafers and candy

With over 6,000 people and 101 SKUs at the end of 2017, Edita Food Industries is a frontrunner among snack food companies in Egypt and the MENA region. The company was first established in 1996, and since then Edita has built a reputation for quality and innovation. Currently, Edita maintains a leading market share in its core segments including cakes and croissant as well as in the candy segment and continues to capture market share in the fast-growing rusks and wafers segments. Edita's portfolio encompasses a wide variety of products including household names such as Molto, TODO, Bake Rolz, Bake Stix, Mimix, HoHo's, Twinkies, Tiger Tail and Freska.

Currently, Edita's customer base includes over 66 thousand direct wholesale and retail customers, and exports to more than 16 markets across the MENA region. Edita is fully able to meet the widespread demand for its products thanks to its five state-of-the-art production facilities that host 29 production lines as well as its nationwide distribution network.

101 SKUs Across Five Segments

Croissants	Cakes	Rusks	Wafers	Candy
Molto	TODO, HoHos, Twinkies, Tiger Tail	Bake Rolz, Bake Stix	Freska	MiMix

2.2BN
Packs Sold In FY2017

9
Brands & 101 Skus

>16
Regional Export Destinations

>6K
Employees

3.0 EGP BN
Revenues in FY2017

5 ISO
Certified Manufacturing Facilities

C.22%

Revenue Growth in FY2017

Edita today is revamped for growth and well-prepared to capitalize on the economic upturn

Letter from **Our Chairman**

> *We are ultimately operating in a market characterized by strong fundamentals and fast-growing demand for quality snack food products*

Fellow Shareholders,

The year just ended was by all means a transformational one for Edita. We kicked-off 2017 with an increasingly optimized product portfolio that helped defuse macroeconomic headwinds and allowed us to deliver double-digit top-line growth to cross the three billion pound mark. Meanwhile, our optimized portfolio and increased operational efficiency saw us maintain healthy margins and record a more than twofold increase in our bottom-line at the close of the year. In parallel, Edita pushed forward on several strategic fronts that see us today ideally positioned to capture the upside as markets recover and as the economy gains steam. In short, Edita in 2017 demonstrated its resilience in the face of a challenging operating environment and cemented its position as a leading snack food producer with an expanding regional presence and significant growth potential.

Key to our success is Edita's flexible business model and responsiveness to changing market dynamics. We are able to leverage our technical know-how and exceptional in-house research & innovation capabilities to bring to market new and differentiated products that constantly meet consumers' demands. Our launches during the year, which included both higher and competitively priced products, carried forward a tradition of innovation and pioneering new snack food categories, as well as helped build a portfolio that allows for market share expansion and simultaneous value extraction. And while we witnessed some pullback on volumes heading into the year, we remained confident that these were short-term in nature as validated by a continuing quarter-on-quarter recovery in number of packs sold across all segments.

Our portfolio restructuring efforts were further supported by ramped-up marketing activities that helped stimulate demand and reaffirm our market leadership status. Market share figures for December 2017 place Edita at the top of its core cake and croissant markets, while in our smaller segments we continue to grow market share to command a leading position in candy, capture a bigger slice of the fast-growing rusks segment and consistently grow our standing in the wafer market. We view this success as a testament to our strong brand equity and our ability to serve consumers across the income spectrum.

We are ultimately operating in a market characterized by strong fundamentals and fast-growing demand for quality snack food products. To that end, Edita's expansion CAPEX continued unabated throughout 2017, affording us the necessary capacity to capture market growth and deliver long-term sustainable value. I am pleased to report that the year just ended saw us inaugurate our new state-of-the-art E08 facility which will house 11 new lines with two already installed in 2017. The E08 factory is an engine for future growth, one that will see us fully capitalize on our new price points that have almost doubled and on an underserved market with huge potential.

Edita's early insights and its decision to press ahead with its CAPEX program over the past two years despite the operational challenges and the impact of reform measures, leaves us having invested in new production capacity at pre-devaluation prices and extracted savings leading to a higher return on investment.

We're also now ideally positioned to aggressively pursue expansion opportunities beyond our borders and accelerate Edita's transformation from a leading powerhouse in our local market to a regional player with a growing footprint. In 2017 we exported our products to over 16 regional markets and saw our export proceeds increase by 32% year-on-year to constitute c.8% of total revenue for the year. We also made significant headway in our regional expansion strategy having signed a memorandum of understanding to form a joint venture with Morocco's Dislog Group (shareholder's agreement signed in March 2018), a leading local distributor in the Kingdom and a trusted partner of global brands. Commercial operations will begin in early 2018 with exports of Edita's products to Morocco, while the second stage will entail the establishment of a state-of-the-art manufacturing facility in 2019.

The past year has been a watershed moment for Edita – a year during which we remained resilient when businesses were grappling with shockwaves of economic reforms and one where we laid the foundations to continue our growth trajectory. Looking ahead, Edita will remain committed to its strategy of prioritizing innovation and R&D as our primary demand driver; leveraging our distribution muscle to extend our reach and defend market share; and actively pursue new expansion opportunities across the region.

Edita remains cognizant of the challenges ahead, nonetheless I find myself today increasingly confident that we have the right people, products and strategies to turn the page toward the next chapter of our growth story and deliver long-term value creation.

Hani Berzi
Chairman and Managing Director

2017 **In Review**

Edita's flexible business model and management's early insights allowed the company to weather the macroeconomic challenges and re-merge transformed and geared for future growth

Operating Environment

Following the rollout of the Egyptian government's economic reform program in late 2016, including the implementation of new value added tax (VAT), the float of the Egyptian pound, the partial lifting of energy subsidies and interest rate hikes, businesses saw their operational environment dramatically changed in 2017. Key developments included:

Rising Cost of Production:

Over 100% cost inflation of Edita's imported direct materials and local inputs with foreign currency component, together constituting c.23% of Edita's Cost of Sales.

Rising Overheads:

Higher utility costs which represent c.3% of Edita's revenues.

Rising Cost of Debt:

700 bps interest rate hike since the float of the pound.

Consumer Behavior

As businesses passed on price increases to the market, their share of wallet decreased. Nonetheless the snack food market proved to be resilient on the back of consumers' shifting behavior and perception.

Functional Need:

Consumers perceive snack food as meal-replacements that provide an energy boost.

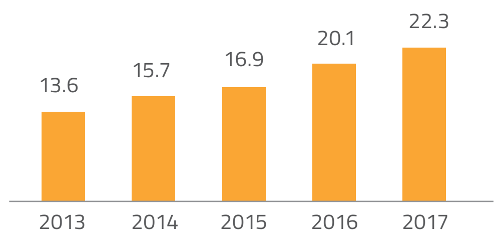
Emotional Need:

Consumers view snack food as an affordable everyday treat that delivers on an emotional need.

Acceptance:

Consumers have become increasingly accepting of the post-devaluation reality, with income gradually rising and spending habits beginning to normalize.

Egyptian Snack Food Market (EGP bn)



Operational Highlights

Operational developments during 2017 reflect Edita's early insights and flexible business model that allowed it to navigate its new operating environment.

Price Increase:

Edita's average price per pack increased by c.61% in FY2017, allowing the company to deliver growth and support margins.

Volume Recovery

Edita's volumes begin to recover quarter-on-quarter during FY2017 thanks to its innovative offerings, marketing efforts and strong brand equity.

New Capacities

Edita inaugurates its new state-of-the-art E08 facility with the commissioning of two new lines for wafers and donuts. New E08 provides needed capacity to fuel long-term growth.

Regional Expansion

Edita signed an MoU to form a JV with Morocco's Dislog Group (shareholder's agreement signed in March 2018) to distribute and eventually manufacture Edita's products in the Kingdom.

Financial Results

Edita's financial results for the year are a testament to its strategic prudence and ability to continue creating shareholder value.

Revenues
EGP 3.0 bn in FY2017, up 21.6% y-o-y

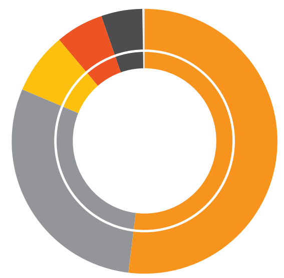
EBITDA
EGP 464.4 mn, down 11.0% y-o-y and with an EBITDA margin of 15.3%

Gross Profit
EGP 945.8 mn in FY2017, up 5.3% y-o-y with a GPM of 31.1%

Net Profit
EGP 212.0 mn in FY2017, up 346.8% y-o-y and with a NPM of 7.0%

Segment Contribution to Revenues (FY2017)

- Cakes 52.0%
- Croissant 29.4%
- Rusks 7.4%
- Wafers 5.9%
- Candy 5.0%
- Imports 0.2%



Our Strategy

Edita's strategy is guided by its goal to create sustainable shareholder value, deploying innovation and distribution strength to consolidate its position as a regional leader and pioneer in the packaged snack food market

61%

Increase in Average Price per Pack in FY2017

Over the last two decades, Edita has been supplying the Egyptian market with a diverse portfolio of products that caters to all segments across the price spectrum, deploying innovation at its state-of-the-art production facilities and leveraging its brand equity and ever-growing geographic reach to cement its position as a regional leader in the snack food market.

In 2017, Edita's strategy was focused on portfolio optimization and effecting a transformation that would position the company for long-term growth in today's operating environment. Following up on its repricing strategy that was kicked-off in late 2015 and carried through in 2016 with both direct and indirect price increases, Edita continued to reshape its portfolio in 2017 bringing to market new and variations of existing SKUs across the price spectrum. As it targets optimum price-point segmentation, Edita has built a competitive portfolio that allows for market share expansion and simultaneous value extraction.

At the close of the year, Edita had successfully navigated operational headwinds resultant from the government's economic reform program, delivering strong top-line growth and defending its market share while supporting healthy margins. In 2018, Edita will continue to deploy its four-pillar strategy of innovation and product differentiation, pursue regional expansion opportunities, leverage its distribution network to diversify revenue streams and capitalize on its human capital resources to continue creating new shareholder value.

> *"Edita's strategy in 2017 was focused on portfolio optimization and effecting a transformation that would position the company for long-term growth in today's operating environment*

> “Edita carried forward its tradition of innovation in 2017, underscoring its strategy of pioneering new categories in the snack food market

1

Innovation & Product Differentiation

As a consumer-centric company, Edita's management understands the importance of product innovation and differentiation, placing them at the core of the company's operations. Edita leverages its in-house research & innovation capabilities to actively manage its product portfolio with the aim of continuously stimulating demand and capturing market share while simultaneously extracting higher value from key segments.

Over the last two decades, Edita has proven to be a pioneer in Egypt's snack food industry having repeatedly introduced new snack food categories starting with Molto in 1997, Egypt's first packaged croissant, Bake Rolz in 2000, the first baked salty snack product in Egypt and later in 2016 introduced the first mass-produced, long shelf-life brownie from TODO.

Edita carried forward this tradition of innovation in 2017, first with the launch of the new Freska Fingers and Freska Bites, the first products to be produced at the company's new E08 facility. Then again in October 2017, EDITA commissioned its second line at E08 to begin commercial scale production of the TODO Donut. This new offering is the first mass-produced and packaged donut in Egypt and further underscores Edita's strategy of pioneering new categories in the snack food market.

In February 2018, Edita kicked-off the year with the launch of the TODO Mini Muffins, with the release of additional variants on this product planned for the future. Edita will continue to launch innovative products which cater to the mass market and stimulate new demand across its consumer segments.

2

Regional Expansion

A natural progression to Edita's success as a market leader in packaged snack foods within its local market, the company is expanding its geographic reach with the goal of becoming a key player in the region and building a strong, diversified revenue base.

Edita currently exports its products to more than 16 countries, which collectively contributed c.8% to total revenue in 2017. Management is working to streamline its operations in its current export markets and unlock their growth potential, while also exploring further opportunities, particularly into fast-growing, emerging markets with large consumer bases and solid fundamentals. The company is also constantly on the look-out for inorganic M&A opportunities as well as avenues for on-the-ground investment.

To that end, Edita made significant progress in 2017 having signed a memorandum of understanding to form a joint venture (JV) with Morocco's Dislog Group (shareholder's agreement signed in March 2018), a leading local distributor with over 65,000 distribution points across the Kingdom. The terms of the agreement stipulate that Edita will be the majority owner of the venture with a 51% stake. Commercial operations will begin in 2018 with exports of Edita's products to Morocco, while the second stage will entail the establishment of a state-of-the-art manufacturing facility in 2019.

"Human capital has been the driving force behind Edita's success and will continue to form its backbone in executing its strategic pillars going forward

3

Diversify Revenue Streams

Edita is actively exploring new revenue streams where it can leverage the strength of its distribution network and its strong brand equity to maintain its market leadership position. In addition to growth potential within Edita's existing segments, the company has identified plenty of opportunities in under-penetrated segments in the snack food market. Our long-term goal is to expand into new segments and further build on our leadership position in the snack food market.

Edita's impressive distribution network has enabled the company to react swiftly to changing dynamics. In the coming year, the company will continue to deliver on its portfolio optimization strategy and push through better price-point segmentation based on geographic distribution and income levels. Edita also plans to leverage the company's extensive network to enhance its direct access to the market by increasing revenue contribution from retail channels and traditional points of sale, with the objective of reaching a 25:75 mix between wholesale and retail distribution by 2020. As of 31 December 2017, Edita's distribution network covered 21 centers across the country serving over 66 thousand customers and operating a fleet of 603 distribution vans and 1,081 sales representatives.

4

Leverage Human Capital

As Edita's greatest asset, human capital has been the driving force behind the company's success and will continue to form its backbone in executing its strategic pillars going forward.

In 2017, the company launched its Edita Quality Academy International Certificate Program, with participant projects covering areas of quality and productivity improvement of Edita's manufacturing lines. Edita also joined the Participatory Gender Audit Program, launched by the International Labour Organization (ILO) along with the UN Global Compact Network Egypt (GCNE) in November 2017 as part of Edita's signing of the United Nations Global Compact Initiatives (UNGC), which monitors and assesses the company's position on gender sensitivity and evaluates internal practices and support systems.

Management will continue enhancing its human resources strategy across all functions, from its recruitment process to its training and development plans and employee retention programs to maintain its roster of high-performing employees. Edita's total headcount at the close of the year ended 31 December 2017 stood at over 6,000 employees, with an overall turnover rate of only 2.3%, underlining Management's commitment to empowering its employees and creating a synergetic work environment.

Over Two Decades of **Continued Success**

Since its inception in 1996, Edita has capitalized on its solid reputation for quality, affordability and its ability to conquer adversity, establishing itself as one of the leading snack food companies in Egypt with a 12% market share, ranking 2nd overall in the market

1996

Edita is founded and begins construction of the E-06 plant in 6th of October City

1997

Launch of Molto line, the first packaged croissant in the Egyptian market

2000

Launch of rusks line with Bake Rolz

2003

Edita purchases and upgrades the Hostess factory in 10th of Ramadan City and enters the snack cake market under license with Hostess Brands LLC (HTT)

2006-09

Edita attains world-class safety certifications including HACCP, ISO 22000, ISO 9001, and ISO 18001

2010

- Edita launches TODO family
- Introduction of handheld online receipt computers from Motorola Solutions

2011

- Edita undergoes a rebranding campaign
- Sales cross the EGP 1 billion milestone
- The company enters the candy market with MiMix, building a production facility in Beni Suef

2012

- Edita launches wafer products
- Builds a production plant in Polaris Industrial Park to meet increased demand

2013

- Edita builds a new headquarters and logistics hub in Sheikh Zayed City
- The company introduces an ERP system upgrade
- Acquires HTT brands in Egypt, Libya, Jordan, and Palestine

2015

- The company lists on the Egyptian Stock Exchange.
- Edita acquires rights to its existing HoHo's, Twinkies, and Tiger Tail brands in 12 additional MENA countries, acquires technical assistance and know-how to manufacture 11 new Hostess products
- Four new production lines added — two croissant lines, one cake line, and one rusk line — in Edita's E07 factory extension

2016

- Edita's new strudel line commissioned in February 2016 and launched the Molto Pate SKUs in March 2016
- Began construction of phase one of Edita's new E08 factory
- Launched TODO Bomb in 1Q2016 and Twinkies Icing in 2Q2016
- Launched TODO Brownies in 3Q2016
- New candy line installed in 3Q2016, with production beginning in 4Q2016

2017

- Rolled out a rebranding campaign for Freska
- Edita inaugurates E08 factory with the commissioning of a new wafer production line and the launch of Freska Fingers and Freska Bites
- Edita launches TODO Donut with the commissioning of its 2nd line at E08
- Signed an MoU to form JV with Moroccan distributor, Dislog Group (shareholder's agreement signed in March 2018)

Geographical **Presence**

> *Edita made significant efforts in 2017 to push forward with its regional expansion strategy to help build a strong, diversified revenue base*

Currently, Edita exports its products to more than 16 countries with the company depending on international distributors in these markets to not only dispense product but provide marketing support. Edita's top five exporting countries are West Bank & Gaza, Iraq, Jordan, Libya, and Lebanon. In 2017, exports made up 7.8% of revenue, with export sales growing 32.1% y-o-y to EGP 237.7 million.

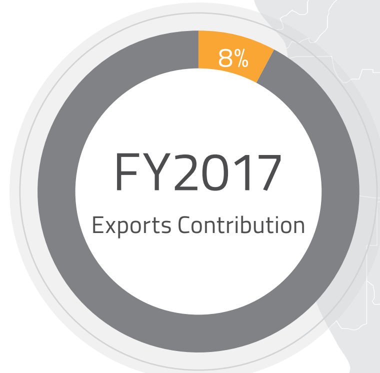
Regional Expansion

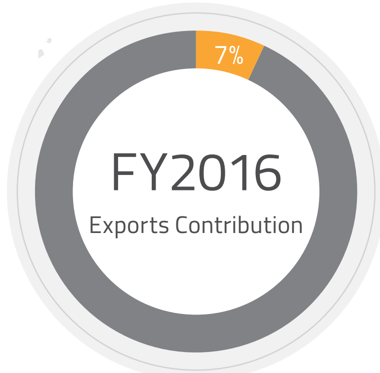
Regional expansion is one of Edita's key strategic pillars, with management actively seeking opportunities to expand the company's footprint to new export markets across the region in an effort to become a multi-country player. Edita made significant efforts in 2017 to push forward with its regional expansion strategy to help build a strong, diversified revenue base, signing distribution agreements in different countries to drive export growth. In that regard, management is working to streamline its operations in existing markets to unlock their growth potential, while also exploring further organic and inorganic opportunities, particularly into fast-growing, emerging markets with solid fundamentals.

Morocco Joint Venture

In 2017, Edita signed a memorandum of understanding to form a joint venture (JV) with Morocco's Dislog Group (shareholder's agreements signed in March 2018), a leading local distributor with over 65,000 distribution points across the kingdom. The terms of the agreement stipulate that Edita will be a majority owner of the venture with a 51% stake. Commercial operations will begin in early 2018 with exports of Edita's products to Morocco, while the second stage will entail the establishment of a state-of-the-art manufacturing facility in 2019 with an initial investment of c.USD 10 million. The JV falls in line with Edita's strategy to expand into fast-growing, emerging markets with large consumer bases and significant growth potential. The Moroccan market entry capitalizes on the company's successful track record and replicates a proven business model of marketing and manufacturing excellence, calling on the same expertise in research and development, production, and distribution that has seen the company reach the leading position it currently holds in its local market.

- West Bank & Gaza 39.1%
- Iraq 21.2%
- Jordan 15.0%
- Libya 11.1%
- Others 10.3%





- Export Revenue
- Egypt

SEGMENTS
& BRANDS

3 EGP BN

2017 Revenues

Segments & Brands

Edita operates across five segments in the Egyptian snack food market offering nine distinct brands and 101 SKUs

In 2017, Edita made significant headway on its key strategy pillar of product innovation and differentiation, allowing it to continue commanding a leading position in its core cake and croissant segments as well as in candy, while growing market share in smaller segments. The year saw the company leverage its in-house research & innovation center, technical know-how, and deep knowledge of its home market to roll out several new products in its effort to optimize its portfolio, stimulate demand, increase volumes and defend its market share. As of FY2017, cakes ranked #1 with a 57.1% share of the Egyptian market, croissants #1 with a 60.9% market share, rusks #2 with a 44.4% market share, wafers #3 with a 11.0% market share, and candy #1 with a 15.7% market share.

	Market Position	FY2017 Market Share	FY2016 Market Share	Av. Customer Price (EGP/US$[1])	Brands
Cakes	#1	57.1%	57.9%	1.60 / 0.09	تايجر تيل Tiger Tail, Twinkies, TODO, HOHOs
Croissants	#1	60.9%	70.9%	1.87 / 0.11	مولتو Molto
Rusks	#2	44.4%	41.9%	2.11 / 0.12	Bake Rolz
Wafers	#3	11.0%	7.8%	2.11 / 0.12	Freska!
Candy	#1	15.7%	12.7%	3.92 / 0.22	Mimix

Source: AC Nielsen Retail Audit, IPSOS December 2017

1. US$/EGP of 17.7 as of December 2017.

Cakes

52.0%
of Revenues in FY2017

Twinkies Extra — A golden or chocolate sponge cake with a creamy filling offering satisfaction with every bite.

تايجر تيل Tiger Tail — Similar to Twinkies, Tiger Tail is a golden sponge cake with a creamy filling garnished with raspberry jelly and coconut.

HOHOs هوهوز — HoHo's is one of Edita's most popular cakes. These cylindrical, cream-filled chocolate snack cakes come in both coated and uncoated varieties and offer just the right amount of sweetness to entice the taste buds.

TODO — Edita's new, premium range of cakes, TODO offers a variety of flavors billed as "the sweet experience that keeps me going."

Egypt's cake market is a fairly mature segment of the country's growing snack food sector. During the year, Edita's cake segment posted revenues of EGP 1,584 million, making up the majority of Edita's top line at 52.0% and posting y-o-y growth of 22.6%. Total volumes sold for the year stood at 1.26 billion packs, down 24.0% y-o-y as consumers adapt to Edita's new price points. Nevertheless, with consumers gradually accepting Edita's more premium offerings, cake volumes closed 4Q2017 up 5.5% q-o-q, supported by the introduction of more competitive products.

Edita launched several new products in the segment during the year to support its strategy of building its innovative product portfolio. Edita also launched a line of uncoated HoHos priced at EGP 1 in 2Q2017 in an effort to respond to changing market landscapes and defend its market share in rural areas. In 4Q2017, Edita launched the first packaged donut product in Egypt, TODO Donuts, in two chocolate-coated SKUs of different sizes on the newly commissioned donut line at Edita's new E08 factory. At the start of 2018, the company launched TODO Mini Muffins, coming in chocolate and vanilla and chocolate chip varieties.

Management sees strong potential in the sector over the medium to long term, despite inflationary pressures, as consumers are now more accepting of the higher priced propositions, penetration rates continue to rise, and the frequency of consumption increases.

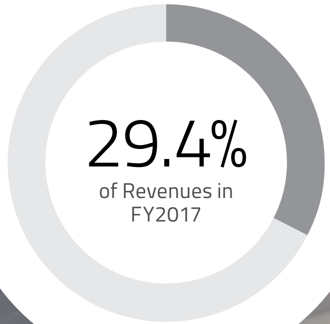
#1
position with 57.1% market share

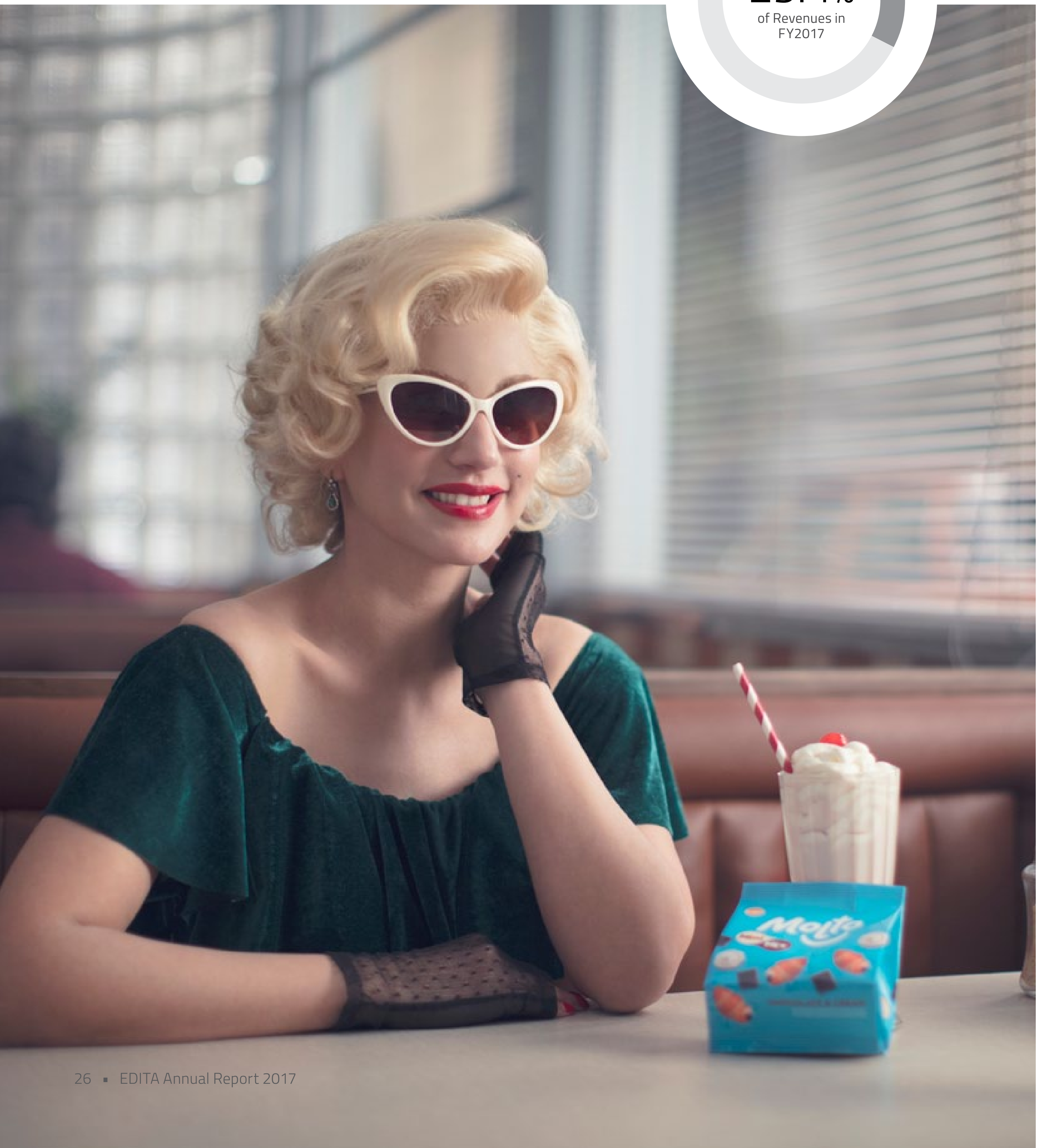
11%
2013-2017 Revenue CAGR

27
SKUs

PRODUCTS
traditional rolled, filled and layered cakes as well as the market's first long shelf life brownies and packaged donut

Croissants





The first of its kind in Egypt and neighboring countries, Edita's packaged croissant brand Molto was launched two decades ago as a new concept promising a delicious yet more healthful snacking alternative. The brand is available in both sweet and savory varieties.

#1
position with 60.9% market share

19%
2013-2017 Revenue CAGR

20
SKUs

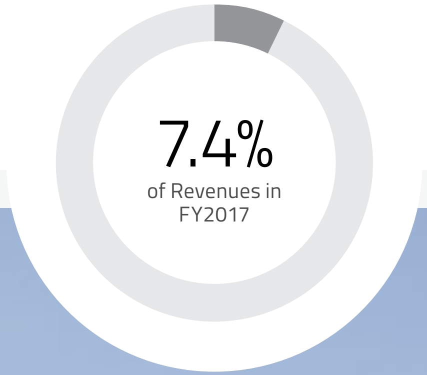
PRODUCTS
sweet and savory croissants and strudels

BRANDS
Molto, the first branded product introduced in 1996

In FY2017, the croissant segment revenues posted EGP 894.9 million, contributing some 29.4% of Edita's top line and recording a 7.7% y-o-y growth.

After having volumes impacted by two back-to-back price increases in October and December 2016, the croissant segment began to regain momentum in 2017, making a solid recovery in 4Q2017, with both volumes and prices recording year-on-year gains. Total packs sold during the quarter were up 7.3% y-o-y in 4Q2017, as the company focused on volume recovery through the launch of new higher value propositions as well as new variations at different price points to continue serving all consumer segments.

Rusks



A value brand that offers customers satisfaction, wellbeing, and choice, Bake Rolz is a healthy salty snack baked from 100% wheat. This crunchy, salty treat is available in 6 flavors of the single-serve pack; Salt, Pizza, Ketchup, Chilli & Lemon, Cheese and Olives and in 3 flavors of the family-serve pack; Salt, Ketchup and Chilli & Lemon.

Bake Stix takes the satisfaction and wellbeing mantra a step further, adding more flavors and variety to Edita's salty snack line. Made of 100% wheat and always baked not fried, Bake Stix offer a different texture and taste mix from Bake Rolz to satisfy every palate. Bake Stix are available to consumers in five flavors: oriental sausage, oriental spices, BBQ, salt & pepper, and cheese.

#2
position with 44.4% market share of the rusk market

30%
2013-2017 Revenue CAGR

18
SKUs

PRODUCTS
baked wheat salty snacks

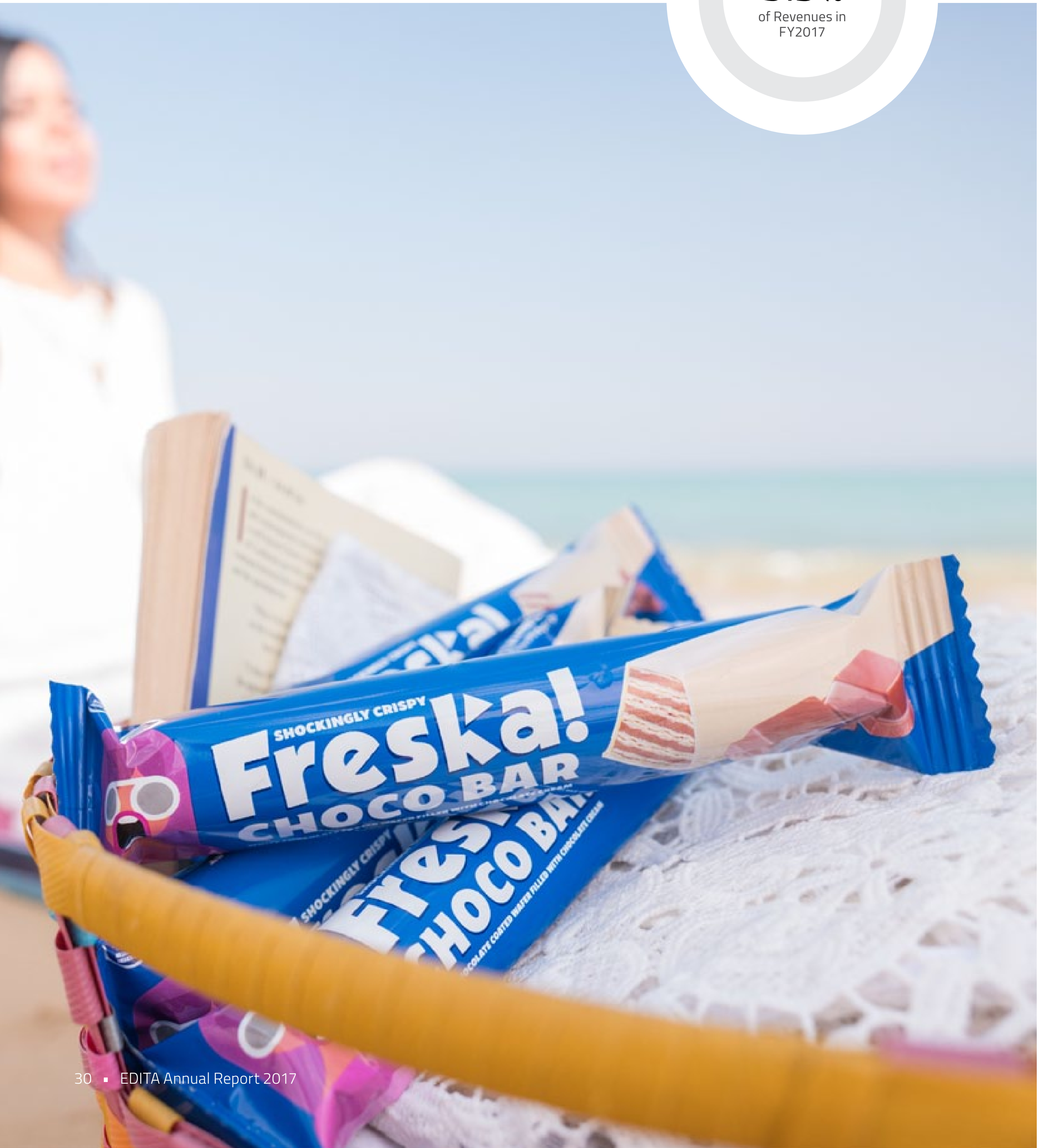
BRANDS
Bake Rolz & Bake Stix

Rusks continued to be the fastest growing segment in the snack food market, posting y-o-y market growth of 69.8% as of December 2017 to EGP 737 million. Constituting 7.1% of the salty snacks segment, the underserved rusk segment has been quick to absorb Edita's expanded capacity, with the company's market share steadily increasing from 41.9% in December 2016 to 44.4% as of December 2017.

Revenues from the rusks segment were up 26.2% y-o-y to EGP 225.7 million in FY2017, with the average price per pack increasing 95.7% y-o-y and total packs sold down 35.5% y-o-y to 134 million. While revenue growth was largely price-driven volumes are on the way to recovery, with volumes picking up significantly q-o-q backed in part by new flavor launches, such as Bake Rolz Mix Cheese.

Wafers

5.9%
of Revenues in FY2017



Freska!

Freska is the most premium and indulgent wafer product to hit the market, having been made available in 13 different SKUs with different coatings and different fillings to match all tastes.

#3
position with 11.0% market share

33%
2013-2017 Revenue CAGR

13
SKUs

PRODUCTS
filled wafers

BRANDS
Freska

Making up over 8.8% of the total snack market in 2017, the wafer segment stood at EGP 1,959 million in December 2017, up 5.4% y-o-y with Edita's Freska brand capturing 11.0% of the market during the same period compared to 7.8% in December 2016.

The wafers segment continued to record the strongest growth in sales, posting EGP 180.4 million in FY2017, up 83.5% y-o-y. Segment growth was price-driven with average price per pack up 105.6% y-o-y in FY2017 to EGP 1.67, in-turn helping support Edita's overall average price per pack across its portfolio.

In July 2017, Edita inaugurated its E08 factory in July 2017 with the commissioning of a new wafer line, the first commercial launches of which were the new Freska Bites and the Freska Fingers. Among the Marketing Department's key achievements during the quarter was the kickoff of Freska's rebranding campaign that completely overhauled the wafer's packaging to capture more of the market through this premium line. The segment also launched two new flavours under the brand: Freska Halawa and Freska Halawa Coated.

Candy

5.0%
of Revenues in FY2017

MiMiX is Edita's unique range of confectionaries available in four varieties – toffee, candy, jelly, and lollipops – in several flavors guaranteed to brighten up any day.

#1
position with 15.7% market share

68%
2013-2017 Revenue CAGR

23
SKUs

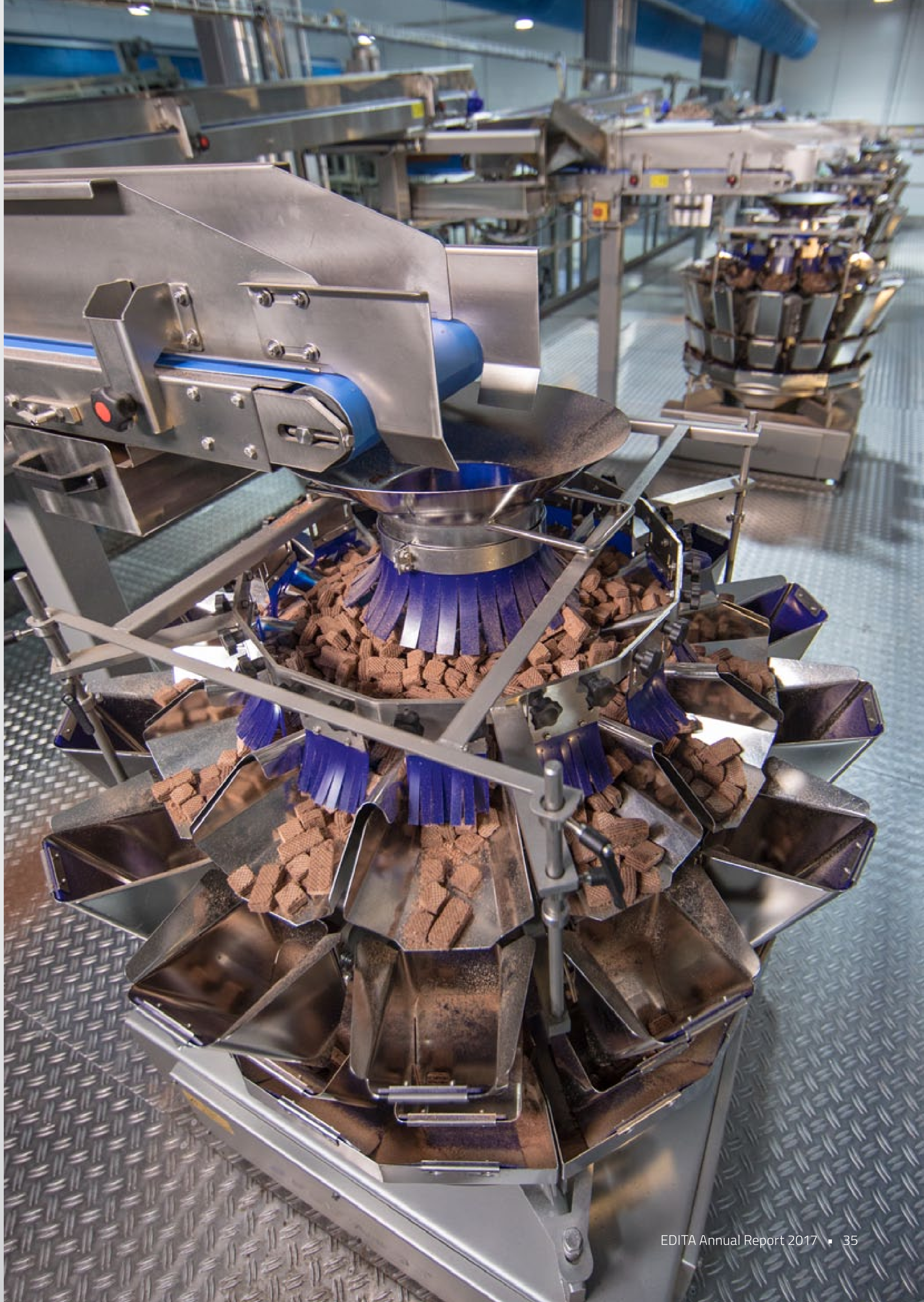
PRODUCTS
hard, soft, and jelly candy and lollipops

BRANDS
MiMix

The candy segment is a highly fragmented market in Egypt dominated by small players that make up approximately 40% of the sector. The segment made a swift recovery in December 2017 with total market sales standing at EGP 673 million, up 18.7% compared to the same period last year. Edita is the market leader in the segment with a 15.7% share, up from 12.7% in December 2016. Revenues from the candy segment posted EGP 152.0 million in FY2017, up 58.7% y-o-y with the segment delivering both volume and price growth at 26.5% y-o-y and 25.4% y-o-y, respectively. Edita entered the segment with its premium MiMix brand, eventually delving into lollipops in 2016 with a line commissioned in November 2016.

INDUSTRIAL **OPERATIONS**

State-of-the-Art Production Facilities



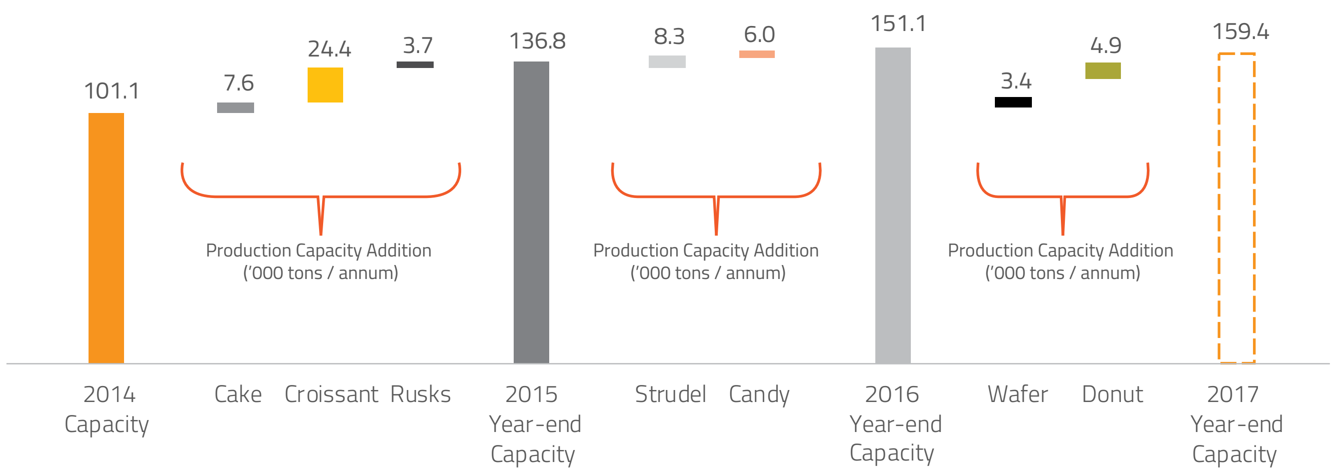
State-of-the-Art
Production Facilities

Edita operates five state-of-the-art production facilities deploying the highest standards in food safety and manufacturing quality

Edita's five state-of-the-art facilities encompass a total of 29 production lines that efficiently produce all of our delicious snack foods. Located in 6th of October City (E06, E07, E08), 10th of Ramadan City (E10), and in the Beni Suef industrial zone located to the south Cairo (E15), all of Edita's production facilities have received the following certifications: Food Safety Management System (ISO 22000), Quality Management System (ISO 9001), Environmental Management System (ISO 14001), and Occupational Health and Safety Management System (OSAS 18001). At each facility, a plant manager is responsible for ensuring all plant-related KPI's are met, including production plans, quality & food safety standards, employees' health & safety standards and that assets and equipment are well-maintained. More than half of Edita's 6,018 staff members are employed in the industrial operations department.

Edita continues to push for increased operational efficiencies, affording the company higher flexibility to offer more premium, differentiated products, such as the February 2018 launch of the company's first muffin product, TODO Mini Muffins – in both vanilla and chocolate flavors – which was manufactured on existing production lines.

Production Capacity Additions in 2015-2017



6th of October E-08

In 2017, construction of Edita's fifth production facility E08 located in of 6th of October City's Polaris Al-Zamil district was completed, and the facility was inaugurated in July 2017 with the commissioning of a new wafer line and Egypt's first mass-produced packaged donut. The launch of its E08 factory is cornerstone of Edita's long-term growth strategy aimed at capturing the positive outlook of the snack food market.

- Began operations in 2017
- Produces Cakes (Donuts), Wafers
- 2 production lines with space for 9 more
- Total Land Area of 55,000 sqm
- Total Built-Up Area of 36,000 sqm
- Total Staff of 203 employees

6th of October E-07 (Hall A & B)

- Began operations in 2012
- Produces Croissants, Cakes, Wafers & Rusks
- Houses 9 production lines following the addition of 4 new lines in FY2015
- Total Land Area of 50,000 sqm
- Total Built-Up Area of 30,500 sqm
- Total Staff of 1,200 employees

Ben Sueif E-15

- Began operations in 2011
- Produces Hard Candy, Soft Candy
- Houses 4 production lines
- Total Land Area of 25,611 sqm
- Total Built-Up Area of 11,525 sqm
- Total Staff of 262 employees

10th of Ramadan E-10

- Acquired in 2003
- Produces Cakes
- Houses 4 production lines
- Total Land Area of 11,733 sqm
- Total Built-Up Area of 7,592 sqm
- Total Staff of 821 employees

6th October City E-06

- Began operations in 1997
- Produces Croissants, Cakes, Rusks
- Houses 10 production lines
- Total Land Area of 33,638 sqm
- Total Built-Up Area of 22,065 sqm
- Total Staff of 1,292 employees

Research
& Innovation

Right at the core of Edita's operations, research & innovation is the key pillar of the company's product innovation and differentiation, enabling it to remain the market leader in the snack food industry with a strong brand equity.

Over 15 local and international specialists with years of global experience work at Edita's in-house research & innovation department. Its team constantly develops new prototypes, formulating recipes that suit local and regional tastes and growing the product pipeline. Delivering new and unique value propositions for consumers, the research & innovation department plays a central role in ensuring our continued success, enabling us to keep delivering innovative product offerings across a broad spectrum of price points.

Thanks to research & innovation capabilities, new products launched during 2017 were positively received by consumers and even surpassed internal forecasts. Products such as the innovative Freska Bites and Freska Fingers and new SKUs such as the uncoated HoHos Strawberry and HoHos Chocolate were all received favourably by consumers, and research & innovation proved itself the foundation of our marketing strategy, as well as Edita's key competitive advantage.

Edita's inaugurated a new research center in 2017, expanding its research & innovation capabilities and allowing for more innovative market-leading products while applying the highest international standards in our operations, testing finished products and ensuring maximum shelf life upon introduction to the market.

MARKETING
& DISTRIBUTION

Marketing
& Advertising

In FY2017 and following the rollout of Edita's repricing strategy, consumers became increasingly accepting of Edita's new value propositions, with demand strengthening towards the second half of the year owing to the company's strong brand equity and ability to deliver value products. Edita's marketing efforts during FY2017 were focused on supporting the company's new product launches, increasing brand awareness and defending market share.

Among the key initiatives by the market department was the Freska rebranding campaign which completely overhauled the wafer's packaging to capture more of the market through this premium line. The segment also launched two new flavours under the brand: Freska Halawa and Freska Halawa Coated and introduced the new Freska Fingers and Freska Bites following the commissioning of the new wafer line at E08 during 3Q2017. Edita also repositioned its Molto brand as the companion snack food providing satisfaction in every situation with its sweet and savoury flavours. The repositioning was coupled with above-the-line advertising and billboard revamping and preceded the segment's complete rebranding and celebrity starred advertising campaign in early 2018.

The marketing department's efforts also focused on intensive advertising campaigns to increasing product visibility, including above-the-line advertising and running social media and online campaigns across Egypt for its new products. During the second half of the year, Edita's efforts were geared towards more below-the-line channels such as trade marketing and sampling campaigns. In the first months of 2018 Edita also launched a rebranding campaign for the Molto segment supported by both below and above the line advertising.

Edita's newly launched products are being positively received by consumers and have surpassed the company's internal forecasts thanks to its research & innovation capabilities which continue to form the cornerstone of Edita's marketing strategy.

Sales & Distribution

A key element of the company's distribution strategy in 2017 was to optimize its distribution channels, expanding its market coverage to the far reaches of the country, all while increasingly shifting toward more retail channels. With its considerable network of distribution channels – one that includes over 66,000 clients between wholesale, retail, key accounts, direct supply and exports – Edita stands out among its competitors for its strong distribution network. During FY2017, Edita adopted a dual-pronged approach to leverage its distribution network by both capitalizing on retail channels' quicker acceptance to higher-priced products, while at the same time delivering on its portfolio optimization strategy through better price-point segmentation across geographic distribution and income levels. During FY 2017, Edita had a total of 603 distribution vans in its fleet and 21 distribution centers.

Retail and Traditional Trade

The fastest-growing portion of Edita's direct sales, the traditional trade channel is largely comprised of kiosks and small, independent retail stores. With its goal of reaching a 75:25 retail to wholesale mix by 2021, the company continued its strategy of shifting to retailers instead of wholesale clients, pushing forward with its long-term strategy to expand its reach and market share, and maintaining direct access to consumers. Its strategy of increasing direct access to retail channels provides Edita with a more accurate gauge of the market and the ability to adapt quickly to the ever-changing market dynamics. Retail channels also proved to be more accepting of higher price points compared to other channels.

Wholesale

In 2017, Edita served over 5,396 wholesalers compared to the 5,246 served in the previous year. Wholesale channels remain a vital partner in enabling Edita to expand its geographical reach, and the company continued to stimulate demand among wholesalers in 2017. Maintaining a close relationship, we continued our loyalty-building initiatives such as annual gatherings honoring our top 100 customers and semi-annual incentives for our biggest clients.

Key Accounts

Key accounts consist of modern trade sales channels, such as supermarkets. Seeing them grow considerably in Egypt, Edita is focusing more on this channel as it looks to optimize its portfolio and leverage more premium, higher-priced products.

Direct Supply

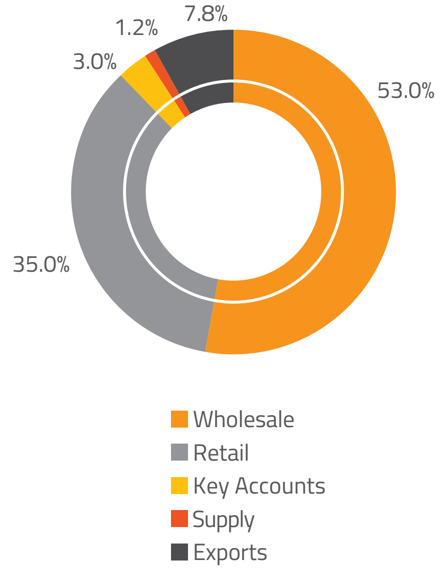
In venues like universities and schools, Edita's channel of direct supply helps deliver products without the involvement of intermediaries. Maintaining a direct relationship with consumers, Edita employs this strategy to build brand loyalty among younger customers.

Sales Channel Performance in 2017

Gross sales through wholesale channels in FY2017 grew by 19.2% y-o-y to EGP 1,616 million, contributing to 53.0 % of total revenues compared to 54.2% in the previous year. Growth from the wholesale channel is in line with Edita's overall growth and supported by the introduction of new lower-priced products. Nonetheless, Edita's sales strategy continued to shift its focus to retail channels, which recorded EGP 1,064.9 million in FY2017, up 21.6% y-o-y and maintaining its contribution of 35.0% to total revenues.

Key accounts revenue (modern trade channels) hit EGP 91.4 million in FY2017, recording the fastest growth at 48.6% y-o-y. Together, supply and key accounts contributed 4.2% of total gross sales in FY2017 compared to 3.6% in previous year.

Segment Contribution to Revenue FY2017 (EGP mn)



21	Distribution Centers
603	Vehicles
27	Governorates
492	Sales Representatives
1,081	Total Sales Force

SUPPLY **CHAIN**

Supply **Chain**

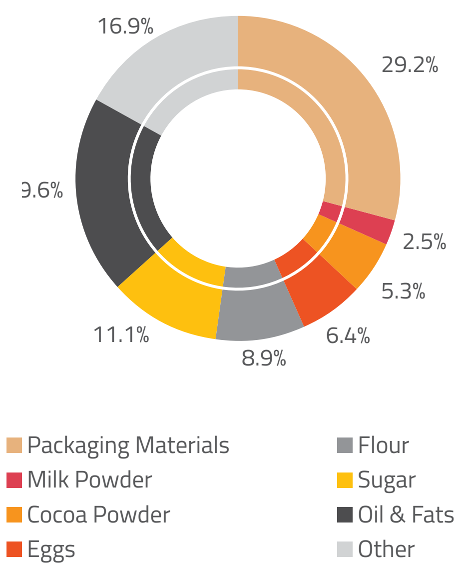
Edita leverages its efficient supply chain processes to help maximize the company's operational efficiency while minimizing costs

Edita adopts internationally recognized Sales & Operational Planning processes that are in-line with global best practices, including modernized digital systems such as SAP. The supply chain department's goal is to ensure an efficient operation from procurement of raw materials to manufacturing, logistics and warehousing. Edita utilizes only tried and trusted suppliers to minimize disruption risk and ensure that its supply stream is consistent and up to spec. The company also procures its inputs from a wide variety of suppliers to increase its bargaining power and extract favorable terms whether for pricing, quality or delivery.

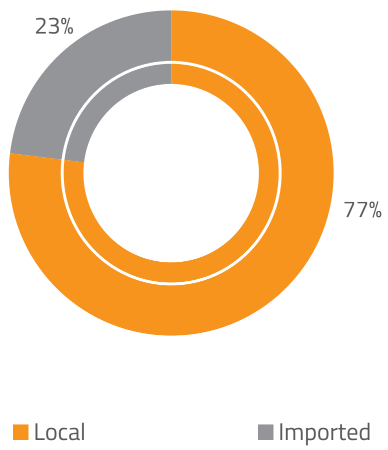
Developments in 2017

The supply chain department's strategy during 2017 focused on the dual goal of maximizing operational efficiency and minimizing costs. With severe inflationary pressures driving prices up across the board, particularly following the float of Egyptian pound, Edita's supply chain department leveraged its solid relations with its supplier base and the size of its business to contract for raw materials at favorable prices relative to the market.

Direct Materials Breakdown FY2017



Imported vs. Local Direct Materials FY2017

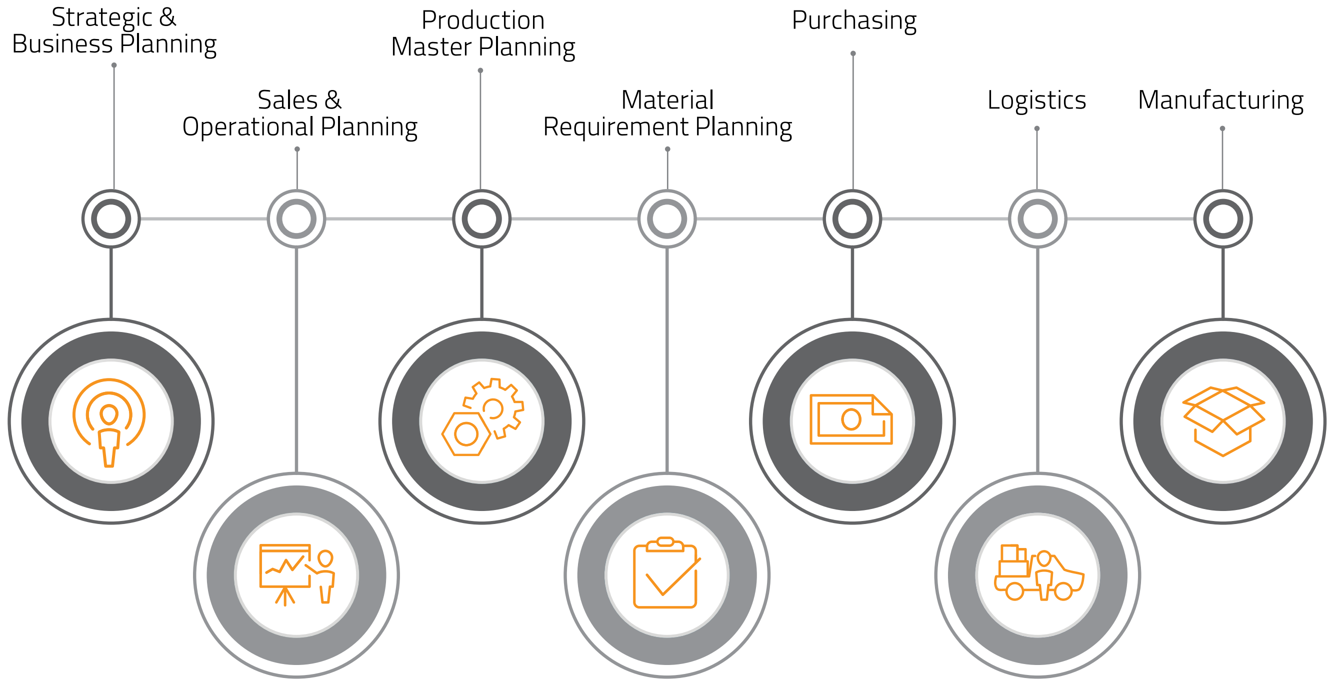


The department also worked to offset the rising prices of imported direct materials as well as local inputs with a foreign component (such as oils and fats) by increasingly localizing its raw materials.

Imported direct materials stood at 23% in FY2017, in line with FY2016 figures despite the severe variance in exchange rate. The largest constituent of Edita's direct materials bill in FY2017 was raw materials at c.71% while packaging materials recorded the balance of c.29%.

Meanwhile, planning activities witnessed increased daily production capacities and a reduction in waste and downtime across all factories in FY2017. Inventory coverage of all production materials remained at an average of 1 month and finished goods an average of 4 days of sales in FY2017.

A Highly Integrated Supply Chain



MANAGEMENT DISCUSSION **& ANALYSIS**

Management
Discussion & Analysis

Edita's performance in 2017 underscores its success in navigating a challenging operating environment and its ability to deploy responsive strategies and a defensive business model to continue delivering shareholder value

Throughout 2017, Edita's strategic and operational performance was geared towards fending off the macroeconomic ripples from the previous year's economic reform program and repositioning the company for long-term sustainable growth. After having focused during 2016 on its price-point migration strategy that helped protect margins in an inflationary environment, 2017 was the year when Edita pressed ahead with building a more optimized product portfolio that targets consumers across the price spectrum, drove volume recovery and defended its market share.

Edita's strategic and operational success is clearly evident in its full-year financial results having delivered double-digit revenue growth despite the severe inflationary pressures and consumers' diminishing purchasing power. Revenues for 2017 increased 21.6% year-on-year to cross the three billion mark for the first time at EGP 3,044.2 million. Edita's increased operational efficiency and optimized portfolio supported profitability with the company recording a gross profit of EGP 945.8 million in 2017, up 5.3% y-o-y and yielding a 31.1% GPM compared to 35.9% last year. Meanwhile, net profit recorded EGP 212.0 million in 2017, a strong 346.8% year-on-year increase and with a net profit margin of 7.0% versus the 1.9% recorded in 2016.

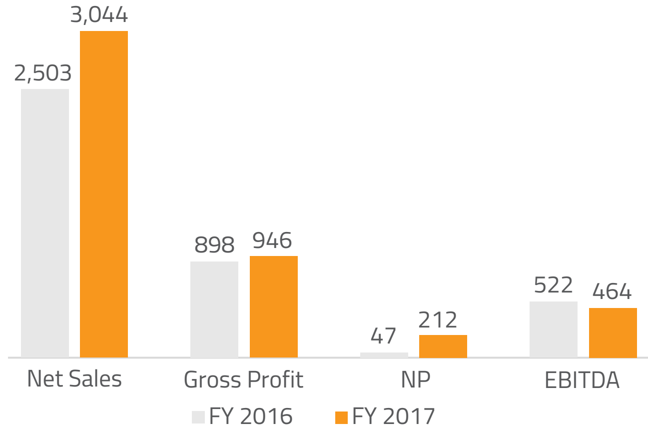
Year-on-year revenue growth was driven by Edita's portfolio repricing with average price per pack in 2017 increasing 61.1% over the previous year. The company's average price increase was driven by both direct increases including the latest round implemented in December 2016, as well as the continued implementation of selective indirect price increases throughout 2017. Edita's portfolio repricing strategy also witnessed several milestones during 2017, including the continued launch of higher-priced products such as the Freska Fingers (EGP 3/pack) and Freska Bites (EGP 5/pack) in 2Q2017, the first products to be produced in Edita's newly commissioned E08 factory. In 3Q2017 Edita also launched the new TODO Donuts (EGP 5/pack), the first mass-produced packaged donut in Egypt, produced on the second commissioned line at E08.

> “
> *Edita's strategic and operational success is clearly evident in its full-year financial results*

Moreover, as part of Edita's strategy to stimulate new demand across the income spectrum, the company launched new SKUs of existing products such as the Molto Chocolate Cocoa and two uncoated HoHos cake variations, all of which are priced at EGP 1 per pack. These competitively-priced products work to defend the company's market share, particularly in rural areas with relatively lower purchasing power, and help drive volume recovery. While Edita sold a total of 2.17 billion packs in 2017, down 24.5% y-o-y, volume contraction is decelerating recording a 12.2% decline in 4Q2017 versus 15.0% in 3Q2017 and 38.5% in 2Q2017.

As of December 2017, Edita maintained its market leading position in its core segments including the cakes with a 57.1% market share and the croissant at 60.9% market share. Edita is also the market leader in the candy segment with a 15.7% share of the market and continues to capture market share in the fast-growing rusks segment, currently at 44.4%, as well as in the wafer market with an 11% market share as of year-end 2017.

Snapshot of Results FY2017 (EGP mn)



Summary Income Statement (EGP mn)

EGP mn	FY2017	FY2016	Change
Revenue	3,044.2	2,502.9	21.6%
Gross Profit	945.8	898.3	5.3%
% Margin	31.1%	35.9%	
EBITDA	464.4	521.8	-11.0%
% Margin	15.3%	20.8%	
Net Profit	212.0	47.4	346.8%
% Margin	7.0%	1.9%	

Average Factor Prices (EGP)

EGP mn	FY2017	FY2016	Change
Cakes	1.25	0.78	61.3%
Croissant	1.51	1.00	50.4%
Rusks	1.68	0.86	95.6%
Wafers	1.67	0.81	105.6%
Candy	2.07	1.65	25.4%
Average Edita	1.40	0.87	61.1%

Segment Revenues and Volumes Sold

	FY 2017			FY 2016		
	Net Sale (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	1,584	1,263	39.5	1,293	1,661	56.2
Croissant	895	593	25.2	831	828	38.9
Rusks	226	134	5.7	179	208	7.1
Wafers	180	108	3.1	98	121	3.3
Candy	152	74	3.4	96	58	4.0
Imports	7	0.2	-	7	-	-
Total	3,044	2,172	76.9	2,503	2,877	109.4

Segment Performance

The cakes segment was the largest contributor to revenues in FY2017, constituting c.52.0% of Edita's total revenue, and posting growth of 22.6% y-o-y to EGP 1,584.2 million for the year. Total volumes sold during the year stood at 1.26 billion packs, down 24.0% y-o-y in FY2017, while average price per pack recorded EGP 1.25, up 61.3% y-o-y. Sales volume continues to make a gradual recovery quarter-on-quarter with total packs sold up 5.5% in 4Q2017, supported by the introduction of more competitive products.

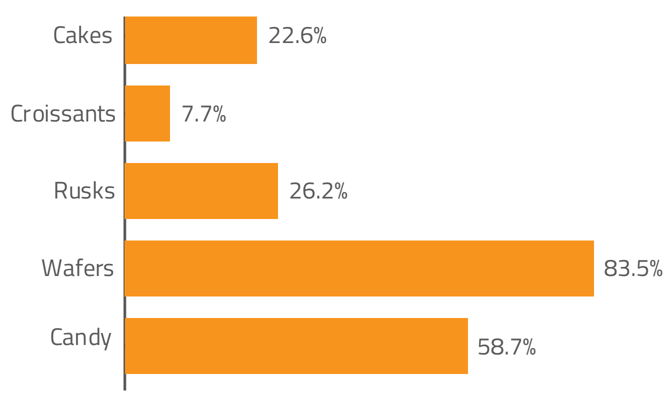
Cakes were also the largest contributor to gross profit in FY2017 at 58.1%, and the segment was the largest contributor to Edita's gross profit growth in the year. The cake segment's gross profit stood at EGP 549.3 million in FY2017 or 10.2% higher y-o-y and posting a GPM of 34.7% versus 38.6% in FY2016.

Croissant segment's volume recovery started during the second half of the year following a period of downward pressure in the wake of consecutive price increases during the final months of 2016. Overall, the segment's full-year performance saw it post revenues of EGP 894.9 million in FY2017, up 7.7% y-o-y and contributing the second largest share to revenues at c. 29.4%. Average price per pack was up 50.4% y-o-y while full-year volumes declined 28.4% to 593 million packs. As of December 2017, Edita remained the leader in the croissant segment with a market share of 60.9%.

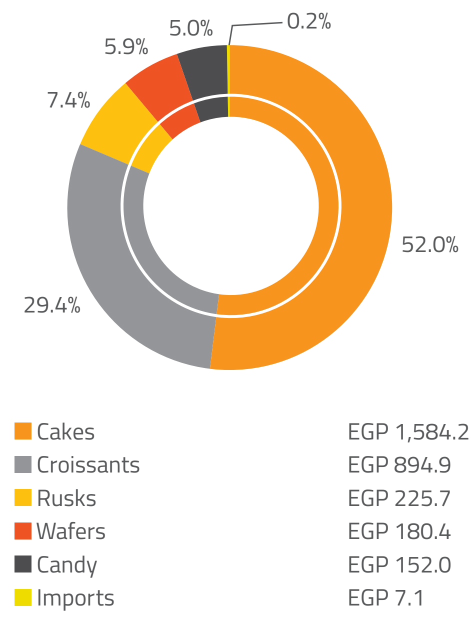
Given the segment's dependence on imported raw materials, its profitability was significantly affected by the float of the Egyptian pound. Gross profit from the segment came in at EGP 221.5 million in FY2017, down 21.4% y-o-y and recording a GPM of 24.8%.

Revenues from the rusks segment were up 26.2% y-o-y to EGP 225.7 million in FY2017, with average price per pack

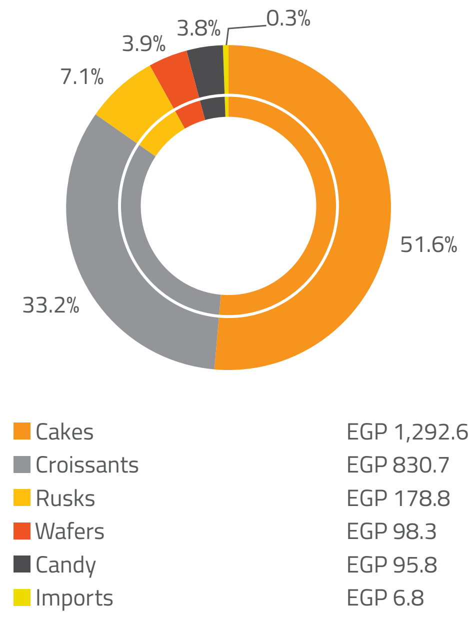
FY2017 Revenue Growth by Segment



Segment Contribution to Revenue FY2017 (EGP mn)



Segment Contribution to Revenue FY2016 (EGP mn)



increasing 95.6% y-o-y and total packs sold down 35.5% y-o-y. Rusk volumes sold declined 30.4% y-o-y in 4Q2017, however, volumes have picked up significantly versus 3Q2017 climbing 68.0% q-o-q. Edita's market share continued to grow in this fast-growing segment, commanding a 44.4% share as of December 2017 up from 41.9% in the same period last year.

The rusks segment's gross profit stood at EGP 60.3 million in FY2017, up 15.4% y-o-y and with a GPM of 26.7% versus 29.2% in FY2016.

Wafers was the fastest growing segment, posting sales of EGP 180.4 million in FY2017, up 83.5% y-o-y. Segment growth was price-driven with average price per pack up 105.6% y-o-y in FY2017 to EGP 1.67, in-turn helping support Edita's overall average price per pack across its portfolio. Wafer volumes declined 10.7% y-o-y to 108 million packs in FY2017. However, the segment is making a recovery quarter-on-quarter posting a 52.6% q-o-q increase in 4Q2017 supported by the newly launched Freska Bites and Freska Fingers. Edita's market share in the wafer segment continues to grow, capturing 11.0% as of December 2017, up from 7.8% in the same period last year.

Gross profit in FY2017 came in at EGP 62.9 million, up 67.7% y-o-y with a GPM of 34.9% compared to 38.2% in FY2016.

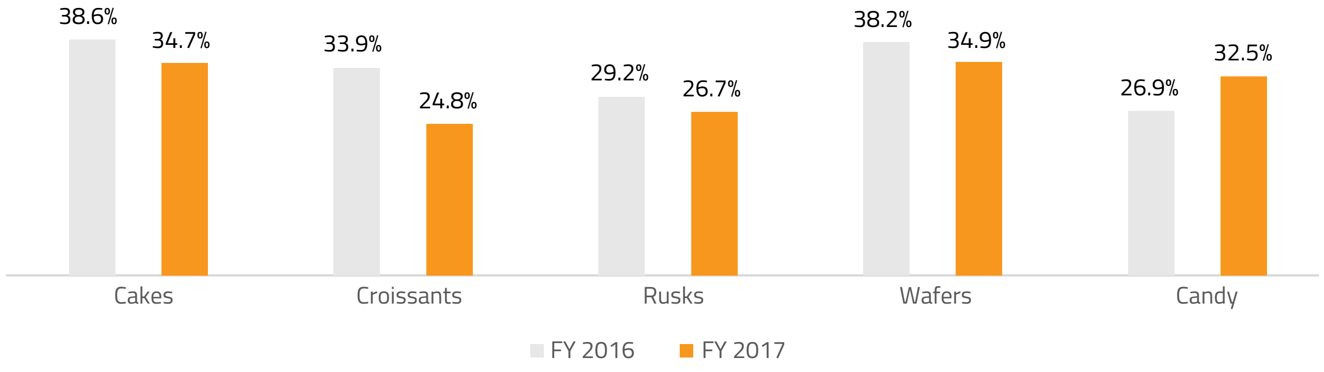
Revenues from the candy segment posted EGP 152.0 million in FY2017, up 58.7% y-o-y with the segment delivering both volume and price growth at 26.5% y-o-y and 25.4% y-o-y, respectively. Edita holds a market-leading position in the candy segment with a market share of 15.7% as of December 2017 compared to 12.7% in the same period last year.

The candy continued to record impressive growth at the gross profit level posting EGP 49.4 million in FY2017, up an 91.8% y-o-y and with an almost six-point expansion in GPM to 32.5%.

Costs of Goods Sold

Cost of goods sold (COGS) recorded EGP 2,098.5 million in FY2017, up 30.8% y-o-y driven by higher cost of direct material at 54.6% of sales (FY2016: 49.8%). Manufacturing overheads (MOH) remained somewhat stable at 11.9% in FY2017 versus 11.7% in FY2016. Overall, Edita's COGS/Sales ratio recorded 68.9% in FY2017 compared to 64.1% in the previous year.

Gross Profit Margin by Segment



Other Operating Expenses

Edita's selling, general and administrative (SG&A) expenses came in at EGP 558.9 million in FY2017, up 23.5% y-o-y yet remaining stable as a percentage of sales at 18.4% (FY2016: 18.1%).

EBITDA

EBITDA posted EGP 464.4 million in FY2017, down 11.0% y-o-y versus the EGP 521.8 million recorded in the previous year, and yielding an EBITDA margin of 15.3% compared to 20.8% in FY2016.

Net Profit

Edita recorded a strong 346.8% y-o-y increase in net profit to EGP 212.0 million in FY2017, with a net profit margin of 7.0% versus the 1.9% recorded in FY2016. The strong growth comes on the back of a favourable base effect with FY2016 recording FX losses following the float of the Egyptian Pound in November 2016. It is also worth noting that net profit growth comes despite higher interest expenses in the wake of tightening monetary policies by the Central Bank of Egypt.

Balance Sheet

As at 31 December 2017, Edita's total assets stood at EGP 2.7 billion, with property, plant and equipment (PP&E) including projects under construction constituting the bulk at EGP 1.9 billion. It is worth noting that the projects under construction balance declined significantly to EGP 43.2 million at year-end 2017 compared to the EGP 462.5 million recorded at 30 September 2017 as construction works on Edita's E08 facility are completed.

Edita's CAPEX outlay during FY2017 totalled EGP 572.9 million, of which EGP 276.5 million relate to construction works at the new E08 plant and EGP 8.8 million for E15's new hall. Expenditures to buy new machinery stood at EGP 184.9 million, including EGP 102.3 million for the new wafer line installed in E08 and EGP 80.3 million for Edita's new donut line.

Cash & cash equivalents including treasury bills stood at EGP 216.6 million as at 31 December 2017, constituting 8% of the company's total assets. Edita's trade receivables recorded EGP 16.6 million at year-end 2017, reflecting the company's continued cash sales policy (97% of sales continue to be conducted on a cash basis). Meanwhile, trade and other payables recorded EGP 400.4 million at 31 December 2017. Additionally, inventory days on hand declined significantly from 66.2 days as of December 2016 to 40.6 days as of December 2017.

Total loans and borrowings stood at EGP 923.1 million at year end compared to EGP 914.5 million as at 31 December 2016. Net debt stood at EGP 706.5 million compared to EGP 631.9 million last year. Total shareholders' equity stood at EGP 1.21 billion as at 31 December 2017.

Outlook

Edita's forward-looking strategy will see it continue its push to accelerate volume recovery through two primary avenues: 1) rolling out innovative and differentiated products to stimulate demand and extract higher value from key segments and 2) cater to the mass market and defend market share through competitive products across the price spectrum to achieve optimum price-point segmentation. Management will also focus on margin recovery post the inflationary and devaluation-related shocks, targeting increased portfolio optimization in terms of product mix, maintain an emphasis on indirect price increases in 2018 and pushing through cost-cutting initiatives.

Edita will also continue to screen regional expansion opportunities, building on its recently signed memorandum of understanding to form a joint venture (JV) with Morocco's Dislog Group (shareholder's agreement signed in March 2018), and targeting fast-growing, high-potential markets with large consumer bases. The expansion strategy will see Edita replicate its proven business model and leverage its research & innovation capabilities, production know-how and marketing strategies that have seen it succeed in Egypt as a market leader.

Overall, Edita's long-term strategy remains intact where in addition to product innovation and regional expansion, the company is actively exploring new revenue streams where it can leverage the strength of its distribution network and capitalize on its strong brand equity to maintain its market leadership position.

MANAGEMENT & **GOVERNANCE**

Management **Overview**

Eng. Hani Berzi
Chairman and Managing Director

Mr. Berzi has 32 years of experience in the food and beverage industry, having started his career in 1986 by joining Tasty Foods Egypt, his family's snack food business. Mr. Berzi subsequently held the position of Sales and Marketing Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo, from 1990 to 1992. Mr. Berzi became a member of the Board of Edita Food Industries in 1996 and became the Managing Director and Chairman of the Board in 2006. Mr. Berzi is also a member of the Board of the Chamber of Food Industries and the Egyptian Centre for Economic Studies, and is the Chairman of the Egyptian-Greek Business Council (Egyptian side), and is the Chairman of the Food Export Council. Previously, he was a member of the Boards of a number of companies in the food and beverage industry including Technopack in 1987, Rotopak in 1989 and Egypt Sack in 1997, and has also served as a Board Member of the Federation of Egyptian Industries. He graduated from Ain Shams University (Cairo, Egypt) with a BSc in Computer and Control Engineering.

Mr. Sameh Naguib
Vice President of Finance and Chief Financial Officer

Sameh Naguib joined Edita following his most recent stint as chief financial officer and a member of the Board of Directors of the ASEC Company for Mining, an EGX-listed company better known as ASCOM, which he joined in late 2011. Naguib's earlier professional track record includes a more than 10-year run with Heineken International, where he held a series of increasingly senior positions in Egypt, Algeria and the Netherlands, including business controller for the group's activities across 10 countries in the Middle East and Africa. Naguib entered the workforce as an assistant to the Minister of Economy and Foreign Trade in 2000 before joining Al Ahram Beverages Co. in 2001 as a financial analyst prior to that company's acquisition by Heineken. He worked on the group's EGP 250 million Gouna Beverages acquisition before going on to become costing manager responsible for both the company's primary factory and its raw materials plants. He was later promoted to become regional business controller for Africa and the Middle East with responsibilities for 10 countries. After a two-year stint in that role, Naguib was seconded to Heineken's Algerian subsidiary, where he was finance director from January 2009 until he joined ASCOM as CFO and Board Member in October 2011.

Mr. Alfred Younan
Vice President Sales and International Markets

Mr. Younan has 26 years of experience in the FMCG industry and joined Edita Food Industries as National Sales Manager in 2005 before assuming his role as Vice President— Sales and International Business in 2007. Previously, he worked as Business Development and Export Director at Hero Middle East from 2002 to 2005, National Sales and Distribution Director at Al Ahram Beverages (a member of the Heineken group) from 2000 to 2001, Marketing and Sourcing General Manager at Mansour Distribution Company (Distributor of Philip Morris in Egypt) from 1997 to 2000 and the Horn of Africa Representative at Philip Morris from 1994 to 1996. He graduated from Alexandria University (Alexandria, Egypt) in 1992 with a BA in Commerce, and completed the International Marketing Program at INSEAD (Fontainebleau, France) in 1998 and the Executive Development Program at Kellogg School of Management (Chicago, USA) in 2009.

Eng. Omar Abdel Ghaffar
Vice President Industrial Operations

Mr. Abdel Ghaffar has 14 years of experience in industrial operations and joined Edita Food Industries as Vice President— Industrial Operations in 2012. Previously, Mr. Abdel Ghaffar was Operations Director at Orascom Housing Communities from 2007 to 2012, Development Manager at Kuwait Controls Company from 2005 to 2007, and worked with the International Operations at Forbes Marshall from 2004 to 2005. He graduated from Concordia University (Montreal, Canada) in 2004 with a BSc in Industrial Engineering, and completed the Executive Operations Management Program, Manufacturing, at INSEAD (Fontainebleau, France) in 2013, as well as an Executive Operations Management Program at Kellog Northwestern (Chicago, US) in 2015. Prior to obtaining his BSc, he participated in a number of internships and training programs with large multinationals including Danone and Henkel.

Mr. Maged Tadros
Vice President Human Resources & Administration

Mr. Tadros has over 28 years of experience in human resources and joined Edita as Vice President—HR and Administration in 2010. Before joining us, Mr. Tadros was Human Resources Development Manager at Al Ahram Beverages (a member of the Heineken group) from 2006 to 2010 and as an Independent Organisational Development Consultant from 2004 to 2006. Prior to that, he worked as Training and Development Senior Supervisor at Vodafone Egypt from 1998 to 2004. Mr. Tadros is certified as a Human Resources Assessor and Franklin Covey Trainer. He graduated from Helwan University (Cairo, Egypt) in 1986 with a BA in Hotel Management.

Eng. Mohamed El Bahey
Vice President Purchasing and Supply Chain

Mr. El Bahey has 22 years of experience in the FMCG industry and joined Edita Food Industries as Vice President—Supply Chain in 2012. Previously, Mr. El Bahey was Managing Director and CEO of Kraft Foods Algeria from 2010 to 2012 and Supply Chain and Sale Director at Kraft Foods Egypt from 2004 to 2010. He has also been a member of the Board of Kraft Foods Egypt from 2004 to 2012 and Managing Director of Kraft Foods Distribution Limited from 2006 to 2012. From 1995 to 2004 he worked at Gillette Egypt, as Production Engineer, and later as Value Chain Manager for North Africa and Pakistan at Gillette Egypt, and as Assistant Regional Supply Chain Director at Gillette MEA. He graduated from Ain Shams University in 1995 with a BSc in Engineering (Mechanical Power Section).

Mr. Ahmed Samy
Vice President Marketing

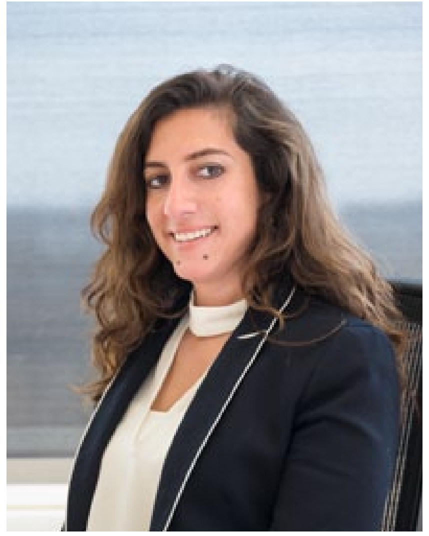
Mr. Ahmed Samy has over 15 years of experience in marketing and brand management and currently serves as Edita's Vice President — Marketing. Mr. Samy joined the company in 2014 as Marketing Manager for the cakes & bakes categories before getting promoted to Group Marketing Director responsible for the entire brand portfolio and finally his current position. Prior to joining Edita, he held a variety of marketing and sales positions, including Marketing & Wholesales Senior Manager at Bavarian Auto Group, the sole importer of BMW and MINI in Egypt, Senior Brand Manager at the Non-Alcoholic Division for Heineken Egypt, Sales and Retail Manager for the Consumer Electronics — Near East Area at Philips and began his career at British American Tobacco where he held a variety of marketing roles. He holds a Bachelor of Science in Mechanical Engineering from The American University in Cairo with a double specialization in Design & Industrial Engineering.

Mr. Sherif Shaker
Internal Audit Senior Director

Mr. Shaker has 33 years of experience in finance and auditing and joined Edita Food Industries as Financial Manager in 1997 and became Internal Audit and Compliance Director in 2010. Previously, Mr. Shaker was Financial Manager at Peugeot Egypt from 1993 to 1997, Accounting Supervisor at Hoechst Egypt Pharmaceutical Company from 1991 to 1993 and held various positions at PricewaterhouseCoopers from 1983 to 1991. Mr. Shaker is a Certified Director of the Egyptian Institute of Directors (EIoD). He graduated from Ain Shams University with a BA in Commerce in 1983 and obtained his MBA from the Arab Academy Graduate School of Business (Alexandria, Egypt) in 2009, specialising in Finance, Investment and Banking.

Mr. Panagiotis Papadodimas
Research and Development Director

Mr. Panagiotis has 17 years of experience in research and development and joined Edita as Research and Development Director in 2014. Before joining Edita, Mr. Panagiotis was Senior Research and Development Food Developer and Continuous Improvement at E.J. Papadopoulos from 2011 to 2014, Research and Development Scientist at General Mills from 2005 to 2009 and Jotis from 2001 to 2005. He graduated from the University of Surrey (Guildford, United Kingdom) in 1998 with a BA in Chemistry and the University of Reading (Reading, United Kingdom) in 1999 with a master's degree in Food Science and Technology. He obtained his MBA from Alba Graduate Business School (Athens, Greece) in 2010.



Ms. Menna Shams El Din
Investor Relations and Business Development Senior Director

Ms. Shams El Din has over 14 years of experience in corporate strategy, economics and finance and currently serves as Senior Director of Investor Relations & Business Development at Edita. Prior to joining Edita, Ms. Shams El Din served a Vice President of Pharos Asset Management, where she evaluated the company's investment opportunities while also managing the portfolios of high-net-worth individuals and public institutions. In the past, Ms. Shams El Din has also served as a Research Analyst for Morgan Stanley based in Dubai, UAE, an Economist for EFG Hermes Research based in Cairo and held positions at Vodafone Egypt where she helped develop marketing strategies. She holds a Bachelor of Arts in economics and a minor in psychology from The American University in Cairo.

Corporate **Governance**

Edita's management team understands the crucial role that a strong corporate governance framework plays in a company's long-term success. Edita corporate governance framework covers aspects such as the company's performance and the performance of the board; the relationship between the board and executive management; risk management, corporate compliance and internal controls and communication with shareholders and financial reporting.

Board of Directors

Edita's dedicated Board of Directors is comprised of two executive and seven non-executive members, four of whom are independent. The expert and diverse guidance of this experienced group of men and women has been instrumental in Edita's transformation from a small, family business into an international presence.

Eng. Hani Berzi

Chairman and Managing Director, representing Berco Limited

Mr. Berzi has 32 years of experience in the food and beverage industry, having started his career in 1986 by joining Tasty Foods Egypt, his family's snack food business. Mr. Berzi subsequently held the position of Sales and Marketing Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo, from 1990 to 1992. Mr. Berzi became a member of the Board of Edita Food Industries in 1996 and became the Managing Director and Chairman of the Board in 2006. Mr. Berzi is also a member of the Board of the Chamber of Food Industries and the Egyptian Centre for Economic Studies, and is the Chairman of the Egyptian-Greek Business Council (Egyptian side), and is the Chairman of the Food Export Council. Previously, he was a member of the Boards of a number of companies in the food and beverage industry including Technopack in 1987, Rotopak in 1989 and Egypt Sack in 1997, and has also served as a Board Member of the Federation of Egyptian Industries. He graduated from Ain Shams University (Cairo, Egypt) with a BSc in Computer and Control Engineering.

Mr. Samir Nabih Aziz Berzi

Vice Chairman, representing Berco Limited

Mr. Berzi has 35 years of experience in the food and beverage industry, having started his career by joining Tasty Foods Egypt. In 1986, Mr. Berzi founded Berzi Confectionary, which was later acquired by Tasty Foods Egypt. He subsequently held the position of Industrial Operation Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo. Mr. Berzi has also established a number of companies including Digma Trading, a fast-moving consumer goods distribution company and Edita Food Industries. Mr. Berzi became a member of the Board of Edita Food Industries in 1996. He is also the Chairman of Digma Trading and Edita Confectionary Industries, a member of the American Chamber of Commerce, a member of the Board and shareholder of Le Pacha 1901, a shareholder of Mirage Hotels, which owns the JW Marriott at Mirage City, and a shareholder of Sakkara Tourism Investment, which owns the Mirage City compound in New Cairo. He graduated from Cairo University (Cairo, Egypt) in 1982 with a BA in Commerce.

Ms. Fatma Lotfy

Board Member, representing Berco Limited

Ms. Lotfy has been a member of Edita's Board of Directors since 2015, with over 31 years of commercial and investment banking experience under her belt. Sinces he began her career in the late 1980s, Ms. Lotfy has held senior and key executive positions in a number of renowned international and local banks and sits on the boards of several large-scale financial institutions. Since 2015, she has been a board member of Credit Libanias Beirut and is currently the Chairperson of EFG Hermes Finance. Prior to that, Ms. Lotfy was the Deputy Chairperson and Managing Director at Bank Audi Egypt, the First Deputy Chairperson and Managing Director at Alexbank Intesa San Paolo, and Managing Director and Board and Executive Committee Member at Al Watani Bank of Egypt (currently NBK Egypt), in addition to several other senior positions at various institutions including the Commercial International Bank (CIB). Ms. Lotfy is also highly engaged in her role as an active corporate citizen through her activities as a member of the Egyptian European Council, the Young Presidents Organization (YPO), the Egyptian British Chamber of Commerce, the Egyptian American Chamber of Commerce, in addition to being an active member of the Economic Committee of the Women's National Congress.

Mr. Jeff Van der Ems

Board Member, Representing Kingsway

Mr. Van der Ems is an experienced board director and former executive with wide commercial and international leadership experience as a CEO, COO, CFO and non-executive director for global biscuits and snacks businesses. Having spent the last 13 years of his executive career at United Biscuits (one of the largest biscuits companies in Europe with iconic brands such as McVitie's and Jacob's dating back to the 1800s), Mr. Van der Ems brings a wealth of experience as a successful strategist and commercial leader. At United Biscuits, Jeff successfully led the company's international expansions (into, amongst other markets, India, China, Saudi Arabia and Nigeria) from 2007 to 2014, before assuming the role of Group CEO following the company's acquisition by Yildiz for c. USD 3 nillion. Prior to United Biscuits, Jeff spent 12 years at PepsiCo, latterly as CFO of PepsiCo UK and Ireland. He has served as a non-executive director for food and snacks businesses in the Netherlands, Saudi Arabia, Nigeria, South Africa and Israel. Mr. Van der Ems holds a BA in English and American literature from the University of California Irvine and a Masters in international management from the American Graduate School of International Management (Thunderbird).

Mr. Spyridon Theodoropoulos

Board Member, representing Exoder Limited

Mr. Theodoropoulos started his career with a small family business producing dairy products in 1976. Since then, he has uninterruptedly worked in the FMCG industry and was a General Manger of several FMCG companies. He acquired Chipita SA, a Greek based company specialising in snacks production, in two stages: the first 50% of shares were acquired in 1986 and the remaining 50% in 1989. In 1990, Eurohellenic Fund (representing, among others, Olayan Group, De Benedetti, Alpha Finance and Titan Group) invested in Chipita which coincided in time with the commencement of the croissant production, expansion of Chipita's activities, setup of production facilities in several countries worldwide and formation of joint ventures in Egypt, Saudi Arabia and Mexico. In 2006, Chipita merged with Delta Holdings SA to form Vivartia SA. From 2006 until 2010 Mr. Theodoropoulos was the Managing Director of Vivartia SA. During 2010 together with Olayan group, as well as other Greek partners, Mr. Theodoropoulos acquired Chipita SA. As of today he is the CEO of Chipita SA and a member of the Board of Directors of the National Bank of Greece. In the past, he served as the president of the Athens Stock Exchange Listed Companies Association, as vice-president of Greek Federation of Industries and as vice-president of Helex. Mr. Theodoropoulos became a member of Edita's Board in 1996. He graduated from Athens Economic University with a business degree.

Mr. Mounir Fakhry Abdel Nour

Independent Board Member

Mounir Fakhry Abdel Nour is a veteran banker, industrialist and public servant. Mr. Abdel Nour first entered government service in 2011 as Minister of Tourism, a post he held until 2012. He rejoined cabinet as Minister of Trade and Industry in July 2013 and went on to serve as Minister of Trade, Industry and Investment and as Minister of Trade, Industry and SMEs until he left office in September 2015. Prior to entering government, Mr. Abdel Nour was a banker with Banque de l'Union Européenne and American Express. He founded Vitrac, a leading Egyptian maker of jams, juices and syrups, in the 1980s and grew the company into a category-defining player with a dominant market share in Egypt and strong export network. Mr. Abdel Nour led Vitrac's sale in 2002 to Hero Group, a leading Switzerland-based international consumer foods company. Mr. Abdel Nour was chairman of Hero Middle East from 2004 until 2011. He is currently a board member of GB Auto, Domty and Beltone Financial. His past directorships include service to the Egyptian Exchange (1999-2002), the Federation of Egyptian Industries (2004-2007), the Egyptian Competition Authority (2005-2007), among others. Mr. Abdel Nour holds a BSc in statistics from Cairo University's School of Economics and Political Science and an MA in economics from the American University in Cairo. He is an Egyptian national.

Mr. Hussein Choukri
Independent Board Member

Mr. Choukri is among the pioneers of Egypt's investment banking sector. He joined the investment banking department of Morgan Stanley in New York as an Associate in 1980 and acted as Managing Director from 1987 until 1993. In 1993, he became its Advisory Director to serve in this capacity until 2007. In 1996, he established HC Securities & Investment, which currently is one of the leading investment banks in the Middle East and North Africa. Mr. Choukri is a board member of a number of associations and reputable companies, including Holding Company for Tourism, Hotels and Cinema and The Egyptian British Business Council (EBBC). Mr. Choukri joined Edita as a Board Member in January 2015. Mr. Choukri is the head of Edita's Remuneration Committee and is also a member of the Audit Committee. He graduated from Ain Shams University and the American University in Cairo with a degree in Commerce and Management, respectively.

Ms. Sahar El Sallab
Independent Board Member

Ms. El Sallab worked and trained at Citibank Cairo and Athens before spending 25 years working at Commercial International Bank, where she assumed the roles of Vice Chairman and Managing Director. She was also the Chairperson of Commercial International Capital Holding Company (CI Capital) and is currently chairperson of Hiteknofal Company and a board member at the National Bank of Egypt. After significant private sector experience, she became the Deputy Minister of Trade and Industry for Development and Investment in Internal Trade in Egypt. Ms. El Sallab has been nominated as one of the 100 Most Powerful Arab Women 2011 by South African Magazine, CEO, and one of 10 Most Powerful Egyptian Women 2011 by the Egypt Business Directory. Ms. El Sallab is also the head of Edita's Audit Committee. She graduated from the American University in Beirut and from the Harvard Kennedy School for Management.

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Regional Export Destinations

> *"Edita's board of directors strives to adhere these values, knowing that decisions and actions affect all stakeholders, including shareholders, employees, customers and the communities where Edita operates*

Mr. Hanny Y. Elmessiry
Independent Board Member

Hanny Elmessiry has over 16 years of experience in the food and beverages industry. From 2012-2015 he served as Chief Executive Officer for IFFCO Egypt, North Africa's largest edible oil and fats refining and processing company. Before that, he acted as Vice President and Managing Director of Golden State Foods Middle East, whose clients include McDonalds, YUM Brands, and Americana. Currently Elmessiry is also a Partner at Global Equity Ventures, a fund investing in projects in the MENA region with a focus on entrepreneurship, franchising, information technology, logistics, and sports tourism. He also serves on the board of several for-profit companies in addition to teaching strategic management at The American University in Cairo. Previously Elmessiry also acted as Chairman and Chief Executive Officer of Orascom Housing Communities. He also served as Governor of Alexandria, Egypt's second-largest city. In the 1980s and 1990s, Elmessiry lived in California, USA, where he pursued educational opportunities and gained extensive international work experience with a number of companies, including Bank of America and Al Baraka Bancorp California. Upon returning to the Middle East, he worked for several companies, where he was responsible for projects in the areas of private infrastructure, oil & gas, petrochemicals, and international trade.

Compliance

Edita adopts a comprehensive corporate compliance programs with the purpose of:

- Preventing violations from occurring and eliminating the company's exposure to the severe sanctions imposed by the relevant laws,
- Educate the company's employees on the laws affecting our business which include securities, antitrust, environmental and other laws.

The mandate of Edita's Compliance Program includes:

- Keep updated with new governmental laws, regulations, and requirements that affect the business and ensure that they are reflected in the corporate policy manual
- Review developed policy drafts against applicable laws and regulations, identify other corporate policies that may be in conflict and ensure all corporate policies support the vision and direction of the collection center in conjunction with the departmental vision set forth by the Executive Management
- Provide necessary policy awareness sessions (through available channels) aimed at educating employees about the applicable laws and corporate policies that affect their operations and sharing awareness statistics with Top Management
- Carry out risk assessment for business operations to identify areas at risk and ensure management is made aware to take proper actions and mitigates
- Carry out compliance checks (for new / updated policies) to ensure compliance with the corporate policies and identify actual and potential problems.
- Allow anonymous reporting by employees on gaps / breaches conducted by others without fear of retribution and permitting employees to ask questions.
- Review contracts and agreements with other parties and ensure that their terms and conditions do not violate Edita's corporate policies
- Direct the Supplier Selection Committee meetings and make sure that minutes of meetings are developed and communicated to all concerned parties

Audit Committee

In accordance with EGX listing rules, the Board of Directors has established an Audit Committee, made up of four competent and experienced Non-Executive Directors, three of whom are independent. Primary functions delegated by the Board to the Audit Committee include assisting the Board in fulfilling its oversight responsibilities in connection with:

- The inspection and review of internal audit procedures;
- The inspection and review of accounting standards and any changes resulting from the application of new accounting standards;
- The inspection and review of internal audit procedures, plans and results;
- The inspection and review of the periodic administrative information presented to the different levels of management and the methods of such preparation and timing of submission;
- Ensuring the implementation of appropriate supervisory procedures in order to protect our assets;
- Ensuring adherence to auditor and EFSA recommendations;
- The inspection of the procedures carried out in preparing and reviewing
  i. the financial statements,
  ii. offerings relating to securities, and
  iii. estimated budgets, cash flow and income statements;
- Advising on the appointment of auditors to perform services other than the preparation of financial statements;
- The inspection and review of the auditor's report regarding the financial statements and discussing the comments;
- Ensuring the preparation by an independent financial advisor of a report concerning any related party transactions before being ratified; and
- Ensuring the application of the necessary supervisory methods to maintain our assets, conduct periodic evaluation of administrative procedures and prepare reports to the Board.

Sustainability

Promoting sustainable development is at the heart of our business philosophy and we have always been keen to contribute to the wellbeing and growth of our people, the environment and the communities in which we operate

Edita places sustainable development and promoting the wellbeing of the communities where it does business as part and parcel of its long-term strategy. In FY2017, the company took concrete steps to align its corporate responsibility strategy with universal sustainability standards by adopting a four-pronged approach that focuses on raising gender awareness, training and developing its employees, maintaining health and safety and becoming more environmentally friendly.

Global Compact Initiative

In its efforts to promote sustainable development in its surrounding communities, in FY2017 Edita became a signatory to the United Nations Global Compact (UNGC), the world's largest corporate responsibility initiative. With over 12,000 business and non-business participants from over 135 countries, the UNGC serves as a strategic policy initiative for businesses to commit to, aligning their operations and strategies with the UNGC's 10 universally accepted principles. The principles are in areas of human rights, labour, anti-corruption and environment – all key pillars of Edita's long-term growth strategy.

Gender Equality

On the heels of joining the UNGC, Edita joined the Participatory Gender Audit program which monitors and assesses companies' positions on gender sensitivity and evaluates internal practices and support systems. The program was launched in FY2017 by the International Labour Organization (ILO) and the UN Global Compact Network Egypt (GCNE), and Edita became the first Egyptian company to be audited, paving the way for the rest of the private sector.

Inspecting diversity and gender-based equality, the audit found that Edita had undertaken many actions in its internal practices, policies and values to support female workers and provide a safe workplace for employees. Edita empowered several women to reach senior managerial and administrative positions in the company.

Our People

Driven by its firm belief that human capital is the underlying pillar of its success, Edita continues to invest in its over 6,000 employees and empowers its staff. In FY2017, the company continued its Management Training Program (EMTP), where graduates from top universities are enrolled into a company-wide departmental rotation, ultimately preparing the next line of managers who will drive future growth. During FY2017, Edita also had its first round of the Edita Quality Academy International Certificate Program, covering areas of quality and productivity improvement of Edita products and manufacturing lines.

Not just limited to technical and managerial skills development, Edita also provides a wider scope of training programs in self and career development for its white collar staff, such as mind mapping, time management and business simulations. Additionally, the Edita Sales Academy and Edita Manufacturing Academy trains its employees to develop their soft skills in areas like presentation skills, awareness on work ethics, work life balance, teamwork and communication skills. Scholarships are also available for high potential employees to undertake MBA programs and other certifications.

Mindful of its staff's wellbeing amid high inflationary pressures, Edita executed several pay increases over the past year, with average wages and salaries up by 23% in FY2017. The company's dedication to its employees is clearly reflected in job-satisfaction rates, with average turnover across both blue and white collar employees at only 2.3% in FY2017.

Safety, Health and Environment (SHE)

A key element of its SHE code, Edita deploys the highest standards in product safety, occupational safety and health and environment standards. Edita's SHE department is committed to ensuring that all company facilities comply with environmental rules and regulations, and to the protection of its surrounding communities. Standing firm in the belief that human resources are its greatest asset, the company undertook several developments and improvements to the SHE management system in order to ensure a safe working environment. Launching its unique Edita Risk & Environment Management System (eREMS), Edita put its SHE core values of Property Protection, Injury Prevention, and Environmental Stability into standardized procedures – now fully aligning with international occupational health, safety and environmental standards, as well as complying with local laws and legislations.

After implementing this new program, Edita saw an improvement in its safety measures by a 65% reduction in lost time injury rates (LTIRs) in FY2017, with an 82% improvement in company-wide incident levels. During the same year, all five plants also exceeded their target performances during SHE inspections and eREMS audits.

Wastewater Treatment Stations

On the environmental front, Edita knows that a thriving business is a sustainable one. With freshwater limited and water challenges ever-increasing in the MENA region, it has become critical for Edita to prioritize the sustainable use and security of its communities' water resources.

To be more environmentally sustainable as well as to comply with local government regulations, in FY2017 Edita invested in a state-of-the-art wastewater treatment plant for its E10 facility. Moving forward, a wastewater treatment plant is under construction for the E06 facility, and Edita remains set on achieving optimal wastewater quality.

Wastewater treatment plant for E10 facility.

Investor **Relations**

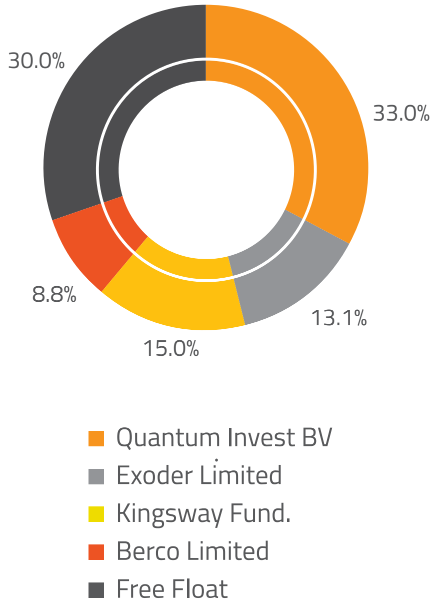
Edita Food Industries S.A.E. is listed on the Egyptian Exchange (EGX) since 2015 and offers its shares on international markets with a Global Depository Receipt (GDR) program on the London Stock Exchange (LSE). As at 31 December 2017 the company's 725 million shares had a market capitalization of c.EGP 12.2 billion[1]. Stock coverage includes nine local and six international institutions.

30%
Free Float

12.2 EGP BN
Market Capitalization[1]

1:5
GDR Convertibility

Shareholder Structure

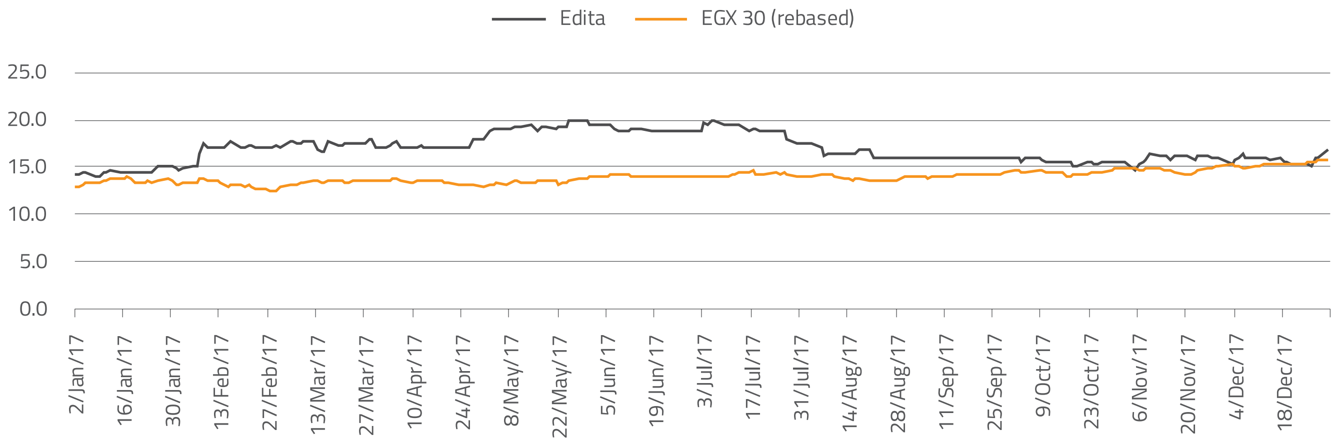


1 Based on share price of EGP 16.8 on 31 December 2017

Share Information

Codes	EGX: EFID.CA Reuters: EFID.CA Bloomberg: EFIDq.L
Share Listing	Cairo, Egypt / London, United Kingdom
Currency	EGP / USD
No. of Outstanding Shares:	725,362,900

52-Week Stock Performance



Investor Relations

Our Investor Relations department's key objective is to maintain a proactive outreach program with investors focusing on transparency and access to information. The department aims to serve the best interest of Edita's investors by adopting best-in-class disclosure practices and effectively communicate the stock's fundamentals through various channels, including Edita's corporate and investor relations websites, period publications, investor conferences and direct communication. Edita is also cognizant of capital markets' dynamic landscape and that investors' needs and expectations are constantly evolving. To that end, the IR department is keen on incorporating good governance practices in its strategy for matters such as environmental, social and governance (ESG) issues as well as more specific factors such as the implementation of MIFID II.

Investor Relations Activities in 2017

The IR department's activities in 2017 included the participation in several global investor conferences with exposure to some 960 investors ranging from corporates to leading fund and portfolio managers with an aggregate AUM of USD 17 trillion.

Listing Regulations

Joint stock companies in Egypt adhere to the philosophy of separating ownership and control: though shareholders own the Issuer nominally, management of the Issuer is vested by law in the hands of its Board of Directors. Edita is subject to Egyptian disclosure requirements and is required to submit annual and quarterly financial statements prepared in accordance with EAS and IFRS; provide notices of any material developments to the EFSA, EGX and LSE; provide the regulator with minutes of the Issuer's Ordinary and Extraordinary General Meeting; and publish our annual and quarterly financial statements in two widely circulated local daily newspapers

AUDITED FINANCIAL STATEMENTS

Independent auditor's report

To the shareholders of EDITA food industries company (S.A.E) and its subsidiaries

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Edita Food Industries Company (S.A.E) ("the Company") and its subsidiaries (together "the Group") as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the prevailing Egyptian laws and regulations.

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated balance sheet at 31 December 2017;
- The consolidated statement of profit or loss for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matters

- Valuation of intangible assets which have indefinite useful lives
- Exchange differences resulted from floating of the Egyptian pound

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of intangible assets which have indefinite useful lives	
The Group's balance sheet includes intangible assets amounting to EGP 163 million (2016: EGP 163 million), relating to the purchase of trademarks and know how on certain of its branded products (see Note 6 to the financial statements). Under the Group's accounting policy for trademarks and know how these are treated as having an indefinite life because the related licenses are perpetual, irrevocable and exclusive. They include the trademark and know how in the territory in connection with specific cake product brands, these brands remain popular in the Middle East and the group does not foresee any decline in their value in the foreseeable future. No amortisation is charged annually as a result. However, under accounting standards management are required to perform an annual test to assess whether the carrying value of these trademarks and know how has been impaired. The impairment test is based on management's view of the future cash flows to be generated from the trademarked brands concerned. We focused on these intangible assets because of the amount of inherent uncertainty involved in estimating future product cash flows and also because of the potentially significant impact on the Group's reported income, its earnings per share and its asset carrying values of relatively small changes in the underlying assumptions.	We obtained management's valuation analysis which is derived from the Board approved business plan. The most significant judgments relate to the discount rate applied together with the assumptions supporting the underlying forecast cash flows, in particular the terminal growth rate and the forecast combined operating ratios in the projection period and investment return assumptions. • We evaluated management's discounted cash flow forecasts and the process by which they were developed. We compared these forecasts to Board- approved business plans and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of management forecasting. We confirmed that the key assumptions had been subject to oversight from the directors. • Using the assistance of our internal valuations specialists we tested the assumptions and methodologies used, in particular those relating to the discount rate and growth rates. To do this: • We evaluated these assumptions with reference to those applied to valuations of similar companies. • We compared the key assumptions to externally derived data where possible, including market expectations of investment return, projected economic growth and interest rates. • We applied sensitivities in evaluating the directors' assessment of the planned growth rate in cash flows and combined operating ratios. • .In testing the valuation model we checked the calculations for mathematical accuracy, and considered the sensitivity of the calculation by varying the assumptions and applying other values within a reasonably possible range.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' annual report (but does not include the consolidated financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mansour & Co. PricewaterhouseCoopers
26 February 2018
Cairo

Consolidated balance sheet "IFRS" -

At 31 December 2017

(All amounts in Egyptian Pounds)	Note	2017	2016
Assets			
Non-current assets			
Property, plant and equipment	5	1,936,955,440	1,474,461,243
Intangible assets	6	162,911,642	162,911,642
Total non-current assets		**2,099,867,082**	**1,637,372,885**
Current assets			
Inventories	7	296,011,433	318,428,559
Trade and other receivables	8	96,857,419	196,668,474
Treasury bills	9	180,588,821	192,144,828
Cash and cash equivalents (excluding bank overdrafts)	10	35,991,510	90,465,545
Total current assets		**609,449,183**	**797,707,406**
Total assets		**2,709,316,265**	**2,435,080,291**
Liabilities			
Non-current liabilities			
Long-term loans	11	648,432,586	527,825,757
Deferred tax liabilities	12	129,952,401	86,492,634
Employee benefit obligations	13	4,761,965	1,945,034
Total non-current liabilities		**783,146,952**	**616,263,425**
Current liabilities			
Trade and other payables	14	400,398,928	283,349,109
Current income tax liabilities	15	-	1,233,553
Current portion of long-term loans	11	178,511,643	146,232,334
Bank overdraft	16	96,121,849	240,473,897
Provisions	17	20,910,445	19,166,385
Total current liabilities		**695,942,865**	**690,455,278**
Total liabilities		**1,479,089,817**	**1,306,718,703**
Net assets		**1,230,226,448**	**1,128,361,588**
Equity			
Share capital	18	145,072,580	145,072,580
Legal reserve	19	56,474,533	48,745,291
Foreign currency translation reserve		(205,502)	(162,824)
Retained earnings		1,007,084,734	919,722,773
Capital and reserves attributable to owners of Edita Food Industries		1,208,426,345	1,113,377,820
Non-controlling interests	20	21,800,103	14,983,768
Total equity		**1,230,226,448**	**1,128,361,588**

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

Mr. Sameh Naguib
Vice President - Finance

Eng Hani Berzi
Chairman

Giza, 26 February 2018

Independet auditor's report attached

Consolidated statement of profit or loss "IFRS" -

For the year ended 31 December 2017

(All amounts in Egyptian Pounds)	Note	2017	2016
Revenue		3,044,229,332	2,502,918,189
Cost of sales	26	(2,098,454,009)	(1,604,647,951)
Gross profit		**945,775,323**	**898,270,238**
Distribution cost	26	(386,634,812)	(308,100,697)
Administrative expenses	26	(211,153,544)	(181,914,459)
Other income	21	12,015,313	9,725,028
Other losses - net	22	(15,504,373)	(39,987,841)
Operating profit		**344,497,907**	**377,992,269**
Finance income		44,420,038	33,203,696
Finance cost		(117,122,130)	(318,867,865)
Finance cost - Net	23	(72,702,092)	(285,664,169)
Profit before income tax		**271,795,815**	**92,328,100**
Income tax expense	24	(59,841,889)	(44,888,835)
Net profit for the year		**211,953,926**	**47,439,265**
Profit is attributable to			
Owners of the parent		205,137,591	48,368,637
Non-controlling interest		6,816,335	(929,372)
Net profit for the year		**211,953,926**	**47,439,265**
Earnings per share (expressed in EGP per share):			
Basic earnings per share	25	0.28	0.07
Diluted earnings per share	**25**	**0.28**	**0.07**

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

Consolidated statement of comprehensive income "IFRS" -

For the year ended 31 December 2017

(All amounts in Egyptian Pounds)	2017	2016
Profit for the year	211,953,926	47,439,265
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on transaction of foreign operations	(42,678)	(168,392)
Other comprehensive income for the year - net of tax	**(42,678)**	**(168,392)**
Total comprehensive income for the year	**211,911,248**	**47,270,873**
Total comprehensive income is attributable to		
Owners of the parent	205,094,913	48,200,245
Non-controlling interest	6,816,335	(929,372)
Total comprehensive income for the year	**211,911,248**	**47,270,873**

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

Consolidated statement of changes in equity "IFRS"-

For the year ended 31 December 2017

(All amounts in Egyptian Pounds)	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total Owners' Equity: Total owners of the parent	Total Owners' Equity: Non-controlling interest	Total Owners' Equity: Total owners' equity
Balance at 1 January 2016	**72,536,290**	**38,947,275**	**5,568**	**1,057,715,965**	**1,169,205,098**	**5,617,437**	**1,174,822,535**
Employees dividends accruals	-	-	-	(22,995,460)	(22,995,460)	-	(22,995,460)
Profit for the year	-	-	-	48,368,637	48,368,637	(929,372)	47,439,265
Other comprehensive income for the year	-	-	(168,392)	-	(168,392)	-	(168,392)
Total comprehensive income for the year	**-**	**-**	**(168,392)**	**48,368,637**	**48,200,245**	**(929,372)**	**47,270,873**
Transactions with owners in their capacity as owners:							
Transfer to legal reserve	-	9,798,016	-	(9,798,016)	-	-	-
Bonus share, capital increase	72,536,290	-	-	(72,536,290)	-	-	-
Issue of ordinary shares of a subsidiary	-	-	-	-	-	10,552,330	10,552,330
Dividends distribution to non-controlling interests in subsidiaries	-	-	-	-	-	(256,627)	(256,627)
Dividends distribution for 2015	-	-	-	(81,032,063)	(81,032,063)	-	(81,032,063)
Balance at 31 December 2016	**145,072,580**	**48,745,291**	**(162,824)**	**919,722,773**	**1,113,377,820**	**14,983,768**	**1,128,361,588**
Balance at 31 December 2016 and 1 January 2017	**145,072,580**	**48,745,291**	**(162,824)**	**919,722,773**	**1,113,377,820**	**14,983,768**	**1,128,361,588**
Profit for the year	-	-	-	205,137,591	205,137,591	6,816,335	211,953,926
Other comprehensive income for the year	-	-	(42,678)	-	(42,678)	-	(42,678)
Total comprehensive income for the year	**-**	**-**	**(42,678)**	**205,137,591**	**205,094,913**	**6,816,335**	**211,911,248**
Transactions with owners in their capacity as owners:	-	-	-	-	205,094,913	-	205,094,913
Transfer to legal reserve	-	7,729,242	-	(7,729,242)	-	-	-
Dividends distribution for 2016	-	-	-	(110,046,388)	(110,046,388)	-	(110,046,388)
Balance at 31 December 2017	**145,072,580**	**56,474,533**	**(205,502)**	**1,007,084,734**	**1,208,426,345**	**21,800,103**	**1,230,226,448**

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

Consolidated statement of cash flows "IFRS" -

For the year ended 31 December 2017

(All amounts in Egyptian Pounds)	Notes	2017	2016
Cash generated from / (used in) operations	27	727,716,132	(90,412,156)
Interest paid		(104,312,936)	(56,831,581)
Income tax paid		(62,646,410)	(73,056,654)
Net cash inflow / (outflow) from operating activities		**560,756,786**	**(220,300,391)**
Cash flows from investing activities			
Payment for purchse of property, plant and equipment	5	(572,928,431)	(274,146,026)
Proceeds from sale of property, plant and equipment		5,570,467	6,157,864
Interest received		34,758,376	30,656,227
Payment for purchase of treasury bills		(749,832,077)	(691,612,480)
Proceeds from sale of treasury bills		767,370,752	648,682,420
Net cash outflow from investing activities		**(515,060,913)**	**(280,261,995)**
Cash flows from financing activities			
Proceeds from non-controlling interest share in capital increase of subsidiary		-	10,552,330
Dividends paid to shareholders		(110,300,449)	(81,016,675)
Payments against notes payable for acquisition of land		-	(10,546,825)
Repayments of borrowings		(384,937,444)	(220,436,080)
Proceeds from borrowings		539,462,711	412,524,052
Net cash inflow from financing activities		**44,224,818**	**111,076,802**
Net increase / (decrease) in cash and cash equivalents		**89,920,691**	**(389,485,584)**
Cash and cash equivalents at beginning of the year		(150,008,352)	239,645,624
Effects of exchange rate on cash and cash equivalents		(42,678)	(168,392)
Cash and cash equivalents at end of the year	**10**	**(60,130,339)**	**(150,008,352)**

***Non cash transaction:**

Transfer of overdraft facility into term loan with amount of 58,757,379 EGP for the year of 2017.

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

Notes to the consolidated financial statements “IFRS”

For the year ended 31 December 2017

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

1. General information

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

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

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

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

The main shareholders are Quantum Investment BV which owns 33% of the Company’s share capital and the Bank of New York Mellon “depositary bank for shares traded in London Stock Exchange” which manages 24.412% of the Company share capital and Exoder participation, “Exoder Limited”, domiciled in Cyprus which owns 13.065% of the Company’s share capital and Berco Limited which owns 8.815% of Company’s share capital and other shareholders owning 20.708% of company’s share capital.

These consolidated financial statements have been approved by the Board of Directors on **26 February 2018**.

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

Edita Food Industries:

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

The group’s principal subsidiaries at 31 December 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Digma for Trading:

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

Edita Confectionery Industries:

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

Edita participation limited:

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

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2017	2016	2017	2016
Digma for trading	Egypt	99.8 %	99.8 %	0.2 %	0.2 %
Edita Confectionery Industries	Egypt	77.71 %	77.71 %	22.29 %	22.29 %
Edita participation limited	Cyprus	100 %	100 %	-	-

Financial information about the subsidiaries of the group as at 31 December 2017 and 2016

Name of subsidiary	Total Assets 2017	Total Equity 2017	Total Sales 2017	Net Profit/ (loss) 2017
Digma for trading	318,852,142	256,661,154	2,810,151,883	76,794,230
Edita Confectionery Industries	173,858,495	97,033,253	139,848,887	29,946,261
Edita participation limited	142,104	(272,144)	-	(90,136)

Name of subsidiary	Total Assets 2016	Total Equity 2016	Total Sales 2016	Net Profit/ (loss) 2016
Digma for trading	284,033,086	187,741,292	2,322,059,255	105,419,276
Edita Confectionery Industries	173,523,440	67,086,992	92,886,054	(5,115,348)
Edita participation limited	163,466	(182,007)	-	(54,920)

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

2. Summary of significant accounting policies

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

A - Basis of preparation

I.Compliance with IFRS

The consolidated financial statements of Edita food industries and its subsidiaries "the group" have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

II.Historical cost convention

These financial statements have been prepared under the historical cost basis.

III.New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	IFRS 9 financial instruments
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Title of standard	IFRS 9 financial instruments
Impact	The group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018: All of the group's debt instruments that are currently classified as held to maturity will satisfy the conditions for classification at amortized cost under IFRS 9 and hence there will be no change to the accounting for these assets. Accordingly, the group does not expect the new guidance to affect the classification and measurement of these financial assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the group expects an immaterial increase in the loss allowance for trade debtors as most of the trade receivables are current and not past due with no history of default and also the group expect immaterial increase in loss allowance in relation to debt investments held at amortized cost since these investments represent purchased government treasury bills with a high credit rating and short maturity.

Title of standard	IFRS 9 financial instruments
Date of adoption by group	The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. Must be applied for financial years commencing on or after 1 January 2018. The group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated,

Title of standard	IFRS 15 Revenue from Contracts with Customers
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management has assessed the effects of applying the new standard on the group's financial statements and has identified the following areas that will be affected: Presentation of contract assets and contract liabilities in the balance sheet – IFRS15 requires separate presentation of contract assets and contract liabilities in the balance sheet. This will result in some reclassifications as of 1 January 2018 for the contract liabilities in relation to expected volume discounts, rights to return and rebates.
Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2018. The group intends to adopt the standard using the modified retrospective approach and there will be no impact on retained earnings from the reclassification of contract liability as of 1 January 2018 and comparatives will not be restated.

Title of standard	IFRS 16 Leasing
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of EGP 41,025,817, see note 30. The group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

B - Basis of consolidation

1.Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the group Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.Changes in ownership interests

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

C - Principles of consolidation and equity accounting

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

D - Segment Reporting

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

E - Foreign currency translation

1. Functional and presentation currency

Items included in the financial statements each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pound (EGP), which is Edita food industries functional and presentation currency.

2. Transactions and balances

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

Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

3. Group companies

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

a. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b. income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c. All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from translation of the net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

F - Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. Sales of goods – whole sale

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

2. Interest income

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

3. Dividend income

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

4. Export subsidy

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

G - Income tax

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

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

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

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

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

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

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

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

H - Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term

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

I - Impairment of assets

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

J - Cash and cash equivalents

For the purpose of presentation 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 consolidated balance sheet, bank overdrafts are shown in current liabilities in the balance sheet.

K - Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are amounts due from customers for goods' sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

L - Inventories

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale, and the provision for obsolete inventory is created in accordance to the management's assessment.

M - Financial assets

1. Classification

The group classifies its financial assets in the following categories,

- loans and receivables, and
- Held to maturity (treasury bills).

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held to maturity, re-evaluates this designation at the end of each reporting period.

2. Reclassification

Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3. Recognition and derecognition

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

4. Measurement

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

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

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

5. Impairment

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

Assets carried at amortised cost

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

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

N - Property, plant and equipment

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

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

Land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual value over their estimated useful lives, as follows:

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

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

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

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

O - Intangible assets

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

P - Trade and other payables

These amounts represents liabilities for goods or services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

Q - Loans

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

Loans are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

R - Borrowing costs

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

Capitalization of borrowing costs includes capitalizing foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Investment income earned on the temporary investment of specific Loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are recognized in profit or loss in the period in which they are incurred.

S - Provisions

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

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

Provisions are measured at the present value of management's best estimate to the expenditures required to settle the obligation at the end of the period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

T - Employees benefits

1. Short-term obligations

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

2. Post-employment obligation

Pension obligations

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The defined benefit plan defines an amount of benefits to be provided in the form of 15 working days 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.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. Profit-sharing and bonus plans

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

4. Termination benefits

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

U- Contributed equity

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.

V - Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

W - Earnings per share

1.Basic earnings per share

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

2.Diluted earnings per share

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

X- Comparative figures

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

3. Financial risk management

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

The group's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Egyptian pounds	Cash flow forecasting Sensitivity analysis	by local banks that the Company deals with in official rates and the rest from its exports in US Dollars
Market risk – interest rate	Long-term Loans at variable rates	Sensitivity analysis	Interest rate incremental to deposits rate
Market risk – security prices	No investment in a quoted equity securities	Sensitivity analysis	Not applicable
Credit risk	Cash and cash equivalents, trade receivables and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and governmental treasury bills
Liquidity risk	Loans and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

A - Market risk

i.Foreign exchange risk

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

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

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Egyptian pounds, was as follows:

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

	Assets	Liabilities	Net 31 December 2017	Net 31 December 2016
Euros	258,857	(103,089,203)	(102,830,346)	(256,648,709)
United States Dollars	7,664,410	(258,243,040)	(250,578,630)	(159,103,773)

Amounts recognised in profit or loss

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

	2017	2016
Amounts recognised in profit or loss		
Net foreign exchange loss included in finance cost and other gain or losses	(15,260,198)	(298,512,229)
	(15,260,198)	**(298,512,229)**
Net losses recognised in other comprehensive income		
Foreign currency translation reserve	(42,678)	(168,392)
	(42,678)	**(168,392)**

Sensitivity analysis

As shown in the table above, the group is primarily exposed to changes in Euro/EGP and USD/EGP exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from Euro and US-dollars denominated financial instruments and the impact on profit got the year components arises from contracts designated financial liabilities.

Euro/EGP

At 31 December 2017, if the Egyptian Pounds had strengthened / weakened by 10% against the Euro with all other variables held constant, Profit for the year would have been LE 10,283,034 (31 December 2016: LE 25,664,871) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

USD/EGP

At 31 December 2017, if the Egyptian Pounds had strengthened / weakened by 10% against the US Dollars with all other variables held constant, profit for the year would have been LE 25,057,863 (31 December 2016: LE 15,910,377) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

ii. Price risk

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

iii. Cash flow and fair value interest rate risk

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

At 31 December 2017, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 2% higher/lower with all other variables held constant, before-tax profit for the year would have been LE 18,461,321 (31 December 2016: LE 18,290,640) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowings at the balance sheet date with variable interest rate amounted to LE 826,944,229 (31 December 2016: LE 674,058,091).

Overdraft at the balance sheet on 31 December 2017 amounted to LE 96,121,849 (31 December 2016: LE 240,473,897).

B - Credit risk

i.Risk management

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

ii.Security

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

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

iii.Credit quality

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

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

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

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

Trade receivables

Counter parties without external credit rating:

	2017	2016
Trade and notes receivables	16,654,958	32,249,179
Total	**16,654,958**	**32,249,179**

Outstanding trade receivables are current and not impaired.

Cash at bank and short-term bank deposits:

	2017	2016
AA	20,694,025	78,888,032
A	665,794	6,350,075
BB	12,024	-
B	648,307	2,610,544
Total	**22,020,150**	**87,848,651**

We had excluded the cash on hand.

The table below summarizes the maturities of the Company's trade receivables at 31 December 2017 and 2016:

	2017	2016
Less than 30 days	10,009,420	22,961,936
From 31 to 60 days	5,506,423	7,354,413
From 61 to 90 days	1,139,115	369,120
From 91 to 120 days	-	33,499
	16,654,958	**30,718,968**

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

	2017	2016
At 1 January	20,556	20,556
Receivables written off during the year as uncollectible	-	-
	20,556	**20,556**

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

C - Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held deposits at call of EGP 60,840 (2016 – EGP 59,960,840) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December 2017 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

At 31 December 2017	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	63,792,488	101,874,105	188,051,167	460,381,419
Future interest payments	15,616,736	66,364,203	90,853,466	129,113,118
Trade and other payables	293,547,552	-	-	-
Bank overdraft	96,121,849	-	-	-
Notes payable	71,264,212	-	-	-
Total	**540,342,837**	**168,238,308**	**278,904,633**	**589,494,537**
At 31 December 2016				
Borrowings	67,018,131	63,918,131	148,571,413	379,254,344
Future interest payments	31,030,158	35,601,580	59,198,436	71,312,725
Trade and other payables	214,746,773	-	-	-
Bank overdraft	240,473,897	-	-	-
Notes payable	32,925,768	-	-	-
Total	**586,194,727**	**99,519,711**	**207,769,849**	**450,567,069**

The unused amount of borrowings is amounted to EGP 31,697,509 as of 31 December 2017, also the Group will have future interest payments related to borrowings amounting to LE 301,947,523 (31 December 2016: LE 197,142,899).

1.Capital management

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

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

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

	2017	2016
Total borrowings	826,944,229	674,058,091
Bank overdraft	96,121,849	240,473,897
Total borrowings and loans	**923,066,078**	**914,531,988**
Less: Cash and cash equivalents	(35,991,510)	(90,465,545)
Net debt	**887,074,568**	**824,066,443**
Total equity	**1,230,226,448**	**1,128,361,588**
Total capital	**2,117,301,016**	**1,952,428,031**
Gearing ratio	**42%**	**42%**

Loan covenants

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

- The debt to equity ratio must be not more than 1:1.
- Debt service ratio shall not fall below 1.25.
- Leverage ratio shall not exceed 1.5:1.

As of 31 December 2017, the Group was in compliance with the debt covenants.

2.Fair value estimation

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

4.Critical accounting estimates and judgments

1.Critical accounting estimates and assumptions

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

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

Impairment of infinite life intangible assets (trade mark and know how)

The group tests whether infinite life intangible assets has suffered any impairment on an annual basis.

The recoverable amount of a cash generating unit (CGU) is determined based on a value of in use calculations which require the use of assumptions (Note 6).

Income tax

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

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

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

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 1 January 2016								
Cost	106,714,128	478,089,014	635,645,904	138,939,208	57,917,104	59,424,230	156,008,329	1,632,737,917
Accumulated depreciation	-	(56,242,410)	(161,195,256)	(54,353,085)	(30,069,494)	(31,347,940)	-	(333,208,185)
Net book amount	**106,714,128**	**421,846,604**	**474,450,648**	**84,586,123**	**27,847,610**	**28,076,290**	**156,008,329**	**1,299,529,732**
Year ended 31 December 2016								
Opening net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Additions	14,194,132	-	14,874,049	10,906,147	10,323,755	10,240,089	213,607,854	274,146,026
Depreciation charge	-	(18,759,872)	(36,518,579)	(18,773,364)	(11,068,526)	(11,841,474)	-	(96,961,815)
Disposal depreciation	-		1,480,969	4,479,770	826,086	1,337,475	-	8,124,300
Disposals	-		(2,454,633)	(5,712,850)	(842,344)	(1,367,173)	-	(10,377,000)
Transfers from projects under construction	-	14,526,630	177,790,647	-	12,302,435	1,923,504	(206,543,216)	-
Closing net book amount	**120,908,260**	**417,613,362**	**629,623,101**	**75,485,826**	**39,389,016**	**28,368,711**	**163,072,967**	**1,474,461,243**
At 31 December 2016								
Cost	120,908,260	492,615,644	825,855,967	144,132,505	79,700,950	70,220,650	163,072,967	1,896,506,943
Accumulated depreciation	-	(75,002,282)	(196,232,866)	(68,646,679)	(40,311,934)	(41,851,939)	-	(422,045,700)
Net book amount	**120,908,260**	**417,613,362**	**629,623,101**	**75,485,826**	**39,389,016**	**28,368,711**	**163,072,967**	**1,474,461,243**
Year ended 31 December 2017								
Opening net book amount	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243
Additions	-	-	26,048,433	25,224,480	6,313,111	8,128,993	507,213,414	572,928,431
Depreciation charge	-	(19,852,702)	(43,005,957)	(20,400,521)	(12,208,114)	(13,827,915)	-	(109,295,209)
Disposal depreciation	-	-	-	6,326,895	202,982	316,869	-	6,846,746
Disposals	-	-	-	(7,422,290)	(204,073)	(359,408)	-	(7,985,771)
Transfers from Projects under construction	-	388,571,418	205,666,062	-	14,668,890	18,227,269	(627,133,639)	-
Closing net book amount	**120,908,260**	**786,332,078**	**818,331,639**	**79,214,390**	**48,161,812**	**40,854,519**	**43,152,742**	**1,936,955,440**
At 31 December 2017								
Cost	120,908,260	881,187,062	1,057,570,462	161,934,695	100,478,878	96,217,504	43,152,742	2,461,449,603
Accumulated depreciation	-	(94,854,984)	(239,238,823)	(82,720,305)	(52,317,066)	(55,362,985)	-	(524,494,163)
Net book amount	**120,908,260**	**786,332,078**	**818,331,639**	**79,214,390**	**48,161,812**	**40,854,519**	**43,152,742**	**1,936,955,440**

During the year ended 31 December 2017, the Group has capitalized borrowings costs amounting to LE 37,174,062 (31 December 2016: LE 4,872,184) on qualified assets. The capitalization rate used to determine the amount of borrowing costs to be capitalized is the interest rate applicable to the group's specific borrowings during the year is 21%.

	2017	2016
Allocation of the borrowing cost on Qualified Assets		
Projects under construction - Buildings	33,213,482	3,234,209
Projects under construction - Machinery	3,960,580	1,637,975
Total	**37,174,062**	**4,872,184**

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

	2017	2016
Charged to cost of sales	70,367,515	61,553,299
Charged to distribution costs	21,583,001	19,326,211
Charged to administrative expenses	17,344,693	16,082,305
	109,295,209	**96,961,815**

The project under construction represent:

	2017	2016
Buildings	29,846,501	134,067,710
Machinery & equipment	12,318,194	10,909,915
Tools & equipment	917,463	2,575,700
Technical and other installations	70,584	15,519,642
	43,152,742	**163,072,967**

6. Intangible assets

	Net Book Value	
	2017	2016
A- Trademark	131,480,647	131,480,647
B- Know how	31,430,995	31,430,995
Balance as of	**162,911,642**	**162,911,642**

A- Trademark

	Trade Mark (HOHOS, Twinkies & Tiger Tail) 2017	2016
Cost		
Opening Balance	131,480,647	131,480,647
Balance as of	**131,480,647**	**131,480,647**

The intangible assets in the amount of ten million US Dollars equivalent to LE 68,618,658 paid against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) and the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine these rights do not have a definite life, and on the 16th of April 2015 the Group had signed a new contract for 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 indefinite useful lives, and this is against USD 8 Million equivalent to EGP 62,861,989.

B- Know how

	Know How 2017	2016
Cost		
Opening balance	31,430,995	31,430,995
Balance as of	**31,430,995**	**31,430,995**

	2017	2016
Accumulated amortization		
Opening Balance	31,430,995	(942,930)
Amortization expense during the year	-	942,930
Balance as of	**-**	**-**
Net book value for know how	**31,430,995**	**31,430,995**

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

Impact of change in accounting policy in 31 December 2016

The accounting policy of intangible asset "Know how" have been changed during the year 2016 from intangible assets with finite useful lives, amortized over the company life span (25 years) and measured at cost less amortization in the separate financial statements to indefinite life intangible assets measured at cost in the separate financial statements, and to be tested for impairment annually.

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

C - Impairment test for infinite life intangible assets

Infinite life intangible assets are monitored by management at the level of cake segment – cash generating unit.

D - Recoverable amount of cake segment

The recoverable amount of the cake segment is determined based on value-in-use calculation which require the use of assumptions. The calculations use cash flows projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with for casts included in industry reports specific to the industry which each CGU operates.

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

Assumptions used by the Group when testing the impairment of intangible assets as of 31 December 2017 as follows:

Average gross profit	33%
Discount rate	26%
Growth rate	3%

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

Sensitivity of recoverable amounts

At 31 December 2017, if the discount rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

At 31 December 2017, if the growth rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

At 31 December 2017, if the gross profit rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

7. Inventories

	2017	2016
Raw and packaging materials	199,701,698	250,308,760
Spare parts	39,580,849	26,269,668
Finished goods	46,095,781	25,381,892
Consumables	5,089,825	9,849,632
Work in process	6,725,396	6,881,927
Total	**297,193,549**	**318,691,879**
Less: provision for slow moving and obsolete inventory	(1,182,116)	(263,320)
Net	**296,011,433**	**318,428,559**

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

During the year ended 31 December 2017, there has been a slow moving and obsolete inventory addition amounted to LE 1,476,000 (2016: LE 595,504) (Note 22) and utilized amounted to LE 557,204 (2016: LE 1,299,278).

The cost of inventory recognized as an expense and included in cost of sales amounted toLE 1,665,961,162 during the year ended 31 December 2017 (2016: LE 1,249,637,425).

8. Trade and other receivables

	2017	2016
Trade receivables	15,856,789	30,718,968
Notes receivable	798,169	1,530,211
Total	**16,654,958**	**32,249,179**
Less: Provision for impairment of trade receivables	(20,556)	(20,556)
	16,634,402	**32,228,623**
Advances to suppliers	22,984,151	138,088,609
Tax authority – Corporate tax prepayments	27,928,869	-
Prepaid expenses	8,636,065	12,477,604
Deposits with others	10,057,786	5,678,541
Other debit balances	10,115,307	7,419,676
Letters of credit	328,459	581,818
Employee loans	172,380	128,524
Accrued revenues	-	65,079
Total	**96,857,419**	**196,668,474**

9. Treasury bills

	2017	2016
Treasury bills par value	190,500,000	198,000,000
Unearned interest	(18,464,355)	(8,425,680)
Amount of treasury bills paid	**172,035,645**	**189,574,320**
Interest income recognized to profit or loss	8,553,176	2,570,508
Treasury bills balance	**180,588,821**	**192,144,828**

The Group purchased Egyptian treasury bills on 17th of September 2017 with par value amounted LE 90,000,000 with an annual interest of 18.55%. These treasury bills are due in 22 of May 2018. The total recognized interest income amounted to LE 4,267,038.

The Group purchased Egyptian treasury bills on 20th of September 2017 with par value amounted LE 54,000,000 with an annual interest of 18.35%. These treasury bills are due in 20th of March 2018. The total recognized interest income amounted to LE 2,538,245.

The Group purchased Egyptian treasury bills on 4th of October 2017 with par value amounted LE 30,000,000 with an annual interest of 18.40%. These treasury bills are due in 3rd of April 2018. The total recognized interest income amounted to LE 1,219,505.

The Group purchased Egyptian treasury bills on 24th of October 2017 with par value amounted LE 16,500,000 with an annual interest of 18.80%. These treasury bills are due in 24th of April 2018. The total recognized interest income amounted to LE 528,388.

10. Cash and cash equivalents (excluding bank overdrafts)

	2017	2016
Bank deposits	60,840	59,960,840
Cash at banks and on hand	35,930,670	30,504,705
Cash and cash equivalents (excluding bank overdrafts)	**35,991,510**	**90,465,545**

The average interest rate on local currency time deposits as of 31 December 2017 is 15% (2016: 12.5 %).

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

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

	2017	2016
Cash and cash equivalents	35,991,510	90,465,545
Bank overdraft (Note 16)	(96,121,849)	(240,473,897)
Total	**(60,130,339)**	**(150,008,352)**

11. Loans

	2017			2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	178,511,643	648,432,586	**826,944,229**	146,232,334	527,825,757	**674,058,091**
	178,511,643	**648,432,586**	**826,944,229**	**146,232,334**	**527,825,757**	**674,058,091**

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

	2017	2016
Balance due within 1 year	165,666,575	130,936,262
Accrued interest	12,845,068	15,296,072
	178,511,643	**146,232,334**

1. Edita Food Industries Company

	2017			2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	19,814,921	8,749,985	**28,564,906**	20,464,972	26,250,000	**46,714,972**
Second loan	36,326,157	82,781,630	**119,107,787**	49,286,230	125,885,836	**175,172,066**
Third loan	21,444,500	54,000,000	**75,444,500**	21,486,364	72,000,000	**93,486,364**
Fourth loan	40,021,961	138,388,250	**178,410,211**	36,811,734	164,105,235	**200,916,969**
Fifth loan	29,137,221	288,500,200	**317,637,421**	237,842	130,829,986	**131,067,828**
Sixth loan	14,744,858	44,012,521	**58,757,379**	-	-	-
Total	**161,489,618**	**616,432,586**	**777,922,204**	**128,287,142**	**519,071,057**	**647,358,199**

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

	2017	2016
Balance due within 1 year	148,906,527	113,929,860
Accrued interest	12,583,091	14,357,282
Total	**161,489,618**	**128,287,142**

- First loan

This first loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 on 31 December 2017 in addition to accrued interest. The loan outstanding balance at 31 December 2017 after payment of due instalments amounted to 26,249,985 in addition to accrued interests.

Terms of payments:
Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 26,249,985 on 3 semi-annual instalments; each instalment is amounted to LE 8,750,000 except for the last instalment amounted to 8,749,985. The first installment is due on 22 February 2018 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.

- Second loan:

This second loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 86,857,057 plus 5,587,500 USD on 31 December 2017. The loan outstanding balance at 31 December 2017 after payment of due installments amounted to LE 57,904,704 and USD 3,104,165 in addition to accrued interests.

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 57,904,704 on 6 equal semi-annual installments; each installment is amounted to LE 9,650,784 In addition. The company is obligated to pay 3,104,165 USD on 5 equal semi-annual installments; each installment is amounted to 620,833 USD.

The EGP Loan The first installment is due on January 2018 and the last on July 2020.
The USD Loan The first installment is due on July 2018 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 Libor rate.

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

- **Third loan:**

This third 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. The loan outstanding balance at 31 December 2017 amounted to LE 72,000,000 in addition to accrued interests.

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 72,000,000 on 8 equal semi-annual installments; each installment is amounted to LE 9,000,000. The first installment is due on April 2018 and the last on October 2021.

Interest:
The interest rate is 2% above mid corridor rate of Central Bank of Egypt.

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

- **Fourth loan:**

This fourth 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 313,571,315 and the total withdrawal amount is LE 102,456,269 plus 4,930,194 Euro plus 5,814,860 USD plus 90,208 GBP on 31 December 2017 in addition to accrued interest. The loan outstanding balance at 31 December 2017 after payment of due installments amounted to LE 71,546,269 plus 35,599 Euro plus 5,814,860 USD plus 90,208 GBP in addition to accrued interests.

The bank committed to translate the foreign Currency to Egyptian pound as the company in not obligated to pay the loan back in foreign currency.

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 177,927,752 on 9 equal semi-annual instalments; each instalment is amounted to LE 19,769,750 the first instalment is due on 19 April 2018 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.

- **Fifth loan:**

This fifth 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 220,000,000 and 6,000,000 Euro. The total withdrawal amount is LE 220,000,000 plus 3,585,750 Euro plus 1,159,250 USD on 31 December 2017 in addition to accrued interest.

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 220,000,000 and 6,000,000 Euro on 11 equal semi-annual instalments; each instalment is amounted to LE 20,000,000 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 and 5.54% above the USD Libor rate.

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

- **Sixth loan:**

On November 2017, the Company signed an agreement with one of the Egyptian banks to transfer an overdraft facilitiy balance amounting to LE 9,914,422 and USD 2,741,370 to a term loan.

Terms of payments:
Edita Food Industries S.A.E. is obligated to Pay LE 9,914,422 on 8 equal semi-annual installments; each installment is amounted to LE 1,239,303 In addition to accrued interest. The company is obligated to pay 2,741,370 USD on 8 equal semi-annual installments; each installment is amounted to 342,671 USD. The first installment is due on February 2018 and the last on August 2021.

Interest:
The interest rate is 1.5% above mid corridor rate of Central Bank of Egypt and 5% above the USD Libor rate.

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

2. Digma for Trading Company

	2017			2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	3,601,575	-	**3,601,575**
Second loan	1,782,454	-	**1,782,454**	3,555,141	1,666,666	**5,221,807**
Third loan	7,217,071	-	**7,217,071**	7,453,134	7,088,034	**14,541,168**
Total	**8,999,525**	**-**	**8,999,525**	**14,609,850**	**8,754,700**	**23,364,550**

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

	2017	2016
Balance due within 1 year	8,760,048	13,906,402
Accrued interest	239,477	703,448
	8,999,525	**14,609,850**

- **The First loan**

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

Terms of payments:
Digma Trading Company S.A.E. paid the last instalment on 15 July 2017 in addition to accrued interests.

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

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

- **The Second loan**

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

Terms of payments:
Digma Trading Company S.A.E. is obligated to pay the last instalment amounted to LE 1,666,667 on 20 February 2018 in addition to accrued interest.

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

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

- **The Third loan**

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

Terms of payments:
Digma Trading Company S.A.E. is obligated to pay LE 7,093,381 on 2 semi-annual instalments, instalment is amounted to LE 3,619,867 and the last instalment amounted to LE 3,473,514 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on April 2018 and the last on October 2018.

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

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

3. Edita Confectionery Industries Company

	2017			2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First Loan	-	-	-	3,335,342	-	3,335,342
Second Loan	8,022,500	32,000,000	40,022,500	-	-	-
	8,022,500	**32,000,000**	**40,022,500**	**3,335,342**	**-**	**3,335,342**

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

	2017	2016
Balance due within 1 year	8,000,000	3,100,000
Accrued interest	22,500	235,342
	8,022,500	**3,335,342**

- **First Loan:**

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

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

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

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

- **Second Loan:**

This second loan is provided by one of the Egyptian banks on December 2017 based on a cross guarantee issued from Edita Food Industries Company amounted to LE 40,000,000. The total withdrawal amount is LE 40,000,000 on 31 December 2017 in addition to accrued interest.

Terms of payments:
Edita Confectionary Industries S.A.E. is obligated to Pay LE 40,000,000 on 10 equal semi-annual instalments; each instalment is amounted to LE 4,000,000 and the instalments come due after 6 months from the first withdrawal, the first instalment is due on June 2018 and the last on December 2022.

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

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

12. Deferred tax liability

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

					Net deferred tax liabilities	
	Fixed assets	Acquiring Digma Company for Trading	Unrealized foreign exchange loss	Carry forward taxable losses	2017	2016
A-Deferred tax assets						
Balance at 1 January	-	-	33,608,041	-	33,608,041	-
Charged to statement of profit or loss	-	-	(24,339,459)	14,920,504	(9,418,955)	33,608,041
Ending balance as of 31 December	**-**	**-**	**9,268,582**	**14,920,504**	**24,189,086**	**33,608,041**
B-Deferred tax liabilities						
Balance at 1 January	(116,524,880)	(3,575,795)	-	-	(120,100,675)	(94,536,302)
Charged to statement of profit or loss	(34,281,235)	240,423	-	-	(34,040,812)	(25,564,373)
Ending balance as of 31 December	**(150,806,115)**	**(3,335,372)**	**-**	**-**	**(154,141,487)**	**(120,100,675)**
Net deferred tax liabilities	**(150,806,115)**	**(3,335,372)**	**9,268,582**	**14,920,504**	**)129,952,401(**	**(86,492,634)**
Balance at 1 January	(116,524,880)	(3,575,795)	33,608,041	-	(86,492,634)	(94,536,302)
Charged to statement of profit or loss (Note 26)	(34,281,235)	240,423	(24,339,459)	14,920,504	(43,459,767)	8,043,668
Ending Balance as of 31 December	**(150,806,115)**	**(3,335,372)**	**9,268,582**	**14,920,504**	**(129,952,401)**	**(86,492,634)**

According to the tax system in Egypt, the tax losses belongs to Edita confectionary Industries company may be changed during the tax inspection by the tax authority. Accordingly, the management did not recognize deferred tax assets except the tax losses recognized in the financial year ended as of 31 December 2017.

13. Employee Benefit obligations

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

	2017	2016
Discount rate	15%	14%
Average salary increase rate	10%	10%
Turnover rate	35%	25%
Life table	49-52	49-52

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

	2017	2016
Present value of obligations	4,761,965	1,945,034
Liability at the balance sheet	**4,761,965**	**1,945,034**

Movement in the liability recognized in the balance sheet:

	2017	2016
Balance at beginning of the year	1,945,034	2,533,203
Charged during the year	2,840,957	-
Paid during the year	(24,026)	(588,169)
Balance at end of the year	**4,761,965**	**1,945,034**

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

	2017	2016
Interest expenses	272,305	-
Current service cost	2,568,652	-
Total	**2,840,957**	**-**

14. Trade and other payables

	2017	2016
Trade payables	188,822,395	126,406,928
Accrued expenses*	60,144,110	72,047,650
Notes payable	71,264,212	32,925,768
Other credit balances	41,627,652	14,199,584
Taxes payable	30,891,539	33,240,605
Social insurance	3,006,735	75,118
Dividends payable	2,953,395	2,092,611
Advances from customers	1,688,890	2,360,845
Total	**400,398,928**	**283,349,109**

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.

* Accrued expense includes a cumulative amount of EGP 22,995,460 relating to employees' profit sharing for years from 2011 to 2015 which was not recorded in the consolidated financial statements for these years. This amount has been adjusted against the opening retained earnings as at 1 January 2016.

The consolidated balance sheet as at 1 January 2016 has not been presented in these consolidated financial statements because the impact of the cumulative amount relating to 2015 and prior years was not considered to be material in the context of the consolidated balance sheet as at 31 December 2015.

15. Current income tax liabilities

	2017	2016
Balance at 1 January	1,233,553	24,281,519
Reversal of Income tax for prior year	(6,315,986)	-
Income tax paid during the year	(1,233,553)	(24,015,547)
Withholding tax receivable	(8,545,909)	(6,076,107)
Income tax for the year (Note 24)	22,698,108	52,932,503
Corporate income tax – advance payments (Note 23)	(4,157,219)	(42,965,000)
Accrued interest – advance payments	(3,678,994)	(2,923,815)
Balance at end of year	**-**	**1,233,553**

16. Bank overdraft

	2017	2016
Bank overdraft	96,121,849	240,473,897
Total	**96,121,849**	**240,473,897**

Bank overdraft is an integral part of the group's cash management to finance its working capital. The average interest rate for bank overdraft was 20.06% as of 31 December 2017 (2016: 15.75%).

17. Provisions

	Other provisions	
	2017	2016
Balance at 1 January	19,166,385	16,000,854
Additions during the year	15,692,814	5,800,730
Utilized during the year	(13,874,798)	(2,591,519)
Provision no longer required	(73,956)	(43,680)
Balance at end of year	**20,910,445**	**19,166,385**

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

18. 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 distributed on 362,681,450 shares (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 was 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 registerd in commercial register on 9 May 2016.

The issued capital amounted to LE 145,072,580 (par value LE 0.2 per share) is distributed as follows as of 31 December 2017:

Shareholders	No. of shares	Shares value	Percentage of ownership
Quantum Investment BV	239,369,757	47,873,951	33.000%
The Bank of New York Mellon "depositary bank for shares traded in London Stock Exchange"	177,075,870	35,415,174	24.412%
Exoder Ltd.	94,769,464	18,953,893	13.065%
Berco Ltd.	63,938,543	12,787,709	8.815%
Others (Public stocks)	150,209,266	30,041,853	20.708%
	725,362,900	**145,072,580**	**100%**

19. Legal reserve

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

20. Non-controlling interest

	share capital	Legal reserves	Revaluation assets reserve	Accumulated losses	Total	
					2017	2016
Balance at 1 January	22,823,330	252,174	38,162	(8,129,898)	14,983,768	5,617,437
Non-controlling share in loss of subsidiaries	-	-	-	6,816,335	6,816,335	(929,372)
Total comprehensive income for the year	-	-	-	**6,816,335**	**6,816,335**	**(929,372)**
Issue of ordinary shares of a subsidiary	-	-	-	-	-	10,552,330
Dividends distribution to non-controlling interests in subsidiaries	-	-	-	-	-	(256,627)
Transfer to legal reserve	-	341,431	-	(341,431)	-	-
Balance at end of year	**22,823,330**	**593,605**	**38,162**	**(1,654,994)**	**21,800,103**	**14,983,768**

21. Other income

	2017	2016
Gain from sale of production waste	4,718,070	4,768,776
Other income	2,122,521	1,705,326
Export subsidies	5,174,722	3,250,926
Net	**12,015,313**	**9,725,028**

22. Other losses, net

	2017	2016
Provision for slow moving inventory	(1,476,000)	(595,504)
Other Provisions	(15,692,814)	(5,800,730)
Provision for employee benefit obligation	(2,840,957)	-
Provision no longer required	73,956	43,680
Gain from sales of property, plant and equipment	4,431,442	3,905,164
Foreign exchange losses from operating activities	-	(37,540,451)
Net	**(15,504,373)**	**(39,987,841)**

23. Finance cost - net

	2017	2016
Finance income		
Interest income	40,741,044	30,279,881
Interest income – corporate tax advance payment	3,678,994	2,923,815
	44,420,038	**33,203,696**
Finance cost		
Foreign exchange losses from financing activities	(15,260,198)	(260,971,778)
Interest expense	(101,861,932)	(57,364,682)
Interest on land's instalments	-	(531,405)
	(117,122,130)	**(318,867,865)**
Finance cost - net	**(72,702,092)**	**(285,664,169)**

24. Income tax expense

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

	2017	2016
Income tax for the year (Note 20)	22,698,108	52,932,503
Reversal of income tax from prior year	(6,315,986)	-
Deferred tax expense / (income)for the year (Note 12)	43,459,767	(8,043,668)
Total	**59,841,889**	**44,888,835**
Profit before tax	271,795,815	92,328,100
Tax calculated based on applicable tax rates	61,154,058	20,773,822
	61,154,058	**20,773,822**
Tax effect of non-deductible expenses	11,497,478	28,604,687
Tax effect of non-taxable revenues	-	(4,489,674)
Tax losses for which no deferred income tax asset was recognized	(12,809,647)	-
Income tax expense	**59,841,889**	**44,888,835**

25. 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 year.

	2017	2016
Profit attributed to owners of the parent	205,137,591	48,368,637
Weighted average number of ordinary shares in issue		
Ordinary shares	725,362,900	725,362,900
	725,362,900	**725,362,900**
Basic earnings per share	**0.28**	**0.07**

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.

26. Expenses by nature

	2017	2016
Cost of sales	2,098,454,009	1,604,647,951
Distribution cost	386,634,812	308,100,697
Administrative expenses	211,153,544	181,914,459
	2,696,242,365	**2,094,663,107**
Raw materials used	1,564,807,658	1,201,719,268
Salaries and wages	391,542,471	328,709,239
Advertising and marketing	164,939,716	118,750,550
Depreciation	109,295,209	96,961,815
Gas, water and electricity	60,579,579	50,207,622
Miscellaneous and other expense	62,120,000	58,029,327
Employee benefits	68,930,976	45,178,073
Rent	37,532,394	38,223,402
Profit share employee	31,090,131	26,000,000
Transportation expenses	30,687,825	19,895,559
Maintenance	23,824,082	21,151,087
Vehicle expense	29,653,377	19,649,326
Consumable materials	18,470,765	14,117,656
Collection commission	1,614,678	6,659,781
Purchases – goods for resale	101,153,504	47,918,157
Royalty	-	1,492,245
	2,696,242,365	**2,094,663,107**

27. Cash generated from operations

	2017	2016
Profit for the year before income tax	271,795,815	92,328,100
Adjustments for:		
Provisions	15,692,814	5,800,730
Provision for employee benefit obligation	2,840,957	-
Interest on lands' installments	-	531,405
Interest expense	101,861,932	57,364,682
Interest income	(40,741,044)	(30,279,881)
Interest income – corporate tax payment	(3,678,994)	(2,923,815)
Depreciation of property, plant and equipment	109,295,209	96,961,815
Amortization of Intangible assets	-	(942,930)
Provision for slow moving inventory	1,476,000	595,504
Gain on disposal of property, plant and equipment	(4,431,442)	(3,905,164)
Provision no longer required	(73,956)	(43,680)
Foreign exchange losses	811,875	-
	454,849,166	**215,486,766**
Change in working capital		
Inventories	20,941,126	(178,726,592)
Trade and other receivables	127,739,924	(128,825,295)
Trade and other payables	138,084,740	4,832,653
Provisions used	(13,874,798)	(2,591,519)
Payments of employee benefit obligations	(24,026)	(588,169)
Cash generated from operations	**727,716,132**	**(90,412,156)**

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

	2017	2016
Net book amount	1,139,025	2,252,700
Profit of disposal of property, plant and equipment	4,431,442	3,905,164
Proceeds from disposal of property, plant and equipment	**5,570,467**	**6,157,864**

Net debt reconciliation

	2017	2016
Cash and cash equivalent	(60,138,339)	(150,008,352)
Borrowings – repayable within one year	(178,511,643)	(148,232,334)
Borrowing – repayable within after one year	(648,432,586)	(527,825,757)
Total	**(887,082,568)**	**(826,066,443)**

	Cash and cash equivalent	Borrowing due within 1 year	Borrowing due after 1 year	Total
Net debt as at 1 January 2017	(150,008,352)	(146,232,334)	(527,825,757)	(824,066,443)
Cash flows	89,878,013	(32,374,316)	(121,323,697)	(63,820,000)
Foreign exchange adjustment	-	95,007	716,868	811,875
Net debt as at 31 December 2017	**(60,130,339)**	**(178,511,643)**	**(648,432,586)**	**(887,074,568)**

28. Related party transactions

The following transactions were carried out with related parties:

1. Chipita Participation Company

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

The royalty during the year ended 31 December 2017 amounted to LE Nil due to contract termination (31 December 2016: LE 1,492,245) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 13.065% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the year ended 31 December 2017, the group paid an amount of LE 76,240,000 as benefits to the key management members (2016: LE 61,785,420).

29. Contingent liabilities

A - Contingent Liabilities for banks

1. Edita Food Industries Company

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

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 97,075,842 as at 31 December 2017 (31 December 2016: LE 50,700,499).

2. Digma for Trading Company

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

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 1,295,821 as at 31 December 2017 (31 December 2016 : LE 27,500).

3. Edita Confectionary Industries Company

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business at 31 December 2017 amounted to LE 1,275,831 (31 December 2016: LE 2,237,901)

B - Tax Position

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

Edita Food Industries Company

a - Corporate tax

- The company is tax exempted for a year 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 year was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal year.
- The tax inspection was performed for the year from the company's inception till 31 December 2010 and all due tax amounts paid.
- Fr the years 2011-2012 the tax inspection was performed and the difference was sent to internal committee.
- For the years 2013-2016 the Company is submitting the tax return according to law No. 91 of 2005 in its legal year and has not been inspected yet.

b - Payroll tax

- The payroll tax inspection was performed till 31 December 2013 and company paid tax due.
- As for the years 2014 and 2017 the tax inspection has not been performed and the company is submitting the quarterly tax return on due time to the Tax Authority.

c - Sales tax

- The sales tax inspection was performed till 31 December 2015 and tax due was paid.
- For the year 2016-2017 the tax inspection has not been performed and the monthly tax return were submitted on due time.

d - Stamp duty tax

- The stamp duty tax inspection was performed till 2009 and company paid tax due.
- Years from 2010 till 2017 tax inspection has not been performed.

Digma for Trading Company

a - Corporate tax
The Company is subject to the corporate income tax according to tax Law No, 91 of 2005 and amendments.
- The tax inspection was performed by the Tax Authority for the years from the Company's inception until year 2009 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2010 to 2013 the tax inspection was performed and the difference was sent to internal committee.
- For the year 2014, the tax inspection was performed and settled and paid to tax authority.
- For the years from 2015 and 2016 Company submits its tax return on due dates according to law No, 91 for the year 2005.

b - Payroll tax
- The tax inspection was performed until 31 December 2012 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2013 to 2017 the Company submitted its quarter tax returns to Tax Authority on due dates.

c - Sales tax
- The tax inspection was performed until 31 December 2015 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2016-2017 the Company submits its monthly sales tax return on due date.

d - Stamp tax
- The tax inspection was performed for the years from the Company's inception until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The tax inspection was performed for the years from 2009 to 2014 and the difference were sent to internal committee.
- For the years from 2015 and 2017 the Company paid the tax due.

Edita Confectionary Industries Company

a - Corporate tax
- The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and amendments .
- The corporate tax inspection was performed for the years from 2009 till 2014 and the company has not informed with any results yet.
- The company hasn't been inspected for the years 2015 & 2016, the Company submitted its tax returns to Tax Authority on due dates.

b - Payroll Tax
- The payroll tax inspection was performed for the years from 2009 till 2012 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year from 2013 till 2017.

c - Sales Tax
- The tax inspection was performed for the years from the Company's inception until 2015 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The company hasn't been inspected for the years 2016 and 2017 and the Company submits its monthly sales tax return on due date.

d - Stamp Tax
- The stamp tax inspection was performed from 2009 till 2012 and the tax due was paid to the Tax Authority.
- For the years 2013 and 2014 the tax inspection was performed and the difference was sent to internal committee.
- The Company hasn't been inspected for the year from 2015 till 2017.

30. Commitments

A - Capital comments
The Group has no capital commitments as of 31 December 2017 (2016: LE 32,978,630 in respect of the construction of a new factory for Edita Food Industries).

B - Operating lease commitments
The group leases warehouses under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalation clauses

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2017	2016
Within one year	7,658,478	7,077,119
Later than one year but not later than five years	24,063,646	25,706,212
Later than five years	9,303,693	15,319,604
	41,025,817	**48,102,935**

31. Financial instrument by category

	31 December 2017	
	Loans & receivables	Total
Assets as per balance sheet		
Trade and other receivables (excluding non-financial assets)*	37,308,334	37,308,334
Cash and cash equivalents	35,991,510	35,991,510
Treasury bills	180,588,821	180,588,821
Total	**253,888,665**	**253,888,665**

	31 December 2017	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	826,944,229	826,944,229
Trade and other payables (excluding non-financial liabilities)	364,811,764	364,811,764
Bank overdraft	96,121,849	96,121,849
Total	**1,287,877,842**	**1,287,877,842**

	31 December 2016	
	Loans & receivables	Total
Assets as per balance sheet		
Trade and other receivables (excluding non-financial assets)*	46,102,261	46,102,261
Cash and cash equivalents	90,465,545	90,465,545
Treasury bills	192,144,828	192,144,828
Total	**328,712,634**	**328,712,634**

	31 December 2016	
	Other financial liabilities at amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	674,058,091	674,058,091
Trade and other payables (excluding non-financial liabilities)	247,672,541	247,672,541
Bank overdraft	240,473,897	240,473,897
Total	**1,162,204,529**	**1,162,204,529**

** At the Balance sheet date, the carrying value of all short-term financial assets and liabilities approximates the fair value. Long-term borrowings also approximates the fair value as the loans bears a variable interest rate above the mid corridor rate.*

Trade and other receivables presented above excludes prepaid expenses and advances to supplies.

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

34. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Friska		Mimix		Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	1,584,222	1,292,555	894,886	830,670	225,685	178,799	180,370	98,278	151,959	95,776	7,107	6,840	3,044,229	**2,502,918**
Gross profit	549,330	498,404	221,527	281,987	60,346	52,298	62,916	37,513	49,447	25,783	2,209	2,285	945,775	**898,270**
Operating profit	258,146	237,859	51,689	120,173	4,904	466	4,528	11,008	24,115	7,356	1,116	1,130	344,498	**377,992**
Finance cost	(60,951)	(164,670)	(34,429)	(105,826)	(8,683)	(22,779)	(6,939)	(12,520)	(5,846)	(12,202)	(274)	(871)	(117,122)	**(318,868)**
Finance income	23,116	17,146	13,058	11,020	3,293	2,372	2,632	1,304	2,217	1,271	104	91	44,420	**33,204**
Income tax	(46,136)	(27,833)	(8,356)	(14,367)	(578)	(357)	(576)	(1,354)	(3,997)	(845)	(199)	(133)	(59,842)	**(44,889)**
Net profit	**174,175**	**62,502**	**21,962**	**11,000**	**(1,064)**	**(20,298)**	**(355)**	**(1,562)**	**16,489**	**(4,420)**	**747**	**217**	**211,954**	**47,439**

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

33. Earnings before interest , taxes , depreciation & amortization

The information disclosed in the table below represents the earnings before interest , taxes , depreciation & amortization according to the internal reports prepared by the group's management , and the earnings before interest , taxes , depreciation & amortization for the yearends 31 December 2017 & 31 December 2016 were as follows :

	2017	2016
Net profit for the period	211,953,926	47,439,265
Income tax	59,841,888	44,888,835
Debit interest (Land installments)	-	531,405
Debit interest	101,861,932	57,364,826
Credit interest	(44,420,038)	(33,203,840)
Gain on sale of property , plant and equipment	(4,431,443)	(3,905,164)
Foreign exchange losses	15,260,205	298,512,229
Donation	-	2,533,602
Other provision addition	15,000,512	11,652,851
Depreciation of property , plant and equipment	109,295,208	96,961,846
Amortization of intangible assets	-	(942,930)
Total	**464,362,190**	**521,832,925**

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