

EDITA FOOD INDUSTRIES S.A.E.

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

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Auditor's report

To the shareholders of Edita Food Industries Company S.A.E.

Report on the separate financial statements

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

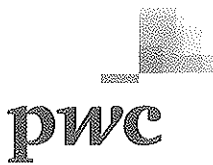
Management's responsibility for the separate financial statements

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

Auditor's responsibility

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

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



The shareholders of Edita Food Industries Company S.A.E.

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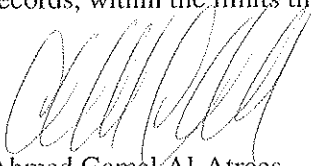
Opinion

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

Report on other legal and regulatory /requirements

The Company maintains proper financial records, which includes all that is required by the law and the Company's statutes, and the accompanying separate financial statements are in agreement therewith. Also the Company applies a costing system that meets its designated purpose, and the inventory counts were taken by the management in accordance with proper principles.

The financial information included in the Board of Directors' report is prepared in accordance with law No. 159 of 1981 and its executive regulations, is in agreement with Company's accounting records, within the limits that such information recorded therein.

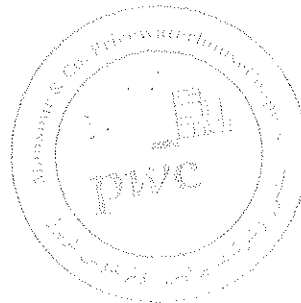


Ahmed Gamal Al-Atrées

R.A.A. 8784

E.F.S.A. 136

Mansour & Co. PricewaterhouseCoopers



11 February 2015

Cairo

EDITA FOOD INDUSTRIES S.A.E.

Separate balance sheet - At 31 December 2014

(All amounts in Egyptian Pounds)

	Note	2014	2013
Non-current assets			
Property, plant and equipment	5	849,701,616	663,685,329
Intangible assets	6	68,618,658	68,618,658
Investments in subsidiaries	7	87,692,662	59,692,662
Total non-current assets		1,006,012,936	791,996,649
Current assets			
Inventory	8	96,358,297	69,882,751
Accounts and notes receivables	9	3,869,700	8,083,352
Debtors and other debit balances	10	44,245,220	44,006,542
Due from related parties	11	39,061,691	41,576,624
Treasury bills	12	86,093,095	82,469,120
Cash and bank balances	13	155,606,250	128,858,385
Total current assets		425,234,253	374,876,774
Current liabilities			
Provisions	14	8,227,379	7,680,491
Bank overdrafts	15	56,922,262	37,242,038
Trade and other payables	16	179,215,216	167,746,610
Income tax liabilities	17	69,739,367	40,222,697
Current portion of long-term liabilities	18	108,650,271	114,866,805
Total current liabilities		422,754,495	367,758,641
Net working capital		2,479,758	7,118,133
Total invested funds		1,008,492,694	799,114,782
Represented in:			
Owners' equity			
Total shareholders' equity			
Paid up capital	19	72,536,290	72,536,290
Legal reserve	20	29,203,540	14,507,258
Retained earnings		655,844,850	539,136,190
Total owners' equity		757,584,680	626,179,738
Non-current liabilities			
Long-term loan	21	180,243,390	107,500,199
Long-term notes payable	22	8,884,102	17,138,295
Deferred tax liabilities	23	61,780,522	48,296,550
Total non-current liabilities		250,908,014	172,935,044
Total shareholders' equity and non-current liabilities		1,008,492,694	799,114,782

The accompanying notes on pages 7 - 33 form an integral part of these financial statements.

Mr. Sherif Fathy
Vice President - Finance

Eng. Hani Berzi
Chairman

10 February 2015
Independent auditor's report attached

EDITA FOOD INDUSTRIES S.A.E.

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

(All amounts in Egyptian Pounds)

	Note	2014	2013
Sales		1,627,586,187	1,425,722,900
Cost of sale	28	(1,138,597,763)	(1,002,152,278)
Gross profit		488,988,424	423,570,622
Selling and marketing expenses	28	(90,417,544)	(85,941,434)
General and administrative expenses	28	(85,100,900)	(58,011,731)
Other income	24	43,471,796	27,231,124
Other expenses	25	(2,750,000)	(7,821,004)
Operating profit		354,191,776	299,027,577
Finance income / (cost) , net	26	2,852,926	(16,651,965)
Dividends distribution from subsidiaries		44,497,646	38,286,862
Net profit before tax		401,542,348	320,662,474
Income tax expense	27	(107,616,700)	(70,466,375)
Net profit for the year		293,925,648	250,196,099
Earning per share (Basic and Diluted)	28	0.81	0.69

The accompanying notes on pages 7 - 33 form an integral part of these financial statements.

EDITA FOOD INDUSTRIES S.A.E.**Separate statement of changes in owners' equity - For the year ended 31 December 2014****(All amounts in Egyptian Pounds)**

	Paid up capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2013	72,536,290	14,507,258	448,635,822	535,679,370
Dividends distribution for 2012	-	-	(159,695,731)	(159,695,731)
Net profit for the year	-	-	250,196,099	250,196,099
Balance at 31 December 2013 and 1 January 2014	72,536,290	14,507,258	539,136,190	626,179,738
Dividends distribution for 2013	-	-	(162,520,706)	(162,520,706)
Net profit for the year	-	-	293,925,648	293,925,648
Legal reserve	-	14,696,282	(14,696,282)	-
Balance at 31 December 2014	72,536,290	29,203,540	655,844,850	757,584,680

The accompanying notes on pages 7 - 33 form an integral part of these financial statements.

EDITA FOOD INDUSTRIES S.A.E.
Separate statement of cash flows - For the year ended 31 December 2014
(All amounts in Egyptian Pounds)

	Notes	2014	2013
<u>Cash flows from operating activities</u>			
Net profit for the year before tax		401,542,348	320,662,474
Adjustments for:			
Provisions formed	25	2,750,000	7,821,004
Interest on lands' installment	26	1,731,798	2,332,088
Interest expenses	26	19,200,955	19,399,886
Interest income	26	(17,571,203)	(4,827,987)
Interest income - corporate tax advances	26	(715,837)	(611,000)
Reversal the impairment of investment in subsidiaries	24	(28,000,000)	-
Depreciation of property, plant and equipment	5	45,673,598	29,362,437
gain / (loss) from sale of property, plant and equipment	24	(482,854)	1,361,619
Dividends distribution from subsidiaries		(44,497,646)	(38,286,862)
Tax adjustments		92,860	-
Provision no longer required		(339,913)	-
Operating profits before changes in working capital		379,384,106	337,213,659
<u>Changes in working capital</u>			
Inventories		(26,135,632)	673,848
Accounts and notes receivables		4,213,652	(4,295,851)
Debtors and other debit balance		(238,678)	(19,177,686)
Due from related parties		2,514,933	(2,949,358)
Trade and other payables		11,371,155	41,916,319
Provisions used		(2,203,112)	(6,975,530)
Cash flows from operating activities		368,906,424	346,405,401
Interest paid		(19,200,955)	(19,399,886)
Income tax paid		(63,993,081)	(41,514,634)
Net cash flows from operating activities		285,712,388	285,490,881
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	5	(231,826,285)	(127,799,796)
Purchase of intangible assets		-	(68,618,658)
Proceeds from sale of property, plant and equipment		619,254	2,266,504
Interest received		17,571,203	4,827,987
Proceed from sale of investments in subsidiaries		-	37,661,176
Treasury bills		(3,623,975)	(82,469,120)
Distribution investments in subsidiaries		44,497,646	38,286,862
Net cash flows used in investing activities		(172,762,157)	(195,845,045)
<u>Cash flows from financing activities</u>			
Notes payable payment		(9,425,154)	(8,864,318)
Paid sales tax on machinery payments		(25,296)	(80,519)
Dividends paid		(162,423,255)	(159,457,786)
Loans paid		(101,061,820)	(97,625,977)
Proceeds from loans		167,052,935	141,194,010
Net cash flows used in financing activities		(105,882,590)	(124,834,590)
Net increase / (decrease) in cash and cash equivalents		7,067,641	(35,188,754)
Cash and cash equivalents at beginning of the year		91,616,347	126,805,101
Cash and cash equivalents at end of the year	13	98,683,988	91,616,347

The accompanying notes on pages 7 - 33 form an integral part of these financial statements.

EDITA FOOD INDUSTRIES S.A.E.

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

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

1. General information

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

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

The company provides manufacturing, producing and packing of all food products and producing and packing of juices, jams, ready made food, dry goods, cakes, pastry, dairy products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients.

The main shareholders are BERCO Limited which owns 41.82% of the company's share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 27.98% of the company's share capital and Africa Samba Cooperative which owns 30% of Company's share capital and other shareholders owning 0.21% of company's share capital.

These separate financial statements have been approved by the Board of Directors and the General Assembly of shareholders has the right to amend the separate financial statements after issuance.

2. Accounting policies

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

A. Basis of preparation of separate financial statements

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

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

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

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31st of December 2014 in order to obtain full information on the financial position, results of operations, cash flow and changes in equity of the Group as a whole.

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

Basis of preparation of separate financial statements (continued)

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

B. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

C. Property, plant and equipment

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

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

Estimated useful lives of assets are as follows:

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

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

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

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

Property, plant and equipment (continued)

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

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

D. Intangible assets

Intangible assets (Trademarks) that do not have definite useful lives at historical cost less impairment losses. Historical cost includes all expenses associated with the acquisition of an intangible asset.

E. Impairment of non-financial assets

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

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

(2) Non-financial assets have useful life

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

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

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

F. Investments in subsidiaries

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

Investments in subsidiaries (continued)

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

G. Held-to-maturity financial assets

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

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

H. Inventory

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

I. Financial assets

(i) Classification

The Company classifies its financial assets in the following categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition:

- a) Financial assets at fair value through profit or loss. (Held for trading)
- b) Held to maturity investments
- c) Loans and receivables.

(1) Financial assets at fair value through profit or loss

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

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial assets (continued)

(2) Held to maturity investments

It is a non-derivative financial asset which has specific repaid value, available to be specific, specific maturity date, the Company has the ability and intend to held it till the maturity date.

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

(3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

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

(ii) Measurement and subsequent measurement

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

Changes in the fair value of monetary securities debt instruments (bonds, treasury bills) denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the income statement, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Interest on available-for-sale securities (bonds, treasury bills) calculated using the effective interest method is recognised in the income statement as part of financial income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Company has the right to receive these dividends.

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

J. Trade and notes receivables

Trade and notes receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than granted credit limits).

EDITA FOOD INDUSTRIES S.A.E.

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

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

Trade and notes receivables (continued)

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

K. Cash and cash equivalents

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

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

L. Paid up capital

Ordinary shares are classified as equity.

M. Borrowings

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

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

N. Current and deferred income tax

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

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

EDITA FOOD INDUSTRIES S.A.E.

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

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

Current and deferred income tax (continued)

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

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

O. Employee benefits

(1) Defined contribution plan

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

(2) Profit sharing

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

P. Provisions

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

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

Q. Trade payables

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

R. Operating lease

Leases are classified as operating leases when the risk and reward of the ownership are retained with the lessor. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

EDITA FOOD INDUSTRIES S.A.E.

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

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

S. Revenue recognition

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

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

(a) Sales of goods

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

(b) Interest income

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

(c) Dividend income

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

(d) Revenues from investment in osoul fund

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

(e) Governmental subsidy on export sales

Governmental subsidy on export sales are recognized upon the completion of the export process, and the availability of all the required documents stated by the export development fund and collecting the values.

T. Dividends distribution

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

EDITA FOOD INDUSTRIES S.A.E.

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

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

U. Segment reporting

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

V. Corresponding figures

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

3. Financial risk management

(1) Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's efforts are addressed to minimize potential adverse effects of such risks on the company's financial performance.

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

A. Market risk

i. Foreign currency exchange risk

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

The below table show the foreign currency positions:

	Assets	Liabilities	2014 Net	2013
Euros	3,578,016	(111,692,301)	(108,114,285)	3,468,642
US Dollars	5,585,660	(22,415,112)	(16,829,452)	25,255,885

ii. Price risk

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

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

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

Financial risk management (continued)

iii. Cash flow and fair value interest rate risk

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk.

Borrowing at balance sheet date with variable interest rate amounted to LE 278,907,671 (2013: LE 212,916,554).

Overdraft at the balance sheet date as of 31 December 2014 amounted to LE 56,922,262 (2013: LE 37,242,038).

Financial assets exposed to the changes in the interest rate amounted to LE 152,460,840 (2013: LE 125,238,113).

	2014	2013
Time deposit – LE	152,460,840	105,760,840
Time deposit – USD	-	19,477,273
	<u>152,460,840</u>	<u>125,238,113</u>

B. Credit risk

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

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

For the wholesalers, the Credit Controllers are assess the credit quality of the wholesale customer, taking into account its financial position, and their market reputation, past experience and other factors. Sales of the company is for a major customer (Digma for Trading – company's subsidiary) and its the company subsidiary, which represent 93% of total company sales.

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

(2) Capital risk management

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

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

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

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Financial risk management (continued)

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

The gearing ratio at 31 December 2014 and 31 December 2013 were as follows:

Description	2014	2013
Total loans and long term notes payables	287,791,773	230,054,849
Trade payables and short term notes payables	150,784,528	122,484,241
Bank overdraft	56,922,262	37,242,038
Total loans, trade and notes payables	495,498,563	389,781,128
Less: Cash, and bank balances	(155,606,250)	(128,858,385)
Net debt	339,892,313	260,922,743
Total equity	757,584,680	626,179,738
Total capital	1,097,476,993	887,102,481
 Gearing ratio	 31%	 29%

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

(3) Fair value estimation

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. At balance sheet date, the fair value of non-current liabilities do not significantly differ from its carrying amount.

4. Critical accounting estimates and judgments and personal judgement

(1) Critical accounting estimates and assumptions

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year are outlined below:

Fixed assets useful lives

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

Impairment of intangible assets (Trade Mark)

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

Impairment in investment in subsidiaries

The Company's management incase of impairment in investment in subsidiaries performs impairment test for the cash operating in case units in which indicates that the recoverable amount is lower than the carrying amount, thus depends on the financial and future performance related to prior period, the Company's expectations regarding the market developments in the future by preparing an action plan by using the growth rate and prevailing discount rate.

(2) Critical personal judgments in applying the company's policies

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

EDITA FOOD INDUSTRIES S.A.E.

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

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

5. Property, plant and equipment

	2014							2013
	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
Cost								
Balance at 1 January	62,226,931	263,075,784	411,344,424	29,883,324	31,511,087	26,911,252	14,788,551	839,741,353
Additions	-	2,833,108	11,715,343	3,602,050	6,324,333	7,940,087	199,411,364	231,826,285
Transfer from project under construction	-	15,601,505	1,862,698	-	-	-	(17,464,203)	-
Disposals	-	-	(94,828)	(1,437,849)	(115,041)	(159,677)	-	(1,807,395)
Balance at 31 December	62,226,931	281,510,397	424,827,637	32,047,525	37,720,379	34,691,662	196,735,712	1,069,760,243
Accumulated depreciation								
Balance at 1 January	-	20,741,664	105,242,314	21,376,153	17,422,267	11,273,626	-	176,056,024
Charge for the year	-	10,658,124	20,836,315	3,041,104	4,884,751	6,253,304	-	45,673,598
Disposals	-	-	(83,870)	(1,335,201)	(110,497)	(141,427)	-	(1,670,995)
Balance at 31 December	-	31,399,788	125,994,759	23,082,056	22,196,521	17,385,503	-	220,058,627
Net book value at 31 December	62,226,931	250,110,609	298,832,878	8,965,469	15,523,858	17,306,159	196,735,712	849,701,616
								663,685,329

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

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

6. Intangible assets :

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

The intangible assets in the amount of ten million US Dollars equivalent to LE 68,618,658 paid versus buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) and what the consequences of this stake fame and succession in the countries of Egypt, Jordan, Libya and Palestine these rights do not have a definite time.

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

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

Average gross profit	30 %
Discount rate	19 %
Growth rate	3 %

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

7. Investments in subsidiaries

	Country of Incorporation	% interest held	2014	2013
Digma for Trading Company	Egypt	99,80%	44,939,638	44,939,638
Edita Confectionary Industries	Egypt	77,71%	42,739,000	42,739,000
Edita Participation Ltd.	Cyprus	100%	14,024	14,024
Balance			87,692,662	87,692,662
Reversal the investment impairment loss			-	(28,000,000)
Balance at year end			87,692,662	59,692,662

Based on the prepared discounted cash flow study for Edita Confectionary Industries Company, the investment decrease by to LE 28,000,000 is reversed.

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

EDITA FOOD INDUSTRIES S.A.E.

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

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

Investments in subsidiaries (continued)

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

Average gross profit	8.5%
Discount rate	18%
Growth rate	3%

The Company test the impairment of investment in subsidiaries depending on financial, operational, marketing position in the prior periods, and its expectation for the market in the future by preparing an action plan by using the growth rate and the prevailing discount rate. At the balance sheet date the carrying value of the investment in subsidiaries was not less than its recoverable amount.

8. Inventories

	2014	2013
Raw materials	71,500,701	51,949,730
Spare parts	21,157,452	13,940,810
Work in process	1,104,693	1,147,988
Consumables	1,571,974	1,391,758
Finished goods	1,268,477	2,037,378
Total	96,603,297	70,467,664
Less: provision for slow moving and obsolete inventory	(245,000)	(584,913)
Net	96,358,297	69,882,751

The Company has changed during the period the process of evaluating its inventory from first in first out to moving average to give information that is reliable and more relevant than that given by the previous policy. No significant effect from this change on each of inventory, earnings per share and income statement for corresponding figures. The total impact of changing the policy amounted to LE 171 K

During the year, there has been a slow moving and obsolete inventory amounted to 245,000, net realizable value provisions have been decreased by an amount of LE 339,913 (Note 24).

9. Accounts and notes receivables

	2014	2013
Trade receivables	3,869,700	8,083,352
Total	3,869,700	8,083,352

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

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

10. Debtors and other debit balances

	2014	2013
Advances to suppliers	32,513,305	41,933,361
Other debit balances	8,721,818	774,719
Deposits with others	644,509	650,509
Letters of credit	201,800	254,779
Prepaid expenses	1,930,743	182,700
Employee loans	181,994	122,252
Accrued revenues	51,051	88,222
Total	44,245,220	44,006,542

11. Due from related parties

	2014	2013
Edita Confectionary	36,783,425	35,317,732
Digma for Trading Company	2,035,143	6,033,440
Edita Participation Ltd.	243,123	225,452
Total	39,061,691	41,576,624

The following transactions were carried out with related parties:

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

Digma for Trading is handling the distribution of all the company's products. The total sales to Digma for Trading during 2014 amounted to LE 1,515,766,423 (2013: LE 1,316,048,578).

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

2. Chipita Participation Company

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

The royalty paid during 2014 amounted to LE 723,049 (2013: LE 796,880). Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 27.98% of Edita Food Industries S.A.E. shares.

3. Edita Confectionary Industries

Edita Confectionary Industries produce all kinds of sweets, gelly and gum and the transactions balance during 2014 amounted to be LE 1,465,693 so the balance of all transactions amounted to be LE 36,783,425.

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

4. Key management compensation

During the period 2014 the company paid an amount of LE 30,155,605 as salaries to the key management members (2013: LE 22,815,632).

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

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

12. Treasury bills

	2014	2013
Treasury bills par value	86,325,000	83,100,000
Total interest income	(2,279,267)	(653,411)
Amount of treasury bills paid	84,045,733	82,446,589
Charged on income statement	2,047,362	22,531
Treasury bills balance	86,093,095	82,469,120

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

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

13. Cash and bank balances

	2014	2013
Bank deposits	152,460,840	125,238,113
Cash at banks	2,236,899	2,898,025
Cash on hand	908,511	722,247
Total	155,606,250	128,858,385

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

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

	2014	2013
Cash and bank balances	155,606,250	128,858,385
Bank overdraft (Note 15)	(56,922,262)	(37,242,038)
Total	98,683,988	91,616,347

EDITA FOOD INDUSTRIES S.A.E.**Notes to the separate financial statements - For the year ended 31 December 2014**

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

14. Provisions

	<u>2014</u>	<u>2013</u>
Balance at 1 January	7,680,491	7,335,021
Additions during the year (Note 25)	2,750,000	7,321,000
Utilized during the year	<u>(2,203,112)</u>	<u>(6,975,530)</u>
Ending Balance	<u>8,227,379</u>	<u>7,680,491</u>

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

15. Bank overdrafts

	<u>2014</u>	<u>2013</u>
Bank overdraft	56,922,262	37,242,038
Total	<u>56,922,262</u>	<u>37,242,038</u>

Bank overdrafts are represented in credit facilities granted to the company to open letters of credit and finance its working capital. Overdraft is secured against guarantees by Digma for trading company - subsidiary. The effective interest rate for bank overdraft was 11.25 % as of 31 December 2014(2013: 10.75%).

16. Trade and other payables

	<u>2014</u>	<u>2013</u>
Trade payables	101,467,112	67,002,693
Notes payable	39,331,426	46,056,394
Accrued expenses	18,281,597	32,664,450
Taxes payable	6,802,149	8,083,851
Other credit balances	7,470,392	7,504,840
Advances from customers	4,715,426	5,380,839
Dividends payable	1,072,192	974,741
Social insurance	74,922	78,802
Total	<u>179,215,216</u>	<u>167,746,610</u>

EDITA FOOD INDUSTRIES S.A.E.**Notes to the separate financial statements - For the year ended 31 December 2014**

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

17. Income tax liabilities

	<u>2014</u>	<u>2013</u>
Balance at 1 January	40,222,697	22,294,518
Income tax paid during the year	(40,315,557)	(22,294,518)
Withholding tax receivable	(2,467,524)	(1,115,116)
Income tax for the year (Note 27)	94,132,728	60,053,813
Corporate income tax – advances	(21,210,000)	(18,105,000)
Accrued interest – advances (Note 26)	(715,837)	(611,000)
Adjustments	92,860	-
Balance at end of the year	<u>69,739,367</u>	<u>40,222,697</u>

18. Current portion of long-term liabilities

	<u>2014</u>	<u>2013</u>
Short-term loan (Note 21)	98,664,281	105,416,355
Current portion of long-term notes payable (Note 22)	9,985,990	9,425,154
Sales tax on machinery	-	25,296
Total	<u>108,650,271</u>	<u>114,866,805</u>

19. Paid up 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 by LE 72,536,290 presented in 362,681,450 share (par value LE 0.2 per share) distributed as follow:

	<u>No. of shares</u>	<u>Shares value</u>	<u>Percentage of ownership</u>
BERCO Ltd.	151,654,150	30,330,830	41.815%
EXODER Ltd.	101,458,950	20,291,790	27.975%
Africa Samba Corporative	108,804,450	21,760,890	30.000%
Others	763,900	152,780	0.211%
	<u>362,681,450</u>	<u>72,536,290</u>	<u>100%</u>

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

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20. Legal reserve

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

21. Loans

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

The loans due according to the following schedule:

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

• First loan

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

• Second loan

This second loan is provided by one of the Egyptian banks in August 2011 based on a cross guarantee issued from Digma Trading Company with an amount of LE 100,000,000 and the total withdrawal amount is LE 100,000,000 in addition to accrued interest. The loan outstanding balance at 31 December 2014 after payment of due installments amounted to 37,500,000 in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 37,500,000 on 3 equal semi-installments annual amounting to LE 12,500,000 each. The first installment is due on 1 February 2015 and the last on 1 February 2016 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

Loans (continued)

• **Third loan:**

This Third loan is provided by one of the Egyptian banks in August 2012 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 December 2014 after payment of accrued instalments is LE 35,000,000 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 35,000,000 on 3 equal semi-annual installments; each installment is amounted to LE 11,666,667.

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

• **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks in May 2013 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 December 2014 after payment of due instalments is LE 35,000,200 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 35,000,200 on 3 equal semi-instalments annual instalment is amounted to LE 11,666,600 except for last instalment amounted to LE 11,667,000. The first instalment is due on 18 May 2015 and the last on 18 May 2016.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

• **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 46,219,881 on 31 December 2014 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 70,000,000 on 8 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 January 2015 and the last on 22 July 2018.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

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Loans (continued)

- **Sixth loan:**

This sixth loan is provided by one of the Egyptian banks on June 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 60,984,331 plus 6,260,514 Euro on 31 December 2014 in addition to accrued interest. The bank committed to translate the foreign currency to Egyptian pound as the company is not obligated to pay the loan back in foreign currency.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 185,000,000 on 10 equal semi-annual installments; each installment is amounted to LE 18,500,000. The first installment is due on 26 December 2015 and the last on 26 June 2020. 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 1.25% above mid corridor rate of Central Bank of Egypt and 2.5% above the Euro Libor rate.

Fair value:

Fair value is approximately equal to book value.

22. Long-term notes payable

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

	2014		2013	
	Notes payable	Present value	Notes payable	Present value
Short-term notes payables				
Current portion of long-term notes payables (Note 18)	9,985,990	9,985,990	9,425,154	9,425,154
Total short-term liabilities	9,985,990	9,985,990	9,425,154	9,425,154
	2014		2013	
	Notes payable	Present value	Notes payable	Present value
Long-term notes payables:				
Notes payable due for more than one year and less than 5 years	10,546,825	8,884,102	20,532,815	17,138,295
Total long-term liabilities	10,546,825	8,884,102	20,532,815	17,138,295

The total accrued interest on the loan for the year ended 2014 amounting to LE 1,731,798 (2013: LE 2,332,088) has been charged on the statement of income as a finance cost (Note 26).

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

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23. Deferred tax liabilities

	Fixed assets depreciation	Impairment of investment in subsidiaries	Net deferred tax liabilities	
			2014	2013
A. Deferred tax assets				
Balance at 1 January	-	7,000,000	7,000,000	7,000,000
Charged to income statement	-	(7,000,000)	(7,000,000)	-
Ending balance as of 31 December	-	-	-	7,000,000
B. Deferred tax liabilities				
Balance at 1 January	(55,296,550)	-	(55,296,549)	(37,883,988)
Charged to income statement	(6,483,972)	-	(6,483,972)	(17,412,562)
Ending balance as of 31 December	(61,780,522)	-	(61,780,522)	(55,296,550)
Net deferred tax liabilities	(61,780,522)	-	(61,780,522)	(48,296,550)
Balance at 1 January	(55,296,550)	7,000,000	(48,296,550)	(37,883,988)
Charged to income statement	(6,483,972)	(7,000,000)	(13,483,972)	(10,412,562)
Ending Balance as of 31 December	(61,780,522)	-	(61,780,522)	(48,296,550)

24. Other income

	2014	2013
Reversal the impairment of investment in subsidiaries	28,000,000	-
Export incentive	8,071,926	2,810,683
Gain from sales of production waste	5,238,248	4,837,262
Others income	1,338,855	725,471
Gain (loss) from sales of fixed assets	482,854	(1,361,619)
Provision no longer required	339,913	-
Gain from sale of investment	-	12,388,283
Investment income in Osoul Fund	-	7,831,044
Total	43,471,796	27,231,124

25. Other expenses

	2014	2013
Other provisions (Note 14)	2,750,000	7,321,000
Provision for slow moving inventory	-	500,004
Total	2,750,000	7,821,004

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

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

26. Financial income / (cost), net

	2014	2013
Interest income	17,571,203	4,827,987
Foreign exchange gain / (loss)	5,498,639	(358,978)
Interest in corporate tax advance	715,837	611,000
Interest on lands' installments (Note 22)	(1,731,798)	(2,332,088)
Interest expenses	(19,200,955)	(19,399,886)
Net	2,852,926	(16,651,965)

27. Income tax expense

The Company is subject to the corporate income tax according to tax law No. 91 of 2005 and as per tax law No. 23 of 2014 amendments.

	2014	2013
Income tax for the year (Note 17)	94,132,728	60,053,813
Deferred Tax (Note 23)	13,483,972	10,412,562
Total	107,616,700	70,466,375
Net profit before tax	401,542,348	320,662,474
Tax calculated based on tax rate 25%	250,000	80,165,619
Tax calculated based on tax rate 30%	120,162,704	-
	120,412,704	80,165,619
Tax effect of non-deductible expenses	825,000	1,830,232
Tax effect of non-taxable revenues	(13,451,268)	(11,529,476)
Settlements	(169,736)	-
Income tax expense	107,616,700	70,466,375

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28. Earnings per share

Basic earnings per share is calculated by dividing the period net income / (loss) by the number of ordinary issued share, without excluding the employees and board of directors share in dividends related to year ended 31 December 2014, since that the board of directors did not proposed dividends distribution at the balance sheet issuing date, the earnings per share is LE 0.81 (213: LE 0.69).

Extraordinary General Assembly Meeting held on 9 September 2014, which approved the increase of the authorized capital to become LE 360,000,000 instead of LE 150,000,000, also approved amendment par value from LE 10 to LE 20 piasters per share, thus the total numbers of the issued and paid up capital shares are 362,681,450 shares instead of 7.253.629 with shareholders retain the same contribution rates.

Earnings per share were set out as below:

	2014	2013
Net profit available for distribution	293,925,648	250,196,099
Number of ordinary and issued shares (Note 19)	362,681,450	362,681,450
Earnings per share	0.81	0.69

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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

29. Expenses by nature

	2014	2013
Cost of goods sold	1,138,597,763	1,002,152,278
Selling and marketing expenses	90,417,544	85,941,434
General and administrative expenses	85,100,900	58,011,731
	1,314,116,207	1,146,105,443
Raw materials used	928,940,425	830,902,418
Salaries and wages	177,787,834	140,140,836
Advertising expense	62,148,558	60,085,179
Depreciation	45,673,598	29,362,437
Employees benefits	24,410,923	16,858,627
Fuel, oil, water and electricity	24,082,948	16,822,348
Vehicle expense	20,444,337	17,845,164
Transportation expense	17,229,269	13,631,900
Miscellaneous and other expense	13,440,936	9,665,991
Consumables	8,515,050	6,651,376
Maintenance	8,578,181	7,377,001
Royalty	1,444,646	1,405,623
Rent expense	158,278	1,102,517
Change in inventory	(18,738,776)	(5,745,974)
	1,314,116,207	1,146,105,443

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Notes to the separate financial statements - For the year ended 31 December 2014
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30. Segment reporting

(Amounts presented to the nearest thousands EGP)

Description	Coke		Croissant		Bake		Friska		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	1,007,137	910,851	488,913	397,220	75,867	67,606	55,669	50,046	1,627,586	1,425,723
Gross Profit	309,126	269,491	154,455	127,158	10,284	10,451	15,123	16,471	488,988	423,571
Profit from Ops.	265,587	228,341	133,168	93,961	4,607	4,994	(4,671)	2,187	398,691	329,483
Debit Interest	(12,953)	(13,883)	(6,288)	(6,055)	(976)	(1,031)	(716)	(763)	(20,933)	(21,732)
Credit interest	11,316	8,478	5,493	3,697	852	629	625	466	18,286	13,270
Forex	3,403	(229)	1,652	(100)	256	(17)	188	(13)	5,499	(359)
Income Tax	(70,948)	(48,940)	(35,565)	(20,108)	(1,258)	(1,006)	154	(412)	(107,617)	(70,466)
Net profit for the year	196,406	173,766	98,459	71,396	3,481	3,570	(4,420)	1,464	293,926	250,196

	Coke		Croissant		Bake		Friska		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Capital Expenditures 2014	70,235	45,290	130,672	76,643	27,239	3,372	3,680	2,497	231,826	127,802
Depreciation of the fiscal period additions	1,555	814	791	895	200	58	153	43	2,699	1,810
Net book value	68,680	44,477	129,881	75,748	27,039	3,314	3,528	2,453	229,128	125,992
The Remaining of segment assets	743,862	664,988	361,106	290,000	56,035	49,358	41,117	36,537	1,202,120	1,040,883
Total Segment Assets	812,542	709,465	490,988	365,748	83,073	52,671	44,645	38,990	1,431,247	1,166,873
Segment Liabilities	416,857	345,433	202,362	150,642	31,402	25,639	23,042	18,980	673,663	540,694
Depreciation	25,213	16,135	14,692	8,321	3,091	2,606	2,678	2,300	45,674	29,362

31. Contingent liabilities

a. Contingent liabilities for banks

- The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 24,422,901 as at 31 December 2014 (2013: LE 13,730,297).

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 at 31 December 2014.

Corporate tax

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2009 and all due tax amounts paid.
- For the years 2010-2013 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period.

Payroll tax

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

Sales tax

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

Stamp duty tax

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