

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

**REVIEW REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE THREE
MONTHS PERIOD ENDED 31 MARCH 2017**

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

Consolidated financial statements - For the three months period ended 31 March 2017

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Review report

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

Introduction

We have reviewed the accompanying consolidated interim financial position of Edita Food Industries (S.A.E.) and its Subsidiaries "The Group" as at 31 March 2017 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not prepared in all material respects, the financial position of the group as at 31 March 2017, and of its financial performance and its cash flows for the Three months period then ended in accordance with Egyptian Accounting Standards.

Mohamed Ahmed Fouad, CPA
R.A.A. 11595
E.F.S.A. 235
Mansour & Co. PricewaterhouseCoopers



10 May 2017
Cairo

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

Consolidated statement of financial position - As of 31 March 2017

(All amounts in Egyptian Pounds)

	Note	31 March 2017	31 December 2016
Assets			
Non-current assets			
Property, plant and equipment	5	1,639,756,359	1,474,461,243
Intangible assets	6	162,911,642	162,911,642
Total non-current assets		1,802,668,001	1,637,372,885
Current assets			
Inventories	7	308,032,234	318,428,559
Trade and other receivables	8	162,488,198	196,668,474
Treasury bills	9	181,690,095	192,144,828
Cash and cash equivalents (excluding bank overdrafts)	10	89,470,082	90,465,545
Total current assets		741,680,609	797,707,406
Total assets		2,544,348,610	2,435,080,291
Equity and liabilities			
Equity attributable to owners of the parent			
Paid up capital	11	145,072,580	145,072,580
Legal reserve	12	48,745,291	48,745,291
Foreign currency translation reserve		(203,607)	(162,824)
Retained earnings		854,206,218	945,722,773
Total equity attributable to owners of the parent		1,047,820,482	1,139,377,820
Non-controlling interest	13	17,141,011	14,983,768
Total equity		1,064,961,493	1,154,361,588
Liabilities			
Non-current liabilities			
Long-term loans	14	573,613,225	527,825,757
Employee benefit obligations	15	2,195,034	1,945,034
Deferred income tax liabilities	16	93,685,309	86,492,634
Total non-current liabilities		669,493,568	616,263,425
Current liabilities			
Provisions	17	19,114,872	19,166,385
Bank overdraft	18	252,969,239	240,473,897
Trade and other payables	19	393,275,557	257,349,109
Current portion of long-term loans	14	142,258,547	146,232,334
Current income tax liabilities	20	2,275,334	1,233,553
Total current liabilities		809,893,549	664,455,278
Total equity and liabilities		2,544,348,610	2,435,080,291

The accompanying notes on pages 7 to 55 form an integral part of these consolidated financial statements.


Mr. Sameh Naguib
Vice President - Finance


Eng. Hani Berzi
Chairman

Giza , 10 May 2017
Review report attached

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

Consolidated statement of profit or loss

For the three months period ended 31 March 2017

(All amounts in Egyptian Pounds)	Note	The three months period ended 31 March	
		2017	2016
Revenue		642,446,150	518,090,393
Cost of sales	26	(419,609,513)	(309,818,795)
Gross profit		222,836,637	208,271,598
Other income	21	3,875,251	4,124,013
Distribution cost	26	(104,224,603)	(73,206,759)
Administrative expenses	26	(46,317,476)	(41,316,226)
Other (losses) / gains -Net	22	(737,019)	(1,779,352)
Finance cost / income - Net	23	(17,137,346)	(46,680,417)
Profit before income tax		58,295,444	49,412,857
Income tax expense	24	(10,457,388)	(10,245,035)
Net profit for the period		47,838,056	39,167,822
Profit is attributable to			
Owners of the parent		45,680,813	38,006,712
Non-controlling interest		2,157,243	1,161,110
Net profit for the period		47,838,056	39,167,822
Basic and diluted earnings per share	25	0.06	0.05
Diluted earnings per share	25	0.06	0.05

The accompanying notes on pages 7 to 54 form an integral part of these consolidated financial statements.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES**Consolidated statement of comprehensive income
For the three months period ended 31 March 2017****(All amounts in Egyptian Pounds)**

	31 March 2017	31 March 2016
Profit for the period	47,838,056	39,167,822
Other comprehensive income		
Currency translation differences	(40,783)	(23,504)
Total comprehensive income for the period	47,797,273	39,144,318
Attributable to		
Owners of the parent	45,640,030	37,983,208
Non-controlling interest	2,157,243	1,161,110
Total comprehensive income for the period	47,797,273	39,144,318

The accompanying notes on pages 7 to 54 form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity For the three months period ended 31 March 2017

(All amounts in Egyptian Pounds)

	Share capital	Bonus shares under capital increase	Legal reserve	Foreign currency translation reserve	Retained earnings	Total Owners of the parent	Non- controlling interest	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
Change of equity in 2016								
Net Profit for the period	-	-	-	-	38,006,712	38,006,712	1,161,110	39,167,822
Currency translation differences	-	-	-	(23,504)	-	(23,504)	-	(23,504)
Total comprehensive income for the period	-	-	-	(23,504)	38,006,712	37,983,208	1,161,110	39,144,318
Shareholders transactions								
Dividends distribution for 2015	-	-	-	-	(104,027,523)	(104,027,523)	-	(104,027,523)
Bonus shares	-	72,536,290	-	-	(72,536,290)	-	-	-
Total shareholders transactions	-	72,536,290	-	-	(176,563,813)	(104,027,523)	-	(104,027,523)
Balance at 31 March 2016	72,536,290	72,536,290	38,947,275	(17,936)	919,158,864	1,103,160,783	6,778,547	1,109,939,330
Balance at 1 January 2017	145,072,580	-	48,745,291	(162,824)	945,722,773	1,139,377,820	14,983,768	1,154,361,588
Change of equity in 2017								
Net Profit for the period	-	-	-	-	45,680,813	45,680,813	2,157,243	47,838,056
Currency translation differences	-	-	-	(40,783)	-	(40,783)	-	(40,783)
Total comprehensive income for the period	-	-	-	(40,783)	45,680,813	45,640,030	2,157,243	47,797,273
Shareholders transactions								
Dividends distribution for 2016	-	-	-	-	(137,197,368)	(137,197,368)	-	(137,197,368)
Total shareholders transactions	-	-	-	-	(137,197,368)	(137,197,368)	-	(137,197,368)
Balance at 31 March 2017	145,072,580	-	48,745,291	(203,607)	854,206,218	1,047,820,482	17,141,011	1,064,961,493

The accompanying notes on pages 7 to 54 form an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows For the three months period ended 31 March 2017

(All amounts in Egyptian Pounds)		31 March 2017	31 March 2016
	Notes		
<u>Cash flows from operating activities</u>			
Profit for the period before income tax		58,295,444	49,412,857
Adjustments for:			
Provisions	22	750,000	1,312,500
Provision for employee benefit obligation	22	250,000	-
Interest on lands' installments	23	-	177,135
Interest expense	3	22,797,928	10,422,384
Interest income	23	(9,887,711)	(8,444,241)
Depreciation of property, plant and equipment	5	26,416,451	22,181,034
Amortization of Intangible assets	6	-	314,310
Provision of slow moving inventory	22	369,250	599,390
Gain on disposal of property, plant and equipment	22	(632,231)	(132,538)
		98,359,131	75,842,831
Inventories		10,027,075	4,187,631
Trade and other receivables		34,180,276	(16,583,023)
Trade and other payables		(1,270,920)	(69,594,250)
Provisions used		(801,513)	(1,088,158)
Cash inflow / (out flow) from operating activities		140,494,049	(7,234,969)
Interest paid		(25,345,053)	(14,360,613)
Income tax paid		(2,222,932)	(1,277,650)
Net cash inflow / (out flow) from operating activities		112,926,064	(22,873,232)
<u>Cash flows from investing activities</u>			
Payment for property, plant and equipment		(192,195,806)	(48,714,226)
Proceeds from sale of property, plant and equipment		1,116,470	400,320
Interest received		10,265,304	9,612,340
Payment for purchase of treasury bills		(179,497,180)	(148,440,349)
Proceeds from sale of treasury bills		189,574,320	146,644,260
Net cash outflow from investing activities		(170,736,892)	(40,497,655)
<u>Cash flows from financing activities</u>			
Repayments of borrowings		(102,632,535)	(134,916,606)
Proceeds from borrowings		146,993,341	138,845,452
Net cash inflow from financing activities		44,360,806	3,928,846
Net decrease in cash and cash equivalents		(13,450,022)	(59,442,041)
Cash and cash equivalents at beginning of the period		(150,008,352)	239,645,624
Effect of exchange rate on cash and cash equivalents		(40,783)	(23,504)
Cash and cash equivalents at end of the period	10	(163,499,157)	180,180,079

The accompanying notes on pages 7 to 54 form an integral part of these consolidated financial statements.

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

Notes to the consolidated financial statements For the three months period ended 31 March 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 on 9 July 1996, under the investment Law No. 230 of 1989 and the money market Law No. 95 of 1992 and is registered in the commercial register under number 692 Cairo, which had been replaced by law No. 8 of 1997, and the company's period is for 25 years.

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

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

The main shareholders are BERCO Limited which owns 41.815% of the Company's share capital and the Bank of New York Mellon which owns 25.580% of the Company share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 13.065% of the Company's share capital and Africa Samba B.V. which owns 7.5% of Company's share capital and other shareholders owning 12.040% of company's share capital.

These consolidated financial statements have been approved by Chairman and Managing Director on 10 May 2017.

2. Accounting policies

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

A. Basis of preparation

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

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

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

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Basis of preparation (continued)

Percentage of owner ship in subsidiaries

The group consists of the below companies as of 31 March 2017 unless otherwise was noted and the percentage of the Group's share of the companies in is the direct ownership of the ordinary shares of the paid up capital only.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		31 March 2017	31 December 2016	31 March 2017	31 December 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 March 2017 and 31 March 2016 as follows:

Name of subsidiary	Total Assets 31 March 2017	Total Equity 31 March 2017	Total Sales 31 March 2017	Net Profit 31 March 2017
Digma for trading	292,602,163	190,221,423	595,219,485	10,354,497
Edita Confectionery Industries	175,365,355	76,672,161	35,245,414	9,585,170
Edita participation limited	163,466	(182,007)	-	-

Name of subsidiary	Total Assets 31 March 2016	Total Equity 31 March 2016	Total Sales 31 March 2016	Net Profit/ (loss) 31 March 2016
Digma for trading	317,670,293	226,614,117	483,301,664	16,005,516
Edita Confectionery Industries	116,379,850	29,931,506	24,169,291	5,065,496
Edita participation limited	174,255	(138,547)	-	(11,467)

B. Consolidation

1. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Consolidation (continued)

1.1 Acquisition method

The group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiring on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the date of acquisition .

Acquisition-related costs are expensed as incurred.

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

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

1.2 Changes in ownership interests in subsidiaries without change of control

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

1.3 Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss for the parent company.

1.4 Goodwill

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

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Basis of consolidation (continued)

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

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

1.5 Measurement period:

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

2. Associates

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

2.1 Equity accounting method

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

2.2 Changes in owner's equity

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

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Basis of consolidation (continued)

2.3 The losses of an associate:

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

4.2 Transactions with associates

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

5.2 Goodwill arisen from investments in associates

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

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

3. Joint arrangements

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

Joint Ventures

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

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Basis of consolidation (continued)

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

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

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

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

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Foreign currency translation (continued)

(3) Group companies

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

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

Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

All resulting exchange differences are recognised in other comprehensive income.

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

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

D. Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, When it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

Estimated useful lives of assets are as follows:

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

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Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Property, plant and equipment (continued)

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

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

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

E. Intangible assets

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

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

F. Impairment of non-financial assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For impairment assessment for an asset, comparison is performed between the amount by which the asset's carrying amount and its recoverable amount The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use .For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

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

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

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

G. Inventories

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

H. Financial assets

(1) Classification

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

(a) Loans and receivables

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

(b) Held to maturity financial assets

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

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

(2) Initial recognition and measurement

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

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

(3) Subsequent Measurement

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

(4) De recognition

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

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Financial assets (continued)

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

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

I. Offsetting financial instruments

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

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

J. Impairment of financial assets

Assets recognized and measured at amortized cost

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred)discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

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

K. Trade and other receivables

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

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

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

L. Cash and cash equivalents

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

M. Share capital

Ordinary shares are classified as equity.

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

N. Borrowings

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

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

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

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

O. Borrowings costs

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

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

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

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

P. Current and deferred income tax

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

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

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

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

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

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

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

Current and deferred income tax (continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

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

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

Q. Employee benefits

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

(1) Defined contribution plan

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

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

(2) Defined benefit pension plan

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

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

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Employee benefits (continued)

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

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

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

(3) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs For a restructuring that is within the scope of Egyptian accounting standard no (28) and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(4) Profit-sharing and bonus plans

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

R. Provisions

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

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

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Provisions (continued)

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

When the time value of money assumption is important ,Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss.

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

S. Contingent assets

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

T. Trade payables & other credit balances

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

U. Revenue recognition

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

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

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Revenue recognition (continued)

(1) Sales of goods

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

(2) Interest income

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

(3) Dividend income

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

(4) Government incentive on export sales

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

V. Dividend Distribution

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

W. Operating lease

Leases where the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line year of the lease.

X. Operating Segments

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

Y. Comparative figures

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

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3. Financial risk management

(1) Financial risk factors

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

(A) Market risk

(i) Foreign currency exchange risk

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

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

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

	31 March 2017	31 March 2016
Amounts recognised in profit or loss		
Net foreign exchange (loss) included in finance cost	(4,227,129)	(44,525,139)
	(4,227,129)	(44,525,139)
Net (Losses) recognised in other comprehensive income		
Foreign currency translation reserve – net of tax	(40,783)	(23,504)
	(40,783)	(23,504)

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

	31 March 2017			31 December 2016
	Assets	Liabilities	Net	Net
Euros	96,099	(245,848,035)	(245,751,936)	(256,648,709)
US Dollars	15,294,504	(118,878,425)	(103,583,921)	(159,103,773)

At 31 March 2017, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, profit for the period would have been LE 24,575,194 (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.

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

Financial risk management (continued)

At 31 March 2017, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, profit for the period would have been LE 10,358,392 (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 Loans. Loans issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term time deposits which are renewed with the applicable interest rate at the time of renewal. Loans measured at amortized cost with fixed rates do not expose the company to fair value interest rate risk

At 31 March 2017, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, profit for the Year would have been LE 968,841 (31 December 2016: LE 708,762) lower/higher, mainly as a result of higher/lower interest expense on floating rate Loans.

Loans at the statement of financial position on 31 March 2017 with variable interest rate amounted to LE 715,871,771 (31 December 2016: LE 674,058,091).

Overdraft at the statement of financial position on 31 March 2017 amounted to LE 252,969,239 (31 December 2016: LE 240,473,897).

(B) Credit risk

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

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

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

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

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Financial risk management (continued)

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

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

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

Trade receivables

Counter parties without external credit rating:

	31 March 2017	31 December 2016
Trade and notes receivables	25,110,938	32,249,179
	25,110,938	32,249,179
Cash at bank and short-term bank deposits:		
	31 March 2017	31 December 2016
A	1,956,790	6,350,075
BB	2,012,951	-
AA	66,859,607	78,888,032
B	865,115	2,610,544
Total	71,694,463	87,848,651

(C) Liquidity risk

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

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Notes to the consolidated financial statements For the three months period ended 31 March 2017

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Financial risk management (continued)

The table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 March 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 March 2017	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Loans	67,138,156	62,371,444	173,550,305	400,062,921
Future interest payments	32,819,160	39,211,701	65,318,486	96,448,520
Trade and other payables	325,045,935	-	-	-
Bank overdraft	252,969,239	-	-	-
Notes payable	42,627,608	-	-	-
Total	720,600,098	101,583,145	238,868,791	496,511,441
At 31 December 2016				
Loans	82,314,203	63,918,131	148,571,413	379,254,344
Future interest payments	15,734,086	35,601,580	59,198,436	71,312,725
Trade and other payables	188,746,773	-	-	-
Bank overdraft	240,473,897	-	-	-
Notes payable	32,925,768	-	-	-
Total	560,194,727	99,519,711	207,769,849	450,567,069

The unused amount of Loans is amounted to EGP 81,458,735 as of 31 March 2017, also the Group will have future interest payments related to Loans amounting to LE 233,797,867 (31 December 2016: LE 181,846,827).

i. Capital management

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

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

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

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Financial risk management (continued)

The gearing ratio at 31 March 2017 and 31 December 2016 were as follows:

	31 March 2017	31 December 2016
Total Loans	715,871,772	674,058,091
Bank Overdraft	252,969,239	240,473,897
Total Loans and overdraft	968,841,011	914,531,988
Less: Cash and cash equivalents	(89,470,082)	(90,465,545)
Net debt	879,370,929	824,066,443
Total equity	1,064,961,493	1,154,361,588
Total capital	1,944,332,422	1,978,428,031
Gearing ratio	45 %	42 %

The increase in net debt to total capital is mainly due to the increase in total loans and overdraft.

Loan covenants

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

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

ii. Fair value estimation

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

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4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

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

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

Fixed assets useful lives

Fixed assets are depreciated based on useful lives and estimated residual values of each asset which is determined in accordance with the Group's policy and in the light of the technical study prepared for each asset separately by the group's technical resources. In order on conformity with Egyptian accounting standards, the management will regularly reviews residual value and useful lives of assets and modified annually.

Intangible assets impairment (Trade Mark & Know how)

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

Income tax

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

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

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

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

Notes to the consolidated financial statements - For the three months period ended 31 March 2017

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

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 31 December 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 March 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	-	-	1,568,619	15,069,210	1,332,167	322,600	173,903,210	192,195,806
Depreciation charge	-	(4,772,897)	(10,260,840)	(4,926,163)	(3,254,159)	(3,202,392)	-	(26,416,451)
Disposal Depreciation	-	-	-	1,921,411	87,706	1,619	-	2,010,736
Disposals	-	-	-	(2,401,400)	(88,797)	(4,778)	-	(2,494,975)
Closing net book amount	120,908,260	412,840,465	620,930,880	85,148,884	37,465,933	25,485,760	336,976,177	1,639,756,359
At 31 March 2017								
Cost	120,908,260	492,615,644	827,424,586	156,800,315	80,944,320	70,538,472	336,976,177	2,086,207,774
Accumulated depreciation	-	(79,775,179)	(206,493,706)	(71,651,431)	(43,478,387)	(45,052,712)	-	(446,451,415)
Net book amount at 31 March 2017	120,908,260	412,840,465	620,930,880	85,148,884	37,465,933	25,485,760	336,976,177	1,639,756,359

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

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

Property, plant and equipment (continued)

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

	31 March 2017	31 December 2016
Charged to cost of sales	17,125,005	61,553,299
Charged to administrative expenses	4,196,067	16,082,305
Charged to distribution costs	5,095,379	19,326,211
	26,416,451	96,961,815

During the period ended 31 March 2017, the Group has capitalized borrowings costs amounting to LE 5,424,353 (31 December 2016: LE 4,872,184) on qualified assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 13%.

	31 March 2017	31 December 2016
Allocation of the borrowing cost on Qualified Assets		
Projects under construction – Buildings	4,641,548	3,234,209
Projects under construction – Machinery	782,805	1,637,975
Total	5,424,353	4,872,184

The project under construction represents the following Categories:

	31 March 2017	31 December 2016
Buildings	242,344,892	134,067,710
Machinery & equipment	72,654,371	10,909,915
Tools & equipment	5,900,440	2,575,700
Technical and other installations	16,076,474	15,519,642
	336,976,177	163,072,967

Cash flow statement

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

	31 March 2017	31 March 2016
Net book value of the assets disposed	484,239	267,782
Gain on sale of property , plant and equipment (Note 22)	632,231	132,538
	1,116,470	400,320

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

6. Intangible assets

	Net Book Value	
	31 March 2017	31 December 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)	
	31 March 2017	31 December 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 time, and on the 16th of April 2015 the Group had signed a new contract for the expanding the scope of the rights to the trademarks (Hohos, Twinkies, and Tiger Tail) to include Algeria, Bahrain,, Iraq,, Kuwait, , Lebanon, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, United Arab Emirates and this trademarks have infinite useful lives, and the this is against USD 8 Million equivalent to EGP 62,861,989.

B. Know how

	Know How	
	31 March 2017	31 December 2016
Cost		
Opening balance	31,430,995	31,430,995
Balance as of	31,430,995	31,430,995
Accumulated amortization		
Opening Balance	-	(942,930)
Amortization expense during the period	-	942,930
Balance as of	-	-
Net book value for know how	31,430,995	31,430,995

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Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Intangible assets (continued)

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 year 2016 from intangible assets have finite useful lives, amortized over the group life span (25 years) and measured at cost less amortization in the separate financial statements to become intangible assets have an indefinite useful live measured at cost in the separate financial statements, and impairment is tested on an annual basis.
- Intangible asset "Know how" have been recognized in the separate financial statements for the year ended 31 December 2015, as a finite useful live intangible assets, based on significant incompleteness of its related production lines and that these new products is considered have new trade mark in the market and no actual marketing testing for these products took place at the separate financial statements date.
- Later during 2016, these production lines completed and genuine marketing for these products have been started. This provides the group'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 group's management changed the know how accounting policy from cost less amortisation based on finite useful live determined on 25 years to indefinite useful live measured at cost with impairment tested annually, considering the ability to establish reliable assumptions of future sales.
- The retrospective application of change in accounting policy resulted with adjustment of EGP 942,930 represents the amortization of 31 December 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.

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

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

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

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

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

Intangible assets (continued)

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

Sensitivity of recoverable amounts

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

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

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

7. Inventories

	31 March 2017	31 December 2016
Raw and packaging materials	235,334,968	250,308,760
Spare parts	28,554,641	26,269,668
Finished goods	27,511,781	25,381,892
Consumables	11,074,536	9,849,632
Work in process	6,073,160	6,881,927
Total	308,549,086	318,691,879
Less: provision for slow moving and obsolete inventory	(516,852)	(263,320)
Net	308,032,234	318,428,559

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

During the period ended 31 March 2017, there has been a slow moving and obsolete inventory addition amounted to LE 369,250 (31 March 2016: LE 599,390) (Note 22) and utilized amounted to LE 115,718 (31 March 2016: LE 1,088,372).

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 327,639,708 during the year ended 31 March 2017 (31 March 2016: LE 235,321,623).

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

8. Trade and other receivables

	31 March 2017	31 December 2016
Trade receivables	23,973,794	30,718,968
Notes receivables	1,137,144	1,530,211
Total	25,110,938	32,249,179
Provision for impairment of trade and notes receivables	(20,556)	(20,556)
Net trade and notes receivable	25,090,382	32,228,623
Advances to suppliers	102,662,945	138,088,609
Prepaid expenses	20,213,939	12,477,604
Deposits with others	7,597,541	5,678,541
Other debit balances	6,332,417	7,419,676
Letters of credit	428,659	581,818
Employee loans	110,428	128,524
Accrued revenues	51,887	65,079
Total	162,488,198	196,668,474

9. Treasury bills

	31 March 2017	31 December 2016
Treasury bills par value	188,000,000	198,000,000
Unearned interest	(8,502,820)	(8,425,680)
Amount of treasury bills paid	179,497,180	189,574,320
Interest income recognized to profit or loss	2,192,915	2,570,508
Treasury bills balance	181,690,095	192,144,828

The Group purchased Egyptian treasury bills on 21st of February 2017 with par value amounted LE 10,000,000 with an annual interest of 18.62%. These treasury bills are due in 23rd of May 2017. The total recognized interest income amounted to LE 185,239.

The Group purchased Egyptian treasury bills on 21st of February 2017 with par value amounted LE 10,000,000 with an annual interest of 18.58%. These treasury bills are due in 23rd of May 2017. The total recognized interest income amounted to LE 184,864.

The Group purchased Egyptian treasury bills on 21st of February 2017 with par value amounted LE 10,000,000 with an annual interest of 18.47%. These treasury bills are due in 23rd of May 2017. The total recognized interest income amounted to LE 183,820.

The Group purchased Egyptian treasury bills on 28th of February 2017 with par value amounted LE 10,000,000 with an annual interest of 19.03%. These treasury bills are due in 30th of May 2017. The total recognized interest income amounted to LE 154,319.

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

Notes to the consolidated financial statements

For the three months period ended 31 March 2017

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

Treasury bills (continued)

The Group purchased Egyptian treasury bills on 28th of February 2017 with par value amounted LE 5,000,000 with an annual interest of 19.03%. These treasury bills are due in 30th of May 2017. The total recognized interest income amounted to LE 77,040.

The Group purchased Egyptian treasury bills on 28th of February 2017 with par value amounted LE 10,000,000 with an annual interest of 18.94%. These treasury bills are due in 30th of May 2017. The total recognized interest income amounted to LE 153,603.

The Group purchased Egyptian treasury bills on 28th of February 2017 with par value amounted LE 10,000,000 with an annual interest of 18.97%. These treasury bills are due in 30th of May 2017. The total recognized interest income amounted to LE 153,842.

The Group purchased Egyptian treasury bills on 28th of February 2017 with par value amounted LE 10,000,000 with an annual interest of 18.91%. These treasury bills are due in 30th of May 2017. The total recognized interest income amounted to LE 153,365.

The Group purchased Egyptian treasury bills on 28th of February 2017 with par value amounted LE 20,000,000 with an annual interest of 18.88%. These treasury bills are due in 30th of May 2017. The total recognized interest income amounted to LE 306,253.

The Group purchased Egyptian treasury bills on 28th of February 2017 with par value amounted LE 3,000,000 with an annual interest of 19.05%. These treasury bills are due in 30th of May 2017. The total recognized interest income amounted to LE 46,336.

The Group purchased Egyptian treasury bills on 7th of March 2017 with par value amounted LE 20,000,000 with an annual interest of 19.5%. These treasury bills are due in 6th of June 2017. The total recognized interest income amounted to LE 244,536.

The Group purchased Egyptian treasury bills on 21st of March 2017 with par value amounted LE 25,000,000 with an annual interest of 19.10%. These treasury bills are due in 20th of June 2017. The total recognized interest income amounted to LE 124,863.

The Group purchased Egyptian treasury bills on 21st of March 2017 with par value amounted LE 30,000,000 with an annual interest of 19.10%. These treasury bills are due in 20th of June 2017. The total recognized interest income amounted to LE 149,835.

The Group purchased Egyptian treasury bills on 21st of March 2017 with par value amounted LE 15,000,000 with an annual interest of 18.95%. These treasury bills are due in 20th of June 2017. The total recognized interest income amounted to LE 75,000.

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

10. Cash and cash equivalents

	31 March 2017	31 December 2016
Bank deposits	47,560,840	59,960,840
Cash at banks	24,133,623	27,887,811
Cash on hand	17,775,619	2,616,894
Total	89,470,082	90,465,545

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

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

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

	31 March 2017	31 December 2016
Cash and banks balances	89,470,082	90,465,545
Bank overdraft (Note 18)	(252,969,239)	(240,473,897)
Total	(163,499,157)	(150,008,352)

11. Share capital

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

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

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Share capital (continued)

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

Shareholders	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	303,308,300	60,661,660	41.815%
THE BANK OF NEW YORK MELLON	185,546,165	37,109,233	25.580%
EXODER Ltd.	94,769,464	18,953,893	13.065%
Africa Samba B.V.	54,402,234	10,880,447	7.500%
Others (Public stocks)	87,336,737	17,467,347	12.040%
	725,362,900	145,072,580	100%

12. Legal reserve

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

13. Non-controlling interest

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	31 March 2017	Total 31 December 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 profit of subsidiaries	-	-	-	2,157,243	2,157,243	1,680,677
Foreign exchange (Losses)	-	-	-	-	-	(2,610,049)
Total comprehensive income for the year	-	-	-	2,157,243	2,157,243	(929,372)
Shareholders transactions						
Dividends distribution to non-controlling interests in subsidiaries	-	-	-	-	-	(256,627)
Non-controlling interest share in capital increase of subsidiary	-	-	-	-	-	10,552,330
Shareholders transactions	-	-	-	-	-	10,295,703
Balance at	22,823,330	252,174	38,162	(5,972,655)	17,141,011	14,983,768

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

14. Loans

	31 March 2017			31 December 2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	142,258,547	573,613,225	715,871,772	146,232,334	527,825,757	674,058,091
	142,258,547	573,613,225	715,871,772	146,232,334	527,825,757	674,058,091

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

	31 March 2017	31 December 2016
Balance due within 1 year	129,509,600	130,936,262
Accrued interest	12,748,947	15,296,072
	142,258,547	146,232,334

(1) Edita Food Industries Company

	31 March 2017			31 December 2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	18,518,159	17,500,000	36,018,159	20,464,972	26,250,000	46,714,972
Second loan	45,428,411	104,749,688	150,178,099	49,286,230	125,885,836	175,172,066
Third loan	25,480,115	72,000,000	97,480,115	21,486,364	72,000,000	93,486,364
Fourth loan	37,092,182	165,464,910	202,557,092	36,811,734	164,105,235	200,916,969
Fifth loan	-	206,810,593	206,810,593	237,842	130,829,986	131,067,828
	126,518,867	566,525,191	693,044,058	128,287,142	519,071,057	647,358,199

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

	31 March 2017	31 December 2016
Balance due within 1 year	114,169,865	113,929,860
Accrued interest	12,349,002	14,357,282
Total	126,518,867	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 March 2017 in addition to accrued interest. The loan outstanding balance at 31 March 2017 after payment of last installments amounted to 35,000,000 accrued interests.

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

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

Loans (continued)

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 35,000,000 on 4 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 August 2017 and the last on 22 February 2019.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **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 March 2017. The loan outstanding balance at 31 March 2017 after payment of 1 installments amounted to LE 67,555,487 and 4,345,832USD in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 67,555,487 on 7 equal semi-annual installments; each installment is amounted to LE 9,650,785 In addition. The company is obligated to pay 4,345,832 USD on 7 equal semi-annual installments; each installment is amounted to 620,834 USD.

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **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 in addition to accrued interest.

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Loans (continued)

- **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 202,234,888 and the total withdrawal amount is LE 102,456,269 plus 4,930,194 Euro plus 60,214 USD plus 90,208 GBP on 31 March 2017 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 202,234,888 on 11 equal semi-annual instalments; each instalment is amounted to LE 18,384,990 the first instalment is due on 19 April 2017 and the last on 19 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **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 170,000,000 and 6,000,000 Euro. The total withdrawal amount is LE 158,865,569 plus 2,446,000 Euro on 31 March 2017 in addition to accrued interest.

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Loans (continued)

(2) Digma for Trading Company

	31 March 2017			31 December 2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	1,738,119	-	1,738,119	3,601,575	-	3,601,575
Second loan	3,404,376	-	3,404,376	3,555,141	1,666,666	5,221,807
Third loan	7,440,223	7,088,034	14,528,257	7,453,134	7,088,034	14,541,168
Total	12,582,718	7,088,034	19,670,752	14,609,850	8,754,700	23,364,550

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

	31 March 2017	31 December 2016
Balance due within 1 year	12,239,735	13,906,402
Accrued interest	342,983	703,448
	12,582,718	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. is obligated to pay LE 1,666,667 on 1 semi-annual instalment and the instalments come due after 6 months from the first withdrawal, the last instalment is due on 15 July 2017 in addition 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 LE 3,333,334 on 2 equal semi-annual instalments, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalment is due on 20 September 2017 and the last on 20 February 2018.

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Third loan**

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

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(3) Edita Confectionery Industries Company

	31 March 2017			31 December 2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
loan	3,156,962	-	3,156,962	3,335,342	-	3,335,342
	<u>3,156,962</u>	<u>-</u>	<u>3,156,962</u>	<u>3,335,342</u>	<u>-</u>	<u>3,335,342</u>

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

	31 March 2017	31 December 2016
Balance due within 1 year	3,100,000	3,100,000
Accrued interest	56,962	235,342
	<u>3,156,962</u>	<u>3,335,342</u>

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

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

15. 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:

	31 March 2017	31 December 2016
Discount rate	14%	14%
Average salary increase rate	10%	10%
Turnover rate	25%	25%
Life table	49-52	49-52

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

	31 March 2017	31 December 2016
Present value of obligations	2,195,034	1,945,034
Liability at the statement of financial position	2,195,034	1,945,034

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

	31 March 2017	31 December 2016
Balance at beginning of the period	1,945,034	2,533,203
Charged during the period	250,000	-
Paid during the period	-	(588,169)
Balance at end of the period	2,195,034	1,945,034

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

	31 March 2017	31 March 2016
Present cost of the service		
Accrued service cost	250,000	-
Total	250,000	-

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

16. Deferred income tax liability

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

	Fixed assets depreciation	Acquiring Digma Company for Trading	Unrealized foreign exchange loss	Net deferred tax liabilities	
				31 March 2017	31 December 2016
A. <u>Deferred tax assets</u>					
Balance at 1 January	-	-	33,608,041	33,608,041	-
Charged to statement of profit or loss	-	-	(5,480,491)	(5,480,491)	33,608,041
Ending balance as of	-	-	28,127,550	28,127,550	33,608,041
B. <u>Deferred tax liabilities</u>					
Balance at 1 January	(116,524,880)	(3,575,795)	-	(120,100,675)	(94,536,302)
Charged to statement of profit or loss	(1,772,290)	60,106	-	(1,712,184)	(25,564,373)
Ending balance as of	(118,297,170)	(3,515,689)	-	(121,812,859)	(120,100,675)
Net deferred tax liabilities	(118,297,170)	(3,515,689)	28,127,550	(93,685,309)	(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	(1,772,290)	60,106	(5,480,491)	(7,192,675)	8,043,668
Ending Balance as of	(118,297,170)	(3,515,689)	28,127,550	(93,685,309)	(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 period ended as of 31 March 2017.

17. Provisions

	Other provisions	
	31 March 2017	31 December 2016
Balance at 1 January	19,166,385	16,000,854
Additions during the period	750,000	5,800,730
Utilized during the period	(801,513)	(2,591,519)
Provision no longer required	-	(43,680)
Balance at	19,114,872	19,166,385

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

Provisions (continued)

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

18. Bank overdraft

	31 March 2017	31 December 2016
Bank overdraft	252,969,239	240,473,897
Total	252,969,239	240,473,897

Bank overdraft is an integral part of the Group's cash management to finance its working capital. The effective interest rate for bank overdraft was 16.18 % for Egyptian pound withdrawals and 4.8% for US dollars withdrawals as of 31 March 2017 (31 December 2016: 15.75%)

19. Trade and other payables

	31 March 2017	31 December 2016
Dividends payable	137,916,880	2,092,611
Trade payables	109,411,836	126,406,928
Accrued expenses	53,787,499	46,047,650
Notes payable	42,627,608	32,925,768
Taxes payable	23,983,873	33,240,605
Other credit balances	23,929,720	14,199,584
Advances from customers	1,543,023	2,360,845
Social insurance	75,118	75,118
Total	393,275,557	257,349,109

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.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements
For the three months period ended 31 March 2017**

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

20. Current income tax liabilities

	31 March 2017	31 December 2016
Balance at 1 January	1,233,553	24,281,519
Income tax paid during the period	-	(24,015,547)
Withholding tax receivable	(2,222,932)	(6,076,107)
Income tax for the period	3,264,713	52,932,503
Corporate income tax – advance payments	-	(42,965,000)
Accrued interest – advance payments	-	(2,923,815)
Balance at	2,275,334	1,233,553

21. Other income

	31 March 2017	31 March 2016
Export incentive	2,675,343	1,954,549
Gain from sale of production waste	1,057,424	1,150,648
Other income	142,484	1,018,816
Total	3,875,251	4,124,013

22. Other (losses) / gains – Net

	31 March 2017	31 March 2016
Provisions	(750,000)	(1,312,500)
Provision for slow moving inventory	(369,250)	(599,390)
Provision for employee benefit obligation	(250,000)	-
Gain on sale of property , plant and equipment	632,231	132,538
Net	(737,019)	(1,779,352)

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements
For the three months period ended 31 March 2017**

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

23. Finance cost – Net

	31 March 2017	31 March 2016
Finance income		
Interest income	9,887,711	8,444,241
	9,887,711	8,444,241
Finance cost		
Interest on lands' instalments	-	(177,135)
Interest expenses	(22,797,928)	(10,422,384)
Foreign exchange (Loss)	(4,227,129)	(44,525,139)
	(27,025,057)	(55,124,658)
Finance cost – Net	(17,137,346)	(46,680,417)

24. Income tax expense

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

	31 March 2017	31 March 2016
Income tax for the period	3,264,713	10,305,141
Deferred tax	7,192,675	(60,106)
Total	10,457,388	10,245,035
Profit before tax	58,295,444	49,416,373
Tax calculated based on applicable tax rates	13,116,475	11,093,684
	13,116,475	11,093,684
Tax effect of non- deductible expenses	168,750	430,175
Tax effect of non-taxable revenues	(2,827,837)	(1,278,824)
Income tax expense	10,457,388	10,245,035

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

25. Earnings per share

Basic

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

	31 March 2017	31 March 2016
Profit attributed to owners of the parent	45,680,813	38,006,712
Weighted average number of ordinary shares in issue	725,362,900	725,362,900
Basic earnings per share	0.06	0.05

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group does not have any categories of dilutive potential ordinary shares on 31 March 2017 and 31 March 2016, hence the diluted earnings per share is the same as the basic earnings per share.

26. Consolidated expenses by nature

	31 March 2017	31 March 2016
Cost of sales	419,609,513	309,818,795
Distribution cost	104,224,603	73,206,759
Administrative expenses	46,317,476	41,316,226
	570,151,592	424,341,780
Raw and packing materials used	303,897,145	233,712,526
Salaries and wages	83,877,657	74,299,997
Advertising expense	55,348,108	31,031,557
Depreciation	26,416,451	22,181,064
Purchases – goods for resale	23,742,563	1,609,097
Employee benefits	14,480,745	7,058,420
Other Expenses	12,808,434	10,774,097
Gas, oil, water and electricity	12,060,905	8,955,184
Company share in social insurance	9,330,715	8,124,817
Vehicle expense	6,534,379	4,850,374
Rent expense	7,045,312	8,171,159
Maintenance	5,164,732	4,274,145
Transportation expenses	5,001,912	4,613,417
Consumable materials	3,098,319	2,362,915
Collection commission	1,344,215	1,457,569
Royalty	-	865,442
Total cost of sales , distribution costs and administrative expenses	570,151,592	424,341,780

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

27. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Sales	351,104	261,481	146,464	170,786	66,116	32,704	38,602	25,710	40,147	24,907	13	2,502	642,446	518,090
Gross Profit	129,843	114,906	40,691	62,771	20,705	10,060	15,847	11,359	15,748	8,281	3	894	222,837	208,271
Operating profit	57,899	65,734	9,885	31,054	(2,402)	(7,872)	997	2,801	9,052	3,887	1	490	75,432	96,094
Finance Cost	(14,770)	(27,823)	(6,161)	(18,171)	(2,781)	(3,480)	(1,624)	(2,736)	(1,689)	(2,650)	-	(265)	(27,025)	(55,125)
Finance income	5,404	4,262	2,254	2,784	1,018	533	594	419	618	406		40	9,888	8,444
Income Tax	(8,025)	(7,173)	(1,096)	(2,665)	-	-	(35)	(82)	(1,301)	(279)		(46)	(10,457)	(10,245)
Net Profit	40,508	35,000	4,882	13,002	(4,165)	(10,819)	(68)	402	6,680	1,364	1	219	47,838	39,168

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

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

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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 period ended 31 March 2017 amounted to LE Nil (31 March 2016: LE 865,442) 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 period ended 31 March 2017, the group paid an amount of LE 19,768,627 as salaries to the key management members (31 March 2016: LE 21,164,122).

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 14,943,690 as at 31 March 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.

At 31 March 2017, 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 Nil as at 31 March 2017 (31 December 2016 : LE 27,500).

(3) Edita Confectionary Industries Company

At 31 March 2017 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 March 2017 amounted to LE Nil (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 (S.A.E.) AND ITS SUBSIDIARIES

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

Contingent liabilities (continued)

Edita Food Industries Company

a) Corporate tax

The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.

The tax inspection was performed for the period from the company's inception till 31 December 2010 and all due tax amounts paid.

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

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

b) Payroll tax

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

c) Sales tax

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

d) Stamp duty tax

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

Digma for Trading Company

a) Corporate tax

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

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

b) Payroll tax

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

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

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

Contingent liabilities (continued)

c) Sales tax

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

d) Stamp tax

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

Edita Confectionary Industries Company

a) Corporate tax

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

b) Payroll Tax

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

c) Sales Tax

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

d) Stamp Tax

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

30. Capital Commitments

The Group has capital commitments as of 31 March 2017 amounted to LE 44,114,500 in respect of the construction of a new factory for Edita Food Industries.

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

Notes to the consolidated financial statements For the three months period ended 31 March 2017

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

31. Financial instrument by category

		31 March 2017	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (excluding prepayments)*		142,274,259	142,274,259
Cash and cash equivalents		89,470,082	89,470,082
Treasury bills		181,690,095	181,690,095
Total		413,434,436	413,434,436

		31 March 2017	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Loans*		715,871,772	715,871,772
Trade and other payables (excluding non-financial liabilities)*		367,673,543	367,673,543
Bank overdraft		252,969,239	252,969,239
Total		1,336,514,554	1,336,514,554

		31 December 2016	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (excluding prepayments)*		184,190,870	184,190,870
Cash and cash equivalents		90,465,545	90,465,545
Treasury bills		192,144,828	192,144,828
Total		466,801,243	466,801,243

		31 December 2016	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Loans*		674,058,091	674,058,091
Trade and other payables (excluding non-financial liabilities)*		221,672,541	221,672,541
Bank overdraft		240,473,897	240,473,897
Total		1,136,204,529	1,136,204,529

* At the Statement of financial position date, the carrying value of all short-term financial assets and liabilities approximates the fair value and management made the assessment by using level II approaches by relying significantly on observable data. Long-term Loans also approximate the fair value as the management uses a variable interest rate above the mid corridor rate.

Trade and other receivables presented above excludes prepaid expenses

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

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

Notes to the consolidated financial statements

For the three months period ended 31 March 2017

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32. Subsequent events

On April 6th 2017, Africa Samba B.V has sold its share of stocks in Edita Food industries which is amounted to 7.5% to other shareholders , the paid up capital after period end will be as follows :

Shareholders	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	303,308,300	60,661,660	41.815%
THE BANK OF NEW YORK MELLON	185,546,165	37,109,233	25.580%
EXODER Ltd.	94,769,464	18,953,893	13.065%
Kingsway Fund	20,331,793	4,066,359	2.803%
Others (Public stocks)	121,407,178	24,281,435	20%
	725,362,900	145,072,580	100%