

EDITA FOOD INDUSTRIES (S.A.E.)

**REVIEW REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE THREE
MONTHS PERIOD ENDED 31 MARCH 2018**

EDITA FOOD INDUSTRIES (S.A.E.)

Consolidated financial statements - For the three months period ended 31 March 2018

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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 statement of financial position of Edita Food Industries (S.A.E.) as at 31 March 2018 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 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 do not present fairly in all material respects, the financial position of the group as at 31 March 2018, 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
F.R.A. 235
Mansour & Co. PricewaterhouseCoopers



14 May 2018
Cairo

EDITA FOOD INDUSTRIES (S.A.E)

Consolidated statement of financial position - As of 31 March 2018

(All amounts in Egyptian Pounds)

	Note	31 March 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	5	1,918,616,456	1,936,955,440
Intangible assets	6	162,911,642	162,911,642
Total non-current assets		2,081,528,098	2,099,867,082
Current assets			
Inventories	7	254,862,256	296,011,433
Trade and other receivables	8	110,049,358	96,857,419
Treasury bills	9	188,975,361	180,588,821
Cash and cash equivalents (excluding bank overdrafts)	10	64,831,786	35,991,510
Total current assets		618,718,761	609,449,183
Total assets		2,700,246,859	2,709,316,265
Equity and liabilities			
Equity attributable to owners of the parent			
Paid up capital	11	145,072,580	145,072,580
Legal reserve	12	56,474,533	56,474,533
Foreign currency translation reserve		(179,283)	(205,502)
Retained earnings		990,181,498	1,037,011,613
Total equity attributable to owners of the parent		1,191,549,328	1,238,353,224
Non-controlling interest	13	22,798,724	21,812,378
Total equity		1,214,348,052	1,260,165,602
Liabilities			
Non-current liabilities			
Long-term loans	14	575,296,094	648,432,586
Employee benefit obligations	15	5,236,040	4,761,965
Deferred income tax liabilities	16	143,547,318	129,952,401
Total non-current liabilities		724,079,452	783,146,952
Current liabilities			
Provisions	17	21,101,284	20,910,445
Bank overdraft	18	79,187,202	96,121,849
Trade and other payables	19	428,870,781	370,459,774
Current portion of long-term loans	14	232,660,088	178,511,643
Current income tax liabilities	20	-	-
Total current liabilities		761,819,355	666,003,711
Total equity and liabilities		2,700,246,859	2,709,316,265

The accompanying notes on pages 7 to 52 form an integral part of these consolidated financial statements.

Review report attached


Mr. Sameh Naguib
Vice President - Finance


Eng. Hani Berzi
Chairman

Giza on 14 May 2018

EDITA FOOD INDUSTRIES (S.A.E)

Consolidated statement of profit or loss

For the three months period ended 31 March 2018

(All amounts in Egyptian Pounds)	Note	The three months period ended 31 March	
		2018	2017
Revenue		886,075,774	642,446,150
Cost of goods sold	26	(604,433,364)	(419,609,513)
Gross profit		281,642,410	222,836,637
Other income	21	3,220,069	3,875,251
Distribution cost	26	(104,664,970)	(104,224,603)
General and administrative expenses	26	(63,935,820)	(46,317,476)
Other losses -Net	22	(880,837)	(737,019)
Finance cost / income - Net	23	(26,004,823)	(17,137,346)
Profit before income tax		89,376,029	58,295,444
Income tax expense	24	(19,937,258)	(10,457,388)
Net profit for the period		69,438,771	47,838,056
Profit is attributable to			
Owners of the parent		68,452,425	45,680,813
Non-controlling interest		986,346	2,157,243
Net profit for the period		69,438,771	47,838,056
Basic and diluted earnings per share	25	0.09	0.06
Diluted earnings per share	25	0.09	0.06

The accompanying notes on pages 7 to 52 form an integral part of these consolidated financial statements

EDITA FOOD INDUSTRIES (S.A.E)**Consolidated statement of comprehensive income
For the three months period ended 31 March 2018****(All amounts in Egyptian Pounds)**

	31 March 2018	31 March 2017
Profit for the period	69,438,771	47,838,056
Other comprehensive income		
Exchange differences on translation of foreign operation	26,219	(40,783)
Total comprehensive income for the period	69,464,990	47,797,273
Attributable to		
Owners of the parent	68,478,644	45,640,030
Non-controlling interest	986,346	2,157,243
Total comprehensive income for the period	69,464,990	47,797,273

The accompanying notes on pages 7 to 52 form an integral part of these consolidated financial statements.

EDITA FOOD INDUSTRIES (S.A.E)

**Consolidated statement of changes in equity
For the three months period ended 31 March 2018**

		Foreign currency		Non- controlling interest		Total owners' equity	
		Share capital	Legal reserve	Retained earnings	Total Owners of the parent	Shareholders	Non- controlling interest
Balance at 1 January 2017		145,072,580	48,745,291	(162,824)	945,722,773	1,139,377,820	14,983,768
Change of equity in 2017							
Net Profit for the period		-	-	-	45,680,813	45,680,813	2,157,243
Currency translation differences		-	-	(40,783)	-	(40,783)	-
Total comprehensive income for the period		-	-	(40,783)	45,680,813	45,640,030	2,157,243
Shareholders transactions							
Dividends distribution for 2016		-	-	-	(137,197,368)	(137,197,368)	-
Total shareholders transactions		-	-	-	(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
Balance at 1 January 2018		145,072,580	56,474,533	(205,502)	1,037,011,613	1,238,353,224	21,812,378
Change of equity in 2018							
Net Profit for the period		-	-	-	68,452,425	68,452,425	986,346
Currency translation differences		-	-	26,219	-	26,219	-
Total comprehensive income for the period		-	-	26,219	68,452,425	68,478,644	986,346
Shareholders transactions							
Declared dividends distribution for 2017		-	-	-	(115,282,540)	(115,282,540)	-
Total shareholders transactions		-	-	-	(115,282,540)	(115,282,540)	-
Balance at 31 March 2018		145,072,580	56,474,533	(179,283)	990,181,498	1,191,549,328	22,798,724

The accompanying notes on pages 7 to 52 form an integral part of these consolidated financial statements.

EDITA FOOD INDUSTRIES (S.A.E)

Consolidated statement of cash flows For the three months period ended 31 March 2018

(All amounts in Egyptian Pounds)		31 March 2018	31 March 2017
	Notes		
<u>Cash flows from operating activities</u>			
Profit for the period before income tax		89,376,029	58,295,444
Adjustments for:			
Provisions	22	750,000	750,000
Provision for employee benefit obligation	22	474,075	250,000
Interest on lands' installments	23	-	-
Interest expense	3	32,410,734	22,797,928
Interest income	23	(8,124,965)	(9,887,711)
Depreciation of property, plant and equipment	5	34,837,145	26,416,451
Amortization of Intangible assets	6	-	-
Provision of slow moving inventory	22	275,925	369,250
Gain on disposal of property, plant and equipment	22	(619,163)	(632,231)
		149,379,780	98,359,131
Inventories		41,484,734	10,027,075
Trade and other receivables		(19,534,297)	34,180,276
Trade and other payables		(56,871,532)	(1,270,920)
Provisions used		(1,170,643)	(801,513)
Cash inflow from operating activities		113,288,042	140,494,049
Interest paid		(32,952,607)	(25,345,053)
Income tax paid		-	(2,222,932)
Net cash inflow from operating activities		80,335,435	112,926,064
<u>Cash flows from investing activities</u>			
Payment for property, plant and equipment		(17,134,873)	(192,195,806)
Proceeds from sale of property, plant and equipment		1,255,875	1,116,470
Interest received		4,778,606	10,265,304
Payment for purchase of treasury bills		(54,536,025)	(179,497,180)
Proceeds from sale of treasury bills		49,495,860	189,574,320
Net cash outflow from investing activities		-16,140,557	-170,736,892
<u>Cash flows from financing activities</u>			
Repayments of borrowings		(29,117,966)	(102,632,535)
Proceeds from borrowings		10,671,792	146,993,341
Net cash (outflow) / inflow financing activities		(18,446,174)	44,360,806
Net increase / (decrease) in cash and cash equivalents			
		45,748,704	(13,450,022)
Cash and cash equivalents at beginning of the period		(60,130,339)	(150,008,352)
Effect of exchange rate on cash and cash equivalents		26,219	(40,783)
Cash and cash equivalents at end of the period	10	(14,355,416)	(163,499,157)

The accompanying notes on pages 7 to 52 form an integral part of these consolidated financial statements.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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 Quantum Investment BV which owns 33% of the Company's share capital and the Bank of New York Mellon "depository bank for shares traded in London Stock Exchange" which manages 24.412% of the Company share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 13.065% of the Company's share capital and Berco Limited which owns 8.815% of Company's share capital and other shareholders owning 20.708% of company's share capital.

These consolidated financial statements have been approved by Chairman and Managing Director on 14 May 2018.

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.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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 2018 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 2018	31 December 2017	31 March 2018	31 December 2017
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 2018 and 31 March 2017 as follows:

Name of subsidiary	Total Assets 31 March 2018	Total Equity 31 March 2018	Total Sales 31 March 2018	Net Profit 31 March 2018
Digma for trading	341,658,690	268,255,945	824,271,059	20,584,080
Edita Confectionery Industries	175,885,634	101,273,618	36,680,022	4,240,366
Edita participation limited	142,104	(306,544)	-	(34,402)

Name of subsidiary	Total Assets 31 March 2017	Total Equity 31 March 2017	Total Sales 31 March 2017	Net Profit/ (loss) 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)	-	-

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.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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 .

2.4 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.

2.5 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.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

(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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Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

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

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.

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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 yearly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

Employee benefits (continued)

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the 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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(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

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

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 2018	31 March 2017
Amounts recognised in profit or loss		
Net foreign exchange (loss) included in finance cost	(1,719,054)	(4,227,129)
	(1,719,054)	(4,227,129)
Net income / (Losses) recognised in other comprehensive income		
Foreign currency translation reserve – net of tax	26,219	(40,783)
	26,219	(40,783)

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

	31 March 2018			31 December 2017
	Assets	Liabilities	Net	Net
Euros	7,662,000	(96,466,141)	(88,804,141)	(102,830,346)
US Dollars	33,942,984	(229,699,006)	(195,756,022)	(250,578,630)

At 31 March 2018, 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 8,880,414 (31 December 2017: LE 10,283,035) 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 2018, 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 19,575,602 (31 December 2017: LE 25,057,863) 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 2018, 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 15,968,581 (31 December 2017: LE 18,461,321) 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 2018 with variable interest rate amounted to LE 807,956,182 (31 December 2017: LE 826,944,229).

Overdraft at the statement of financial position on 31 March 2018 amounted to LE 79,187,202 (31 December 2017: LE 96,121,849).

(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 2018	31 December 2017
Trade and notes receivables	21,819,760	16,654,958
	21,819,760	16,654,958
Cash at bank and short-term bank deposits:		
	31 March 2018	31 December 2017
A	15,005,203	665,794
BB	400,218	12,024
AA	35,312,984	20,694,025
B	366,928	648,307
Total	51,085,333	22,020,150

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

Financial risk management (continued)

The table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 March 2018 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 2018	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Loans	110,142,460	110,214,433	180,901,424	394,394,670
Future interest payments	55,812,215	47,614,234	75,317,540	97,914,386
Trade and other payables	330,112,653	-	-	-
Bank overdraft	79,187,202	-	-	-
Notes payable	51,726,141	-	-	-
Total	626,980,671	157,828,667	256,218,964	492,309,056
At 31 December 2017				
Loans	63,792,488	101,874,105	188,051,167	460,381,419
Future interest payments	15,616,736	66,364,203	90,853,466	129,113,118
Trade and other payables	263,608,398	-	-	-
Bank overdraft	96,121,849	-	-	-
Notes payable	71,264,212	-	-	-
Total	510,403,683	168,238,308	278,904,633	589,494,537

The unused amount of Loans is amounted to EGP 521,182,798 as of 31 March 2018, also the Group will have future interest payments related to Loans amounting to LE 276,658,375 (31 December 2017: LE 301,947,523).

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 2018 and 31 December 2017 were as follows:

	31 March 2018	31 December 2017
Total Loans	807,956,182	826,944,229
Bank Overdraft	79,187,202	96,121,849
Total Loans and overdraft	887,143,384	923,066,078
Less: Cash and cash equivalents	(64,831,786)	(35,991,510)
Net debt	822,311,598	887,074,568
Total equity	1,214,348,052	1,260,165,602
Total capital	2,036,659,650	2,147,240,170
 Gearing ratio	 40%	 41%

The decrease in net debt to total capital is mainly due to the decrease in borrowing 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.
- Debt service ratio shall not fall below 1.25.
- Leverage ratio shall not exceed 1.5:1.

As of 31 March 2018, the Group was in compliance with the debt covenants.

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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Notes to the consolidated interim financial statements For the three months period ended 31 March 2018

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

4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

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

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

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

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

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

Income tax

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

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

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

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

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 1 January 2017								
Cost	120,908,260	492,615,644	825,855,967	144,132,505	79,700,950	70,220,650	163,072,967	1,896,506,943
Accumulated depreciation	-	(75,002,282)	(196,232,866)	(68,646,679)	(40,311,934)	(41,851,939)	-	(422,045,700)
Net book amount	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243
Year ended 31 December 2017								
Opening net book amount	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243
Additions	-	-	26,048,433	25,224,480	6,313,111	8,128,993	507,213,414	572,928,431
Depreciation charge	-	(19,852,702)	(43,005,957)	(20,400,521)	(12,208,114)	(13,827,915)	-	(109,295,209)
Disposal Depreciation	-	-	-	6,326,895	202,982	316,869	-	6,846,746
Disposals	-	-	-	(7,422,290)	(204,073)	(359,408)	-	(7,985,771)
Transfers from Projects under construction	-	388,571,418	205,666,062	-	14,668,890	18,227,269	(627,133,639)	-
Closing net book amount	120,908,260	786,332,078	818,331,639	79,214,390	48,161,812	40,854,519	43,152,742	1,936,955,440
At 31 December 2017								
Cost	120,908,260	881,187,062	1,057,570,462	161,934,695	100,478,878	96,217,504	43,152,742	2,461,449,603
Accumulated depreciation	-	(94,854,984)	(239,238,823)	(82,720,305)	(52,317,066)	(55,362,985)	-	(524,494,163)
Net book amount	120,908,260	786,332,078	818,331,639	79,214,390	48,161,812	40,854,519	43,152,742	1,936,955,440
Period ended 31 March 2018								
Opening net book amount	120,908,260	786,332,078	818,331,639	79,214,390	48,161,812	40,854,519	43,152,742	1,936,955,440
Additions	-	-	284,798	11,642,700	1,029,058	2,379,938	1,798,379	17,134,873
Depreciation charge	-	(8,719,031)	(13,028,032)	(5,323,656)	(3,780,075)	(3,986,351)	-	(34,837,145)
Disposal Depreciation	-	-	-	1,223,539	-	733,490	-	1,957,029
Disposals	-	-	-	(1,836,100)	-	(757,641)	-	(2,593,741)
Transfers from Projects under construction	-	7,216,064	3,210,626	-	823,707	70,583	(11,320,980)	-
Closing net book amount	120,908,260	784,829,111	808,799,031	84,920,873	46,234,502	39,294,538	33,630,141	1,918,616,456
At 31 March 2018								
Cost	120,908,260	888,403,126	1,061,065,886	171,741,295	102,331,643	97,910,384	33,630,141	2,475,990,735
Accumulated depreciation	-	(103,574,015)	(252,266,855)	(86,820,422)	(56,097,141)	(58,615,846)	-	(557,374,279)
Net book amount at 31 March 2018	120,908,260	784,829,111	808,799,031	84,920,873	46,234,502	39,294,538	33,630,141	1,918,616,456

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 2018	31 December 2017
Charged to cost of sales	24,302,518	70,367,515
Charged to administrative expenses	4,828,749	17,344,693
Charged to distribution costs	5,705,878	21,583,001
	34,837,145	109,295,209

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

	31 March 2018	31 December 2017
Allocation of the borrowing cost on Qualified Assets		
Projects under construction – Buildings	-	33,213,482
Projects under construction – Machinery	-	3,960,580
Total	-	37,174,062

The project under construction represents the following Categories:

	31 March 2018	31 December 2017
Buildings	23,486,243	29,846,501
Machinery & equipment	9,950,426	12,318,194
Tools & equipment	170,187	917,463
Technical and other installations	23,285	70,584
	33,630,141	43,152,742

Cash flow statement

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

	31 March 2018	31 March 2017
Net book value of the assets disposed	636,712	484,239
Gain on sale of property , plant and equipment (Note 22)	619,163	632,231
	1,255,875	1,116,470

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

6. Intangible assets

	Net Book Value	
	31 March 2018	31 December 2017
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 2018	31 December 2017
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 2018	31 December 2017
Cost		
Opening balance	31,430,995	31,430,995
Balance as of	31,430,995	31,430,995
Accumulated amortization		
Opening Balance	31,430,995	31,430,995
Amortization expense during the period	-	-
Balance as of	-	-
Net book value for know how	31,430,995	31,430,995

**Notes to the consolidated financial statements
For the three months period ended 31 March 2018**

(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.

C. Impairment test for infinite life intangible assets

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

D. Recoverable amount of cake segment

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

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

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

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

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

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

Sensitivity of recoverable amounts

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

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

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

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

7. Inventories

	31 March 2018	31 December 2017
Raw and packaging materials	159,838,213	199,701,698
Finished goods	42,186,725	46,095,781
Spare parts	41,414,112	39,580,849
Work in process	7,446,374	6,725,396
Consumables	4,823,391	5,089,825
Total	255,708,815	297,193,549
Less: provision for slow moving and obsolete inventory	(846,559)	(1,182,116)
Net	254,862,256	296,011,433

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

During the period ended 31 March 2018, there has been a slow moving and obsolete inventory addition amounted to LE 275,925 (31 March 2017: LE 369,250) (Note 22) and utilized amounted to LE 611,482 (31 March 2017: LE 115,718).

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 486,265,134 during the year ended 31 March 2018 (31 March 2017: LE 327,639,708).

8. Trade and other receivables

	31 March 2018	31 December 2017
Trade receivables	20,387,981	15,856,789
Notes receivables	1,431,779	798,169
Total	21,819,760	16,654,958
Provision for impairment of trade and notes receivables	(20,556)	(20,556)
Net trade and notes receivable	21,799,204	16,634,402
Tax authority – Corporate tax prepayments	23,133,585	27,928,869
Advances to suppliers	27,512,390	22,984,151
Other debit balances	9,366,110	10,115,307
Deposits with others	10,123,544	10,057,786
Prepaid expenses	17,859,936	8,636,065
Letters of credit	120,499	328,459
Employee loans	134,090	172,380
Total	110,049,358	96,857,419

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

9. Treasury bills

	31 March 2018	31 December 2017
Treasury bills par value	198,000,000	190,500,000
Unearned interest	(16,875,154)	(18,464,355)
Amount of treasury bills paid	181,124,846	172,035,645
Interest income recognized to profit or loss	7,850,515	8,553,176
Treasury bills balance	188,975,361	180,588,821

The Company purchased Egyptian treasury bills on 17st of September 2017 with par value amounted LE 90,000,000 with an annual interest of 18.55%. These treasury bills are due in 22nd of May 2018. The total recognized interest income amounted to LE 7,924,500.

The Company purchased Egyptian treasury bills on 4th of October 2017 with par value amounted LE 30,000,000 with an annual interest of 18.40%. These treasury bills are due in 3rd of April 2018. The total recognized interest income amounted to LE 2,466,725.

The Company purchased Egyptian treasury bills on 24th of October 2017 with par value amounted LE 16,500,000 with an annual interest of 18.8%. These treasury bills are due in 24th of April 2018. The total recognized interest income amounted to LE 1,227,725.

The Company purchased Egyptian treasury bills on 20th of September 2017 with par value amounted LE 54,000,000 with an annual interest of 18.35%. These treasury bills are due in 20th of March 2018. The total recognized interest income amounted to LE 4,504,140.

The Company purchased Egyptian treasury bills on 20th of March 2018 with par value amounted LE 11,250,000 with an annual interest of 17.05%. These treasury bills are due in 18th of December 2018. The total recognized interest income amounted to LE 51,268.

The Company purchased Egyptian treasury bills on 20th of March 2018 with par value amounted LE 11,250,000 with an annual interest of 17.06%. These treasury bills are due in 18th of December 2018. The total recognized interest income amounted to LE 51,295.

The Company purchased Egyptian treasury bills on 20th of March 2018 with par value amounted LE 11,250,000 with an annual interest of 17.07%. These treasury bills are due in 18th of December 2018. The total recognized interest income amounted to LE 51,322.

The Company purchased Egyptian treasury bills on 20th of March 2018 with par value amounted LE 11,250,000 with an annual interest of 17.08%. These treasury bills are due in 18th of December 2018. The total recognized interest income amounted to LE 51,349.

The Company purchased Egyptian treasury bills on 20th of March 2018 with par value amounted LE 11,250,000 with an annual interest of 17.09%. These treasury bills are due in 18th of December 2018. The total recognized interest income amounted to LE 51,377.

The Company purchased Egyptian treasury bills on 20th of March 2018 with par value amounted LE 5,250,000 with an annual interest of 17.10%. These treasury bills are due in 18th of December 2018. The total recognized interest income amounted to LE 23,988.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

10. Cash and cash equivalents

	31 March 2018	31 December 2017
Cash at banks	51,024,493	21,959,310
Cash on hand	13,746,453	13,971,360
Bank deposits	60,840	60,840
Total	64,831,786	35,991,510

The average interest rate on local currency time deposits during 2018 is 15 % (2017: 12.5%).

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

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

	31 March 2018	31 December 2017
Cash and banks balances	64,831,786	35,991,510
Bank overdraft (Note 18)	(79,187,202)	(96,121,849)
Total	(14,355,416)	(60,130,339)

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.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 2018:

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

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	Total 31 March 2018	31 December 2017
Balance at 1 January	22,823,330	593,605	38,162	(1,642,719)	21,812,378	14,983,768
Non-controlling share in profit of subsidiaries				986,346	986,346	6,828,610
Total comprehensive income for the year				986,346	986,346	6,828,610
Shareholders transactions						
Dividends distribution to non-controlling interests in subsidiaries					-	-
Non-controlling interest share in capital increase of subsidiary					-	-
Shareholders transactions					-	-
Balance at	22,823,330	593,605	38,162	(656,373)	22,798,724	21,812,378

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

14. Loans

	31 March 2018			31 December 2017		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	232,660,088	575,296,094	807,956,182	178,511,643	648,432,586	826,944,229
	232,660,088	575,296,094	807,956,182	178,511,643	648,432,586	826,944,229

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

	31 March 2018	31 December 2017
Balance due within 1 year	220,356,893	165,666,575
Accrued interest	12,303,195	12,845,068
	232,660,088	178,511,643

(1) Edita Food Industries Company

	31 March 2018			31 December 2017		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	18,073,722	-	18,073,722	19,814,921	8,749,985	28,564,906
Second loan	44,220,388	61,918,564	106,138,952	36,326,157	82,781,630	119,107,787
Third loan	25,091,500	54,000,000	79,091,500	21,444,500	54,000,000	75,444,500
Fourth loan	54,855,744	123,081,675	177,937,419	40,021,961	138,388,250	178,410,211
Fifth loan	59,501,503	267,772,941	327,274,444	29,137,221	288,500,200	317,637,421
Sixth loan	15,020,713	36,522,914	51,543,627	14,744,858	44,012,521	58,757,379
	216,763,570	543,296,094	760,059,664	161,489,618	616,432,586	777,922,204

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

	31 March 2018	31 December 2017
Balance due within 1 year	205,263,513	148,906,527
Accrued interest	11,500,057	12,583,091
Total	216,763,570	161,489,618

- 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 2018 in addition to accrued interest. The loan outstanding balance at 31 March 2018 after payment of due installments amounted to 17,499,990 in addition accrued interests.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 17,499,990 on 2 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 August 2018 and the last on 1 February 2019.

Interest:

The interest rate is 1 % above lending 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 2018. The loan outstanding balance at 31 March 2018 after payment of due installments amounted to LE 48,253,916 and USD 3,104,164 in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 48,253,896 on 5 equal semi-annual installments; each installment is amounted to LE 9,650,785 In addition. The company is obligated to pay 3,104,164 USD on 5 equal semi-annual installments; each installment is amounted to 620,834 USD.

The first installment is due on July 2018 and the last on July 2020.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Third loan:**

This third loan is provided by one of the Egyptian banks on April 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 90,000,000. The loan outstanding balance at 31 March 2018 amounted to LE 72,000,000 in addition accrued interests.

Terms of payments:

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

Interest:

The interest rate is 1 % above lending rate of Central Bank of Egypt.

Fair value:

Fair value is approximately equal to book value.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 71,546,269 plus 5,983,368 USD on 31 March 2018 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 19,716,875 the first instalment is due on 19 April 2018 and the last on 19 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

Interest:

The interest rate is 1% above mid corridor rate of Central Bank of Egypt and 2.5% above the 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 231,786,694 plus 3,433,913 Euro, plus 1,159,250 USD on 31 March 2018 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 and 1,159,250 USD on 11 equal semi-annual instalments; each instalment is amounted to LE 15,454,500 and 312,174 Euro and 105,387 USD 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 Libor rate.

Fair value:

Fair value is approximately equal to book value.

- **Sixth loan:**

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

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 9,914,422 on 8 equal semi-annual installments; each installment is amounted to LE 1,239,303 In addition to accrued interest. The company is obligated to pay 2,471,370 USD on 8 equal semi-annual installments; each installment is amounted to 308,921 USD. The first installment is due on 31 August 2018 and the last on August 2021.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(2) Digma for Trading Company

	31 March 2018			31 December 2017		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	1,782,454	-	1,782,454
Second loan	7,210,963	-	7,210,963	7,217,071	-	7,217,071
Total	7,210,963	-	7,210,963	8,999,525	-	8,999,525

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

	31 March 2018	31 December 2017
Balance due within 1 year	7,093,381	8,760,048
Accrued interest	117,582	239,477
	7,210,963	8,999,525

• The Second loan

The second 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 7,093,381 in addition to accrued interest,

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 7,093,381 on 2 semi-annual instalments, instalment is amounted to LE 3,473,509 and the last instalment amounted to LE 3,619,872 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on April 2018 and the last on October 2018.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

Loans (continued)

(3) Edita Confectionery Industries Company

	31 March 2018			31 December 2017		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	8,685,556	32,000,000	40,685,556	8,022,500	32,000,000	40,022,500
	8,685,556	32,000,000	40,685,556	8,022,500	32,000,000	40,022,500

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

	31 March 2018	31 December 2017
Balance due within 1 year	8,000,000	8,000,000
Accrued interest	685,556	22,500
	8,685,556	8,022,500

The loan is provided by one of the Egyptian banks on December 2017 based on a cross guarantee issued from Edita Food Industries Company amounted to LE 40,000,000. The total withdrawal amount is LE 40,000,000 on 31 March 2018 in addition to accrued interest.

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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 2018	31 December 2017
Discount rate	15%	15%
Average salary increase rate	10%	10%
Turnover rate	35%	35%
Life table	49-52	49-52

Employee benefit obligations (continued)

EDITA FOOD INDUSTRIES (S.A.E.)**Notes to the consolidated financial statements
For the three months period ended 31 March 2018**

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

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

	31 March 2018	31 December 2017
Present value of obligations	5,236,040	4,761,965
Liability at the statement of financial position	5,236,040	4,761,965

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

	31 March 2018	31 December 2017
Balance at beginning of the period	4,761,965	1,945,034
Charged during the period	474,075	2,840,957
Paid during the period	-	(24,026)
Balance at end of the period	5,236,040	4,761,965

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

	31 March 2018	31 December 2017
Present cost of the service		
Interest expenses	178,574	272,305
Current service cost	295,501	2,568,652
Total	474,075	2,840,957

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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:

	Net deferred tax liabilities			
	Fixed assets depreciation	Acquiring Digma Company for Trading	Unrealized foreign exchange loss	Carry forward taxable losses
				31 March 2018
				31 December 2017
A. Deferred tax assets				
Balance at 1 January	-	-	9,268,582	14,920,504
Charged to statement of profit or loss	-	-	-	(11,821,972)
Ending balance as of	-	-	9,268,582	3,098,532
				12,367,114
				24,189,086
				33,608,041
				(9,418,955)
B. Deferred tax liabilities				
Balance at 1 January	(150,806,115)	(3,335,372)	-	-
Charged to statement of profit or loss	(1,833,051)	60,106	-	-
Ending balance as of	(152,639,166)	(3,275,266)	-	-
				(155,914,432)
				(154,141,487)
Net deferred tax liabilities				
Balance at 1 January	(152,639,166)	(3,275,266)	9,268,582	3,098,532
Charged to statement of profit or loss	(150,806,115)	(3,335,372)	9,268,582	14,920,504
Ending Balance as of	(152,639,166)	(3,275,266)	9,268,582	3,098,532
				(143,547,318)
				(129,952,401)
				(86,492,634)
				(43,459,767)
				(129,952,401)

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 2018.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

17. Provisions

	Other provisions	
	31 March 2018	31 December 2017
Balance at 1 January	20,910,445	19,166,385
Additions during the period	750,000	15,692,814
Utilized during the period	(559,161)	(13,874,798)
Provision no longer required	-	(73,956)
Balance at	21,101,284	20,910,445

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 2018	31 December 2017
Bank overdraft	79,187,202	96,121,849
Total	79,187,202	96,121,849

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 18.21 % (31 December 2017: 20.06%)

19. Trade and other payables

	31 March 2018	31 December 2017
Trade payables	132,635,530	188,822,395
Notes payable	51,726,141	71,264,212
Taxes payable	32,735,339	30,891,539
Accrued expenses	35,309,741	30,204,958
Deposits from others	26,841,093	25,968,141
Other credit balances	17,090,353	15,659,509
Social insurance	5,206,923	3,006,735
Dividends payable	118,235,935	2,953,395
Advances from customers	9,089,726	1,688,890
Total	428,870,781	370,459,774

EDITA FOOD INDUSTRIES (S.A.E.)**Notes to the consolidated financial statements
For the three months period ended 31 March 2018**

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

20. Current income tax liabilities

	31 March 2018	31 December 2017
Balance at 1 January	-	1,233,553
Reversal of income tax for prior year	-	(6,315,986)
Income tax paid during the year	-	(1,233,553)
Withholding tax receivable	(1,340,130)	(8,545,909)
Income tax for the year (Note 24)	6,342,341	22,698,108
Corporate income tax – advance payments	(5,002,211)	(4,157,219)
Accrued interest – advance payments (Note 23)	-	(3,678,994)
Balance at	-	-

21. Other income

	31 March 2018	31 March 2017
Export incentive	457,387	2,675,343
Gain from sale of production waste	2,633,605	1,057,424
Other income	129,077	142,484
Total	3,220,069	3,875,251

22. Other (losses) / gains – Net

	31 March 2018	31 March 2017
Provisions	(750,000)	(750,000)
Provision for slow moving inventory	(275,925)	(369,250)
Provision for employee benefit obligation	(474,075)	(250,000)
Gain on sale of property , plant and equipment	619,163	632,231
Net	(880,837)	(737,019)

EDITA FOOD INDUSTRIES (S.A.E.)**Notes to the consolidated financial statements
For the three months period ended 31 March 2018**

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

23. Finance cost – Net

	31 March 2018	31 March 2017
Finance income		
Interest income	8,124,965	9,887,711
	8,124,965	9,887,711
Finance cost		
Interest expenses	(32,410,734)	(22,797,928)
Foreign exchange (Loss)	(1,719,054)	(4,227,129)
	(34,129,788)	(27,025,057)
Finance cost – Net	(26,004,823)	(17,137,346)

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 2018	31 March 2017
Income tax for the period	6,342,341	3,264,713
Deferred tax	13,594,917	7,192,675
Total	19,937,258	10,457,388
Profit before tax	89,376,029	58,295,444
Tax calculated based on applicable tax rates	20,109,606	13,116,475
	20,109,606	13,116,475
Tax effect of non- deductible expenses	744,406	168,750
Tax losses for which no deferred income tax asset was recognized	(916,754)	-
Tax effect of non-taxable revenues	-	(2,827,837)
Income tax expense	19,937,258	10,457,388

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 2018	31 March 2017
Profit attributed to owners of the parent	68,452,425	45,680,813
Weighted average number of ordinary shares in issue	725,362,900	725,362,900
Basic earnings per share	0.09	0.06

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 2018 and 31 March 2017, hence the diluted earnings per share is the same as the basic earnings per share.

26. Consolidated expenses by nature

	31 March 2018	31 March 2017
Cost of goods sold	604,433,364	419,609,513
Distribution cost	104,664,970	104,224,603
General and administrative expenses	63,935,820	46,317,476
	773,034,154	570,151,592
Raw materials used	484,455,259	303,897,145
Salaries and wages	108,104,854	93,208,372
Advertising and marketing	43,658,183	55,348,108
Depreciation	34,837,145	26,416,451
Other Expenses	22,280,058	12,808,434
Employee benefits	23,669,282	14,480,745
Gas, oil, water and electricity	16,670,044	12,060,905
Vehicle expense	8,667,875	6,534,379
Rent	11,296,861	7,045,312
Transportation expenses	7,299,267	5,001,912
Maintenance	5,319,114	5,164,732
Consumable materials	4,966,337	3,098,319
Purchases – goods for resale	1,809,875	23,742,563
Collection commission	-	1,344,215
	773,034,154	570,151,592

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Sales	435,989	351,104	268,651	146,464	70,122	66,116	68,243	38,602	40,098	40,147	2,973	13	886,076	642,446
Gross Profit	156,429	129,843	72,967	40,691	19,497	20,705	21,145	15,847	10,432	15,748	1,172	3	281,642	222,837
Operating profit	87,519	57,899	6,978	9,885	7,881	(2,402)	7,818	997	4,461	9,052	726	1	115,381	75,432
Finance Cost	(16,794)	(14,770)	(10,348)	(6,161)	(2,701)	(2,781)	(2,629)	(1,624)	(1,545)	(1,689)	(114)	-	(34,130)	(27,025)
Finance income	3,998	5,404	2,463	2,254	643	1,018	626	594	368	618	27	-	8,125	9,888
Income Tax	(16,501)	(8,025)	-	(1,096)	(1,286)	-	(1,284)	(35)	(725)	(1,301)	(141)	-	(19,937)	(10,457)
Net Profit	58,222	40,508	(907)	4,882	4,537	(4,165)	4,531	(68)	2,559	6,680	498	1	69,439	47,838

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

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

28. Key management compensation

During the period ended 31 March 2018, the group paid an amount of LE 21,082,664 as salaries to the key management members (31 March 2017: LE 19,768,627).

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 37,453,365 as at 31 March 2018 (31 December 2017: LE 97,075,842).

(2) Digma for Trading Company

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

At 31 March 2018, the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 1,311,778 as at 31 March 2018 (31 December 2017 : LE 1,295,821).

(3) Edita Confectionary Industries Company

At 31 March 2018 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 2018 amounted to LE 1,936,757 (31 December 2017: LE 1,275,831)

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.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 2013-2017 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 2017 the tax inspection has not been performed and the company is submitting the quarterly tax return on due time to the Tax Authority.

c) Sales tax

The sales tax inspection was performed till 31 December 2015 and tax due was paid.

For the years 2016 and 2017 the tax inspection has not been performed and the monthly tax return were submitted on due time.

d) Stamp duty tax

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

Digma for Trading Company

a) Corporate tax

The Company is subject to the corporate income tax according to tax law 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 2014 the tax inspection was performed and the difference was sent to internal committee.
- For the years from 2015 to 2017 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 2017 the Company submitted its quarter tax returns to Tax Authority on due dates.

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

(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 2015 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2016-2017 the Company submits its monthly sales tax return on due date.

d) Stamp tax

- The tax inspection was performed for the 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 2014 and the difference were sent to internal committee to study.
- For the years from 2015 to 2017 the Company paid the tax due.

Edita Confectionary Industries Company

a) Corporate tax

- The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and 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 from year 2015 to year 2017 and the Company submitted its tax returns to Tax Authority on due dates.

b) Payroll Tax

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

c) Sales Tax

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

d) Stamp Tax

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

EDITA FOOD INDUSTRIES (S.A.E.)

Notes to the consolidated financial statements For the three months period ended 31 March 2018

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

30. Financial instrument by category

		31 March 2018	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (excluding prepayments)*		41,543,447	41,543,447
Cash and cash equivalents		64,831,786	64,831,786
Treasury bills		188,975,361	188,975,361
Total		295,350,594	295,350,594
		31 March 2018	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Borrowings*		807,956,182	807,956,182
Trade and other payables (excluding non-financial liabilities)**		381,838,793	381,838,793
Bank overdraft		79,187,202	79,187,202
Total		1,268,982,177	1,268,982,177
		31 December 2017	
		Loans & receivables	Total
Assets as per statement of financial position			
Trade and other receivables (non-financial assets)*		37,308,334	37,308,334
Cash and cash equivalents		35,991,510	35,991,510
Treasury bills		180,588,821	180,588,821
Total		253,888,665	253,888,665
		31 December 2017	
		Other financial liabilities at amortised costs	Total
Liabilities as per statement of financial position			
Borrowings*		826,944,229	826,944,229
Trade and other payables (excluding non-financial liabilities)**		334,872,610	334,872,610
Bank overdraft		96,121,849	96,121,849
Total		1,257,938,688	1,257,938,688

* 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, advances to suppliers and taxes.

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