

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

**REVIEW REPORT AND CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS FOR THE SIX MONTHS  
PERIOD ENDED 30 JUNE 2016**

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

### **Consolidated Interim financial statements – For Six the months ended 30 June 2016**

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## Review report

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

### Introduction

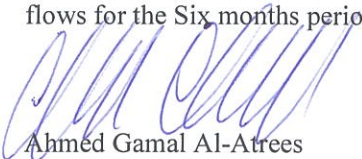
We have reviewed the accompanying consolidated interim financial statements of Edita Food Industries (S.A.E.) and its Subsidiaries "The Group" represented in the consolidated statement of financial position as of 30 June 2016 and the related Consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the Six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these 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 limited review.

### Scope of limited review

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

### Conclusion

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

  
Ahmed Gamal Al-Atrees  
R.A.A. 8784  
E.F.S.A. 136  
Mansour & Co. PricewaterhouseCoopers

8 August 2016  
Cairo



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

## Consolidated statement of financial position - As of 30 June 2016

(All amounts in Egyptian Pounds)

	Note	30 June 2016	31 December 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,370,063,396	1,299,529,732
Intangible Assets	6	161,340,092	161,968,712
<b>Total non-current assets</b>		<b>1,531,403,488</b>	<b>1,461,498,444</b>
<b>Current assets</b>			
Inventories	7	142,076,926	140,297,471
Trade and other receivables	8	110,207,727	67,843,179
Treasury bills	9	150,167,995	149,591,114
Cash and cash equivalents (excluding bank overdrafts)	10	140,752,072	313,344,052
<b>Total current assets</b>		<b>543,204,720</b>	<b>671,075,816</b>
<b>Total assets</b>		<b>2,074,608,208</b>	<b>2,132,574,260</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Paid up capital	11	145,072,580	72,536,290
Legal reserve	12	38,947,275	38,947,275
Foreign currency translation reserve		(14,325)	5,568
Retained earnings		966,574,587	1,057,715,965
<b>Total equity attributable to owners of the parent</b>		<b>1,150,580,117</b>	<b>1,169,205,098</b>
Non-controlling interest	13	18,008,386	5,617,437
<b>Total equity</b>		<b>1,168,588,503</b>	<b>1,174,822,535</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans	14	359,585,237	346,217,286
Employee benefit obligations	16	2,102,663	2,533,203
Deferred income tax liabilities	17	103,207,337	94,536,302
<b>Total non-current liabilities</b>		<b>464,895,237</b>	<b>443,286,791</b>
<b>Current liabilities</b>			
Provisions	18	18,824,315	16,000,854
Bank overdraft	19	103,625,450	73,698,428
Trade and other payables	20	202,634,953	255,248,981
Current portion of long-term liabilities	21	116,039,750	145,235,152
Current tax liabilities	22	-	24,281,519
<b>Total current liabilities</b>		<b>441,124,468</b>	<b>514,464,934</b>
<b>Total equity and liabilities</b>		<b>2,074,608,208</b>	<b>2,132,574,260</b>

The accompanying notes on pages 7 to 46 form an integral part of these consolidated interim financial statements.

  
Mr Sherif Fathy  
Vice President - Finance

  
Eng Hani Berzi  
Chairman

Giza, 7 August 2016  
Review report attached

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

## Consolidated statement of profit or loss

For the Six months period ended 30 June 2016

(All amounts in Egyptian Pounds)		The Six months period ended		The three months period ended	
		30 June		30 June	
	Note	2016	2015	2016	2015
Revenue		1,068,306,528	1,043,717,327	550,216,135	514,815,652
Cost of sales	28	(655,327,109)	(639,054,422)	(345,508,314)	(321,111,551)
<b>Gross profit</b>		<b>412,979,419</b>	<b>404,662,905</b>	<b>204,707,821</b>	<b>193,704,101</b>
Other income	23	6,966,627	3,487,361	2,842,614	1,678,588
Distribution cost	28	(158,415,616)	(127,769,069)	(85,208,857)	(63,502,870)
Administrative expenses	28	(85,248,871)	(74,268,429)	(43,932,645)	(36,048,200)
Other (losses) / gains -Net	24	(53,977,792)	4,989,708	(7,673,301)	1,418,242
Finance cost - Net	25	(9,860,609)	(1,202,326)	(7,705,331)	(3,181,324)
<b>Profit before income tax</b>		<b>112,443,158</b>	<b>209,900,150</b>	<b>63,030,301</b>	<b>94,068,537</b>
Income tax expense	26	(25,182,104)	(61,641,300)	(14,937,069)	(27,105,030)
<b>Net profit for the period</b>		<b>87,261,054</b>	<b>148,258,850</b>	<b>48,093,232</b>	<b>66,963,507</b>
<b>Profit is attributable to</b>					
Owners of the parent		85,422,435	146,751,862	47,415,723	66,204,217
Non-controlling interest		1,838,619	1,506,988	677,509	759,290
<b>Net profit for the period</b>		<b>87,261,054</b>	<b>148,258,850</b>	<b>48,093,232</b>	<b>66,963,507</b>
Basic earnings per share	27	0.12	0.20	0.07	0.09
Diluted earnings per share	27	0.12	0.20	0.07	0.09

The accompanying notes on pages 7 to 46 form an integral part of these consolidated interim financial statements.

**EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES****Consolidated statement of comprehensive income  
For the six months period ended 30 June 2016**

(All amounts in Egyptian Pounds)	The Six months period ended 30 June		The three months period ended 30 June	
	2016	2015	2016	2015
<b>Profit for the period</b>	87,261,054	148,258,850	48,093,232	66,963,507
Currency translation differences	(19,893)	1,878	3,611	(3,641)
Assets revaluation surplus	-	(1,200)	-	(600)
<b>income for the period</b>	<b>87,241,161</b>	<b>148,259,528</b>	<b>48,096,843</b>	<b>66,959,266</b>
<b>Attributable to</b>				
Owners of the parent	85,402,542	146,752,540	47,419,334	66,199,976
Non-controlling interest	1,838,619	1,506,988	677,509	759,290
<b>income for the period</b>	<b>87,241,161</b>	<b>148,259,528</b>	<b>48,096,843</b>	<b>66,959,266</b>

The accompanying notes on pages 7 to 46 form an integral part of these consolidated interim financial statements.

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

## **Consolidated statement of changes in equity For the six months period ended 30 June 2016**

(All amounts in Egyptian Pounds)

	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total Owners of the parent	Non- controlling interest	Total owners' equity
<b>Balance at 31 December 2014 and 1 January 2015</b>	<b>72,536,290</b>	<b>31,103,903</b>	<b>3,501</b>	<b>720,134,419</b>	<b>823,778,113</b>	<b>1,966,793</b>	<b>825,744,906</b>
Net Profit for the period	-	-	-	146,751,862	146,751,862	1,506,988	148,258,850
Currency translation differences	-	-	1,878	-	1,878	-	1,878
Assets revaluation reserve	-	-	-	-	-	(1,200)	(1,200)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,878</b>	<b>146,751,862</b>	<b>146,753,740</b>	<b>1,505,788</b>	<b>148,259,528</b>
Dividends distribution for 2014	-	-	-	(21,830,671)	(21,830,671)	-	(21,830,671)
<b>Balance at 30 June 2015</b>	<b>72,536,290</b>	<b>31,103,903</b>	<b>5,379</b>	<b>845,055,610</b>	<b>948,701,182</b>	<b>3,472,581</b>	<b>952,173,763</b>
<b>Balance at 31 December 2015 and 1 January 2016</b>	<b>72,536,290</b>	<b>38,947,275</b>	<b>5,568</b>	<b>1,057,715,965</b>	<b>1,169,205,098</b>	<b>5,617,437</b>	<b>1,174,822,535</b>
Net Profit for the period	-	-	-	85,422,435	85,422,435	1,838,619	87,261,054
Currency translation differences	-	-	(19,893)	-	(19,893)	-	(19,893)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(19,893)</b>	<b>85,422,435</b>	<b>85,402,542</b>	<b>1,838,619</b>	<b>87,241,161</b>
Dividends	-	-	-	-	-	-	-
<b>Total contribution by and distribution to owner's of the parent recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions to legal reserve	-	-	-	-	-	-	-
Bonus share, capital increase	72,536,290	-	-	(72,536,290)	-	-	-
Non controlling interest share in capital increase of subsidiary	-	-	-	-	-	10,552,330	10,552,330
Dividends distribution for 2015	-	-	-	(104,027,523)	(104,027,523)	-	(104,027,523)
<b>Balance at 30 June 2016</b>	<b>145,072,580</b>	<b>38,947,275</b>	<b>(14,325)</b>	<b>966,574,587</b>	<b>1,150,580,117</b>	<b>18,008,386</b>	<b>1,168,588,503</b>

The accompanying notes on pages 7 to 46 form an integral part of these consolidated interim financial statements.

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

## Consolidated statement of cash flows For the six months period ended 30 June 2016

(All amounts in Egyptian Pounds)

	Notes	30 June 2016	30 June 2015
<b><u>Cash flows from operating activities</u></b>			
Profit for the year before income tax		112,443,158	209,900,150
<b>Adjustments for:</b>			
Provisions	24	5,625,002	2,989,092
Interest on lands' installments	25	354,270	565,659
Interest expense	25	24,639,787	13,516,211
Interest income	25	(15,133,448)	(12,879,544)
Depreciation of property, plant and equipment	5	46,653,802	36,112,985
Amortization of Intangible assets	6	628,620	314,310
Provision of slow moving inventory	24	966,891	-
Gain on disposal of property, plant and equipment		(146,748)	(7,658,927)
		<b>176,031,334</b>	<b>242,859,936</b>
Inventories		(2,746,346)	(28,839,301)
Trade and other receivables		(37,429,423)	(11,993,752)
Trade and other payables		(52,973,625)	10,835,096
Provisions used		(2,801,541)	(214,162)
Payments of employee benefit obligations		(430,540)	-
Dividends paid to Company's employees		(22,826,011)	(21,829,993)
<b>Cash inflow from operating activities</b>		<b>56,823,848</b>	<b>190,817,824</b>
Interest paid		(26,310,501)	(13,516,211)
Income tax paid		(45,727,713)	(99,819,310)
<b>Net cash inflow from operating activities</b>		<b>(15,214,366)</b>	<b>77,482,303</b>
<b><u>Cash flows from investing activities</u></b>			
Payment for property, plant and equipment		(117,465,586)	(172,168,956)
Purchase of intangible asset		-	(94,292,984)
Proceeds from sale of property, plant and equipment		424,868	8,322,967
Interest received		16,082,746	14,372,831
Payment for purchase of treasury bills		(148,170,439)	(106,925,000)
Proceeds from sale of treasury bills		146,644,260	106,325,000
<b>Net cash outflow from investing activities</b>		<b>(102,484,151)</b>	<b>(244,366,142)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceed from Non controlling interest		10,552,330	-
Dividends paid to Company's shareholders		(80,841,915)	-
Repayments of borrowings		(166,642,278)	(44,099,934)
Proceeds from borrowings		152,131,271	160,071,614
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(84,800,592)</b>	<b>115,971,680</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(202,499,109)</b>	<b>(50,912,159)</b>
Cash and cash equivalents at beginning of the period		239,645,624	172,883,255
Effect of exchange rate on cash and cash equivalents		(19,893)	-
<b>Cash and cash equivalents at end of the period</b>	10	<b>37,126,622</b>	<b>121,971,096</b>

The accompanying notes on pages 7 to 46 form an integral part of these consolidated interim financial statements.



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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **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.

The Company is located in Sheikh Zayed city- Central Pivot, 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 main shareholders are BERCO Limited which owns 41.815% of the Company's share capital and Bank New York Mellon which owns 23.589% of the Company's share capital, Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 12.975% of the Company's share capital and Africa Samba B.V. which owns 7.5% of the Company's share capital, and other shareholders owning 14.121% of Company's share capital.

These consolidated interim financial statements have been approved by the Chairman and Managing Director on 7 August 2016.

#### **2. Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated interim financial statements are set out below; these policies have been applied consistently, unless otherwise stated.

##### **A. Basis of preparation**

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

The preparation of consolidated interim 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 where assumptions and estimates are significant to the consolidated interim financial statements are disclosed in Note (4).

Egyptian Accounting Standards (EAS) requires management to consider the most recent pronouncements of other standards-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the requirements in EASs dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework when there is no Egyptian Accounting Standards (EAS), or legal requirements that explain the treatment of specific balances and transactions.

The treatment of balances and transactions that had not been considered in Egyptian Accounting Standards (EAS) is subject to the International Financial Reporting Standards (IFRS), till the issuance of Egyptian accounting standards considering the treatments of such balances and transactions.

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **B. Basis of consolidation**

##### **1. Subsidiaries**

Subsidiaries are all entities (including structured) 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.

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 acquiree 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. Acquisition-related costs are expensed as incurred.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

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.

##### **2. Transactions and non-controlling interests**

The Group recognises the transactions with non-controlling interest, which will not result in losing control, in the shareholder's equity. The difference between the fair value of the consideration paid and the carrying value of the subsidiary which related to the purchasing shares recorded in the equity. Also, the group recognize gains and losses from sales to non-controlling interest in the equity.

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **Basis of consolidation (continued)**

##### **3. Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also 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.

#### **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 is in Euro.

The consolidated financial statements are presented in Egyptian Pounds, which is the group's presentation currency.

##### **(2) Transactions and balances**

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

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

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **Foreign currency translation (Continued)**

##### **(3) Group companies**

The results and financial position of all the Group entities that have a functional and presentation currency different from the functional and presentation currency for the consolidated financial statements (none of these currencies are related to hyper inflationary economic) which translated as follows:

- (a) Monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each statement of profit or loss are translated at average exchange rates during the Period (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).
- (c) All resulting translation exchange differences are recognised in other comprehensive income.

#### **D. Property, plant and equipment**

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

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

Estimated useful lives of assets are as follows:

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

Salvage value and useful lives are reviewed and changed if necessary.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset and are recognized as other income or other expenses within the statement of profit or loss.

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

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

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **E. Intangible assets**

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

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

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

- The expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team;
- Typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way;
- Technical, technological, commercial or other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;
- The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level;
- The period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
- Whether the useful life of the asset is dependent on the useful life of other assets of the entity.

#### **F. Impairment of non-financial assets**

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

Intangible assets that have an indefinite useful life (Intangible assets – Trademarks) are not subject to amortisation and are tested annually for impairment. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **Impairment of non-financial assets (continued)**

##### **(2) Non-financial assets have useful life**

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

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

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

#### **G. Inventories**

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

#### **H. Financial assets**

##### **(1) Classification**

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

##### **(a) Loans and receivables**

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

##### **(b) Held to maturity investments**

The group classifies investments 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 period, which would be classified as current assets.

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#### **Financial assets (continued)**

##### **(2) Recognition and derecognition**

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

##### **(3) Measurement**

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 except financial asset at fair value through profit or loss where transaction costs are recognised in the statement of profit or loss.

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

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

##### **(4) Impairment**

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

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

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

#### **I. 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.

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#### **Trade and other receivables (continued)**

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss when a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'in the statement of profit or loss.

#### **J. Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of Six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### **K. Share capital**

Ordinary shares are classified as equity.

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

#### **L. Borrowings**

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

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

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

#### **M. Current and deferred income tax**

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



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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **Current and deferred income tax (continued)**

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

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

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

#### **N. Employee benefits**

##### **(1) Pension obligations**

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

##### **(2) Defined benefit pension plans**

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

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

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

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

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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#### **Employee benefits (continued)**

##### **(3) Profit sharing**

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

#### **O. 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.

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

#### **P. Trade payables**

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

#### **Q. Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the 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.

##### **(1) Sales of goods**

Sales of goods are recognised when a Group entity has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the 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.

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.

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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#### **Revenue recognition (continued)**

##### **(3) Dividend income**

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

##### **(4) Government incentive on export sales**

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

#### **R. Dividend Distribution**

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

#### **S. 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 income on a straight-line period of the lease.

#### **T. Segment reporting**

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

#### **U. Comparative figures**

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

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

### Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016

(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

###### Foreign currency exchange risk

###### (i) Foreign exchange risk

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

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

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

	30 June 2016	31 December 2015
<b>Amounts recognised in profit or loss</b>		
Net foreign exchange (loss) / gain included in other income/other expenses net of tax	(36,837,801)	1,095,862
	<b>(36,837,801)</b>	<b>1,095,862</b>
<b>Net gains recognised in other comprehensive income</b>		
Foreign currency translation reserve net of tax	(19,893)	2,067
	<b>(19,893)</b>	<b>2,067</b>

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

	Assets	Liabilities	Net 30 June 2016	Net 31 December 2015
Euros	23,449,235	(112,481,431)	(89,032,196)	(186,657,909)
US Dollars	18,528,794	(82,302,519)	(63,773,725)	(34,730,182)

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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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

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#### **Financial risk management (continued)**

At 30 June 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been LE 8,903,220 (2015: LE 18,665,791) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 30 June 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the year would have been LE 6,377,373 (2015: LE 3,473,018) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

#### **(ii) Price risk**

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

#### **(iii) Cash flow and fair value interest rate risk**

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

At 30 June 2016, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, post-tax profit for the year would have been LE 465,078 (2015: LE 342,889) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowings at the statement of financial position date with variable interest rate amounted to LE 465,078,162 (31 December 2015: LE 480,905,613).

Overdraft at the statement of financial position on 30 June 2016 amounted to LE 103,625,450 (31 December 2015: LE 73,698,428).

#### **(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

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### Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016

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#### Financial risk management (continued)

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

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

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

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

#### Trade receivables

Counter parties without external credit rating:

	30 June 2016	31 December 2015
Other parties	10,881,351	6,387,918
<b>Total</b>	<b>10,881,351</b>	<b>6,387,918</b>

Outstanding trade receivables are current and not impaired

Cash at bank and short-term bank deposits:

	30 June 2016	31 December 2015
AA	313,257	823,278
A	43,495,267	156,075,388
BBB	76,023,694	137,853,764
B	1,996,850	1,201,037
<b>Total</b>	<b>121,829,068</b>	<b>295,953,467</b>

We had excluded the cash on hand.

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

### Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016

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#### Financial risk management (continued)

##### (C) Liquidity risk

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

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 30 June 2016 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

At 30 June 2016	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	39,609,711	65,883,177	109,074,993	250,510,281
Future interest payments	11,320,924	24,151,105	38,184,369	52,332,133
Trade and other payables	157,503,380	-	-	-
Bank overdraft	103,625,450	-	-	-
Notes payable	40,083,588	-	-	-
<b>Total</b>	<b>352,143,053</b>	<b>90,034,282</b>	<b>147,259,362</b>	<b>302,842,414</b>
<b>At 31 December 2015</b>				
Borrowings	63,735,176	70,953,151	97,684,524	248,532,762
Future interest payments	2,578,269	3,240,990	6,307,605	15,705,858
Trade and other payables	198,171,853	-	-	-
Bank overdraft	73,698,428	-	-	-
Notes payable	45,087,494	10,546,825	-	-
<b>Total</b>	<b>383,271,220</b>	<b>84,740,966</b>	<b>103,992,129</b>	<b>264,238,620</b>

The unused amount of borrowings is amounted to EGP 81,835,919 as of 30 June 2016, also the Group will have future interest payments related to borrowings amounting to LE 125,988,636 (31 December 2015: LE 27,832,722).

##### 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.

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

### Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016

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

#### Financial risk management (continued)

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 borrowings, and long-term notes payables less cash and cash equivalents. Total capital is calculated as equity, plus net debts.

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

	30 June 2016	31 December 2015
Total borrowings and long term notes payable	475,624,987	491,452,438
Bank Overdraft	103,625,450	73,698,428
<b>Total borrowings and loans</b>	<b>579,250,437</b>	<b>565,150,866</b>
Less: Cash and cash equivalents	(140,752,072)	(313,344,052)
<b>Net debt</b>	<b>438,498,365</b>	<b>251,806,814</b>
Total equity	1,168,588,503	1,174,822,535
<b>Total capital</b>	<b>1,607,086,868</b>	<b>1,426,629,349</b>
 <b>Gearing ratio</b>	 <b>27%</b>	 <b>18%</b>

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

#### Loan covenants

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

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

#### ii. Fair value estimation

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



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

### **Notes to the consolidated interim financial statements For the Six months period ended 30 June 2016**

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#### **4. Critical accounting estimates and judgments**

##### **1. Critical accounting estimates and assumptions**

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

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

##### **Fixed assets useful lives**

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

##### **Intangible assets impairment (Trade Mark)**

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

##### **Intangible assets useful life (Knowhow)**

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

##### **Inventory provision**

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

##### **Impairment of trade and other receivables**

The evaluation of the impairment value in accounts and notes receivables is made through monitoring aging of the receivable. The Group management is studying the credit position and the customers' ability to pay their debts falling due within the credit limits granted to them. Impairment is recorded at values of the due amounts on the customers where the Group management determine that their credit position does not allow them to settle their liabilities.

##### **Income tax**

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

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

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

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

## **Notes to the interim consolidated financial statements For the Six months ended 30 June 2016**

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

### **5. Property, plant and equipment**

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
<b>At 1 January 2015</b>								
Cost	62,226,931	358,756,888	467,724,860	130,514,617	39,346,149	46,442,136	197,420,789	1,302,432,370
Accumulated depreciation	-	(42,535,772)	(132,481,461)	(63,583,055)	(22,910,791)	(25,051,641)	-	(286,562,720)
<b>Net book amount</b>	<b>62,226,931</b>	<b>316,221,116</b>	<b>335,243,399</b>	<b>66,931,562</b>	<b>16,435,358</b>	<b>21,390,495</b>	<b>197,420,789</b>	<b>1,015,869,650</b>
<b>Year ended 31 December 2015</b>								
Opening net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Additions	44,487,197	94,541	17,057,231	36,072,030	7,893,495	15,670,686	240,492,430	361,767,610
Depreciation charge	-	(13,706,638)	(28,914,338)	(17,301,950)	(7,678,036)	(9,165,525)	-	(76,766,487)
Disposal Depreciation	-	-	200,543	26,531,920	519,333	2,869,226	-	30,121,022
Disposals	-	(75,478)	(322,961)	(27,647,439)	(528,669)	(2,887,516)	-	(31,462,063)
Transfers from Projects under construction	-	119,313,063	151,186,774	-	11,206,129	198,924	(281,904,890)	-
<b>Closing net book amount</b>	<b>106,714,128</b>	<b>421,846,604</b>	<b>474,450,648</b>	<b>84,586,123</b>	<b>27,847,610</b>	<b>28,076,290</b>	<b>156,008,329</b>	<b>1,299,529,732</b>
<b>At 31 December 2015</b>								
Cost	106,714,128	478,089,014	635,645,904	138,939,208	57,917,104	59,424,230	156,008,329	1,632,737,917
Accumulated depreciation	-	(56,242,410)	(161,195,256)	(54,353,085)	(30,069,494)	(31,347,940)	-	(333,208,185)
<b>Net book amount</b>	<b>106,714,128</b>	<b>421,846,604</b>	<b>474,450,648</b>	<b>84,586,123</b>	<b>27,847,610</b>	<b>28,076,290</b>	<b>156,008,329</b>	<b>1,299,529,732</b>
<b>Year ended 30 June 2016</b>								
Opening net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Additions	-	-	10,996,925	8,927,267	3,861,574	5,538,737	88,141,083	117,465,586
Depreciation charge	-	(9,260,950)	(17,456,790)	(9,239,553)	(5,032,805)	(5,663,704)	-	(46,653,802)
Disposal Depreciation	-	-	-	380,605	451,258	73,088	-	904,951
Disposals	-	-	-	(630,550)	(461,129)	(91,392)	-	(1,183,071)
Transfers from Projects under construction	-	9,839,442	113,448,052	-	8,385,045	1,923,504	(133,596,043)	-
<b>Closing net book amount</b>	<b>106,714,128</b>	<b>422,425,096</b>	<b>581,438,835</b>	<b>84,023,892</b>	<b>35,051,553</b>	<b>29,856,523</b>	<b>110,553,369</b>	<b>1,370,063,396</b>
<b>At 30 June 2016</b>								
Cost	106,714,128	487,928,456	760,090,881	147,235,925	69,702,594	66,795,079	110,553,369	1,749,020,432
Accumulated depreciation	-	(65,503,360)	(178,652,046)	(63,212,033)	(34,651,041)	(36,938,556)	-	(378,957,036)
<b>Net book amount</b>	<b>106,714,128</b>	<b>422,425,096</b>	<b>581,438,835</b>	<b>84,023,892</b>	<b>35,051,553</b>	<b>29,856,523</b>	<b>110,553,369</b>	<b>1,370,063,396</b>

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

## Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

### 6. Intangible assets

	Net Book Value	
	30 June 2016	31 December 2015
A- Intangible assets which have indefinite useful lives	131,480,647	131,480,647
B- intangible assets which have finite useful lives	29,859,445	30,488,065
<b>Balance as of 31 March</b>	<b>161,340,092</b>	<b>161,968,712</b>

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

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

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

	Know How	
	30 June 2016	31 December 2015
<b>Cost</b>		
Opening Balance	31,430,995	-
Additions during the year	-	31,430,995
<b>Balance</b>	<b>31,430,995</b>	<b>31,430,995</b>
<b>Accumulated Amortization</b>		
Opening Balance	(942,930)	-
Amortization expense during the year	(628,620)	(942,930)
<b>Balance</b>	<b>(1,571,550)</b>	<b>(942,930)</b>
<b>Net book value for know how</b>	<b>29,859,445</b>	<b>30,488,065</b>
<b>Net book value for intangible assets (a+b)</b>	<b>161,340,092</b>	<b>161,968,712</b>

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

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#### Intangible assets (continued)

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

The intangible assets in the amount of ten million US Dollars equivalent to LE 68,618,658 paid against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) and the consequences of this acquisition of the trademark in the countries of Egypt, Jordan,

Libya and Palestine these rights do not have a definite time, and on the 16<sup>th</sup> 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.

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 2015 as follows:

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

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

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

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

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### 7. Inventories

	30 June 2016	31 December 2015
Raw and packaging materials	95,443,784	96,827,316
Spare parts	25,191,732	26,436,664
Finished goods	12,351,982	10,177,972
Consumables	7,018,858	5,887,149
Work in process	2,821,112	1,935,464
<b>Total</b>	<b>142,827,468</b>	<b>141,264,565</b>
Less: provision for slow moving and obsolete inventory	(750,542)	(967,094)
<b>Net</b>	<b>142,076,926</b>	<b>140,297,471</b>

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

During the period ended 30 June 2016, there has been a slow moving and obsolete inventory addition amounted to LE 966,891 (Note 24) and utilized amounted to LE 1,183,443.

During the year 2015, there has been a slow moving and obsolete inventory addition amounted to LE 738,482 (Note 24) and utilized amounted to LE 550,388.

#### 8. Trade and other receivables

	30 June 2016	31 December 2015
Trade receivables	10,881,351	6,387,918
Notes receivables	1,311,463	704,561
<b>Total</b>	<b>12,192,814</b>	<b>7,092,479</b>
Provision for impairment of trade and notes receivables	(20,556)	(20,556)
<b>Net trade and notes receivable</b>	<b>12,172,258</b>	<b>7,071,923</b>
Advances to suppliers	64,629,148	43,539,492
Prepaid expenses	13,790,595	4,708,186
Other debit balances	10,183,797	9,861,458
Tax authority – Corporate tax prepayments	4,935,125	-
Deposits with others	3,931,229	2,106,229
Letters of credit	460,290	431,169
Employee loans	80,340	77,787
Accrued revenues	24,945	46,935
<b>Total</b>	<b>110,207,727</b>	<b>67,843,179</b>

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### 9. Treasury bills

	30 June 2016	31 December 2015
Treasury bills par value	151,575,000	151,475,000
Unearned interest	(3,404,561)	(4,830,740)
<b>Amount of treasury bills paid</b>	<b>148,170,439</b>	<b>146,644,260</b>
Interest income recognized to profit or loss	1,997,556	2,946,854
<b>Treasury bills balance</b>	<b>150,167,995</b>	<b>149,591,114</b>

The Group purchased Egyptian treasury bills on 4<sup>th</sup> of May 2016 with par value amounted LE 32,750,000 with an annual interest of 12.5%. These treasury bills are due in 12<sup>th</sup> of July 2016. The total recognized interest income amounted to LE 624,414.

The Group purchased Egyptian treasury bills on 4<sup>th</sup> of May 2016 with par value of LE 35,825,000 with an annual interest of 12.5%. These treasury bills are due on 12<sup>th</sup> of July 2016. The total recognized interest income amounted to LE 683,043.

The Group purchased Egyptian treasury bills on 17<sup>th</sup> of May 2016 with par value of LE 10,000,000 with an annual interest of 9%. These treasury bills are due on 16<sup>th</sup> of August 2016. The total recognized interest income amounted to LE 106,132.

The Group purchased Egyptian treasury bills on 24<sup>th</sup> of May 2016 with par value amounted LE 43,000,000 with an annual interest of 9%. These treasury bills are due in 23<sup>rd</sup> of August 2016. The total recognized interest income amounted to LE 383,764.

The Group purchased Egyptian treasury bills on 24<sup>th</sup> of May 2016 with par value amounted LE 10,000,000 with an annual interest of 9%. These treasury bills are due in 23<sup>rd</sup> of August 2016. The total recognized interest income amounted to LE 89,247.

The Group purchased Egyptian treasury bills on 7<sup>th</sup> of June 2016 with par value amounted LE 20,000,000 with an annual interest of 9%. These treasury bills are due in 6<sup>th</sup> of September 2016. The total recognized interest income amounted to LE 110,956.

#### 10. Cash and cash equivalents (excluding bank overdrafts)

	30 June 2016	31 December 2015
Bank deposits	66,360,840	260,360,840
Cash at banks	55,468,228	35,592,627
Cash on hand	18,923,004	17,390,585
<b>Cash and cash equivalents (excluding bank overdrafts)</b>	<b>140,752,072</b>	<b>313,344,052</b>

The average interest rate on local currency time deposits during 2016 is 9% (2015: 7.5%).

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

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### Cash and cash equivalents (excluding bank overdrafts) (continued)

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

	30 June 2016	31 December 2015
Cash and banks balances	140,752,072	313,344,052
Bank overdraft (Note 19)	(103,625,450)	(73,698,428)
<b>Total</b>	<b>37,126,622</b>	<b>239,645,624</b>

#### 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 by LE 72,536,290 presented in 362,681,450 share (par value LE 0.2 per share) 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%
	<b>362,681,450</b>	<b>72,536,290</b>	<b>100%</b>

On the 30<sup>th</sup> 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 but it is still in process of registration in commercial register

The issued capital amounted to 725,362,900 share (par value LE 0.2 per share) will be distributed as follow:

Shareholders	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	303,308,300	60,661,660	41.815%
EXODER Ltd.	94,113,464	18,822,693	12.975%
Africa Samba B.V.	54,402,234	10,880,447	7.500%
THE BANK OF NEW YORK MELLON	171,108,835	34,221,767	23.589%
Others (Public stocks)	102,430,067	20,486,013	14.121%
	<b>725,362,900</b>	<b>145,072,580</b>	<b>100%</b>

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### 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

					Total	
	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	30 June 2016	31 December 2015
Balance at 1 January	12,271,000	5,000	38,162	(6,696,725)	5,617,437	1,966,793
Capital Increase	10,552,330	-	-	-	10,552,330	-
Non-controlling share in gain of subsidiaries	-	-	-	1,838,619	1,838,619	3,653,048
Asset revaluation reserve	-	-	-	-	-	(2,404)
<b>Balance at</b>	<b>22,823,330</b>	<b>5,000</b>	<b>38,162</b>	<b>(4,858,106)</b>	<b>18,008,386</b>	<b>5,617,437</b>

#### 14. Borrowings

	30 June 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	105,492,925	359,585,237	465,078,162	134,688,327	346,217,286	480,905,613
	<b>105,492,925</b>	<b>359,585,237</b>	<b>465,078,162</b>	<b>134,688,327</b>	<b>346,217,286</b>	<b>480,905,613</b>

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

	30 June 2016	31 December 2015
Balance due within 1 year	92,577,803	120,456,761
Accrued interest	12,915,122	14,231,566
	<b>105,492,925</b>	<b>134,688,327</b>



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

## Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

### Borrowings (continued)

#### 1. Edita Food Industries Company

	30 June 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	13,057,767	-	13,057,767
Second loan	-	-	-	12,645,613	-	12,645,613
Third loan	-	-	-	11,830,743	-	11,830,743
Fourth loan	20,473,175	34,999,970	55,473,145	20,558,670	43,749,965	64,308,635
Fifth loan	36,175,663	106,146,493	142,322,156	34,408,847	115,311,417	149,720,264
Sixth loan	11,827,500	81,000,000	92,827,500	20,438,125	72,000,000	92,438,125
Seventh loan	15,583,592	121,768,010	137,351,602	162,383	89,431,939	89,594,322
	<b>84,059,930</b>	<b>343,914,473</b>	<b>427,974,403</b>	<b>113,102,148</b>	<b>320,493,321</b>	<b>433,595,469</b>

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

	30 June 2016	31 December 2015
Balance due within 1 year	72,282,564	100,161,521
Accrued interest	11,777,366	12,940,627
<b>Total</b>	<b>84,059,930</b>	<b>113,102,148</b>

- **First loan**

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

- **Second loan:**

This second loan is provided by one of the Egyptian banks in August 2012 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The company paid the last due installments amounted to 11,666,667 in addition accrued interests on 6 June 2016

- **Third loan:**

This third loan is provided by one of the Egyptian banks in May 2013 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The company paid the last due installments amounted to 11,667,000 in addition accrued interests on 18 May 2016.

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 61,250,000 on 30 June 2016 in addition to accrued interest. The loan outstanding balance at 30 June 2016 after payment of due installments amounted to 52,500,000 in addition accrued interests.

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

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#### **Borrowings (continued)**

##### **Terms of payments:**

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 52,500,000 on 6 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 July 2016 and the last on 22 January 2019.

##### **Interest:**

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

##### **Fair value:**

Fair value is approximately equal to book value.

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 86,857,057 plus 5,587,500 USD on 30 June 2016 in addition to accrued interest.

##### **Terms of payments:**

Edita Food Industries S.A.E. is obligated to Pay LE 86,857,057 on 9 equal semi-annual installments; each installment is amounted to LE 9,650,785 In addition. The company is obligated to pay 5,587,500 USD on 9 equal semi-annual installments; each installment is amounted to 620,834 USD.

The first installment is due on 26 December 2016 and the last on 26 June 2020.

##### **Interest:**

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

##### **Fair value:**

Fair value is approximately equal to book value.

- **Sixth loan:**

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

##### **Terms of payments:**

Edita Food Industries S.A.E. is obligated to Pay LE 81,000,000 on 9 equal semi-annual installments; each installment is amounted to LE 9,000,000. The first installment is due on 9 April 2017 and the last on 9 April 2020.

##### **Interest:**

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

##### **Fair value:**

Fair value is approximately equal to book value.

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### Borrowings (continued)

- **Seventh loan:**

This seventh loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and the total withdrawal amount is LE 75,273,318 plus 6,192,335 Euro plus 60,214 USD plus 35,051 GBP on 30 June 2016 in addition to accrued interest. The bank committed to translate the foreign Currency to Egyptian pound as the company is not obligated to pay the loan back in foreign currency.

**Terms of payments:**

Edita Food Industries S.A.E. is obligated to Pay LE 170,000,000 on 11 equal semi-annual instalments; each instalment is amounted to LE 15,455,000, except for the last instalment amounted to LE 15,450,000 the first instalment is due on 19 April 2017 and the last on 18 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

#### (2) Digma for Trading Company

	30 June 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	3,668,773	1,666,666	5,335,439	3,733,704	3,333,334	7,067,038
Second loan	3,605,974	3,333,333	6,939,307	3,637,597	5,000,000	8,637,597
Third loan	7,628,399	10,670,765	18,299,164	7,620,274	14,290,631	21,910,905
Total	14,903,146	15,670,764	30,573,910	14,991,575	22,623,965	37,615,540

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

	30 June 2016	31 December 2015
Balance due within 1 year	14,095,239	14,095,240
Accrued interest	807,907	896,335
	<u>14,903,146</u>	<u>14,991,575</u>

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

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#### **Borrowings (continued)**

- **The First loan**

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

**Terms of payments:**

Digma Trading Company S.A.E. is obligated to pay LE 5,000,000 on 3 equal semi-annual instalment, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The next instalments is due on 1<sup>th</sup> of July 2016 and the last on 15<sup>th</sup> of July 2017.

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **The Second loan**

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

**Terms of payments:**

Digma Trading Company S.A.E. is obligated to pay LE 6,666,667 on 4 equal semi-annual instalments, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalment is due on 20 August 2016 and the last on 20 February 2018.

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **The Third loan**

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

**Terms of payments:**

Digma Trading Company S.A.E. is obligated to pay LE 18,099,338 on 5 equal semi-annual instalments, each instalment is amounted to LE 3,619,867 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on October 2016 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.

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### Borrowings (continued)

##### (3) Edita Confectionery Industries Company

	30 June 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
loan	6,529,849	-	6,529,849	6,594,604	3,100,000	9,694,604
	<u>6,529,849</u>	<u>-</u>	<u>6,529,849</u>	<u>6,594,604</u>	<u>3,100,000</u>	<u>9,694,604</u>

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

	30 June 2016	31 December 2015
Balance due within 1 year	6,200,000	6,200,000
Accrued interest	329,849	394,604
	<u>6,529,849</u>	<u>6,594,604</u>

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

#### Terms of payments:

Edita Confectionary Industries S.A.E. is obligated to pay LE 31,000,000 on 10 equal semi-annual instalments (each instalment is amounted to LE 3,100,000) and the instalments come due after 6 months from the first withdrawal, the next instalment due on October 2016 and the last on 17 April 2017.

#### Interest:

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

#### Fair value:

Fair value is approximately equal to book value.

#### Compliance with debt covenants

As of 30 June 2016, the group has complied with the financial covenants of its borrowing facilities during 2016 and 2015 reporting periods.

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### 15. Long-term notes payable

The long-term loan represents the total instalment for the land purchased from urban communities Authority – Shiekh Zayed City as the last instalment on September 2016.

	<u>30 June 2016</u>		<u>31 December 2015</u>	
	<u>Notes payable</u>	<u>Present value</u>	<u>Notes payable</u>	<u>Present value</u>
<b>Short-term notes payables</b>				
Current portion of long-term notes payables (Note 21)	10,546,825	10,546,825	10,546,825	10,546,825
<b>Total short-term liabilities</b>	<b>10,546,825</b>	<b>10,546,825</b>	<b>10,546,825</b>	<b>10,546,825</b>

The total accrued interest on the loan for the period ended at 30 June 2016 amounting to LE 354,270 (June 2015: LE 565,660) has been charged on the statement of profit or loss as a finance cost (Note 25).

#### 16. Employee Benefit obligations

Employees of the Group 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:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Discount rate	10%	10%
Average salary increase rate	7%	7%
Turnover rate	25%	25%
Life table	49-52	49-52

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

	<u>30 June 2016</u>	<u>31 December 2015</u>
Present value of obligations	2,102,663	2,533,203
<b>Liability at the statement of financial position</b>	<b>2,102,663</b>	<b>2,533,203</b>

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

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

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### Employee Benefit obligations (continued)

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

	30 June 2016	31 December 2015
<b>Present cost of the service</b>		
Accrued service cost	-	2,533,203
<b>Total</b>	<b>-</b>	<b>2,533,203</b>

#### 17. 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:

	Property, plant & equipment and intangible assets	Acquiring Digma Company for Trading	Total
Balance at 1 January 2015	75,367,533	4,056,641	79,424,174
Charge to the statement of income	15,352,551	(240,423)	15,112,128
<b>Balance at 31 December 2015 and 1 January 2016</b>	<b>90,720,084</b>	<b>3,816,218</b>	<b>94,536,302</b>
Charged to the statement of profit or loss	8,791,247	(120,212)	8,671,035
<b>Balance at 30 June 2016</b>	<b>99,511,331</b>	<b>3,696,006</b>	<b>103,207,337</b>

According to the tax system in Egypt, the tax losses may be changed during the tax inspection by the tax authority. Accordingly, the management did not recognize deferred tax assets except the tax profit recognized in the financial period ended as of 30 June 2016.

#### 18. Provisions

	Other provisions	
	30 June 2016	31 December 2015
Balance at 1 January	16,000,854	10,916,700
Additions during the period (Note 24)	5,625,002	5,489,092
Utilized during the period	(2,801,541)	(404,938)
<b>Balance at</b>	<b>18,824,315</b>	<b>16,000,854</b>

Provisions relate 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.

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### 19. Bank overdraft

	<b>30 June 2016</b>	<b>31 December 2015</b>
Bank overdraft	103,625,450	73,698,428
<b>Total</b>	<b>103,625,450</b>	<b>73,698,428</b>

Bank overdraft is an integral part of the Company's cash management. Bank overdraft is secured against guarantees by cross guarantees from the group of shareholders. The effective interest rate for bank overdraft was 12.75 % as of 30 June 2016 (31 December 2015: 11.25%).

#### 20. Trade and other payables

	<b>30 June 2016</b>	<b>31 December 2015</b>
Trade payables	109,364,099	152,325,852
Notes payable	29,536,763	45,087,494
Accrued expenses	35,469,882	37,131,266
Taxes payable	10,811,931	7,952,953
Other credit balances	9,980,757	8,639,617
Advances from customers	2,969,054	2,582,453
Social insurance	2,688,642	75,118
Dividends payable	1,813,825	1,454,228
<b>Total</b>	<b>202,634,953</b>	<b>255,248,981</b>

#### 21. Current portion of long-term liabilities

	<b>30 June 2016</b>	<b>31 December 2015</b>
Short-term loans (Note 14)	105,492,925	134,688,327
Current portion at long-term notes payable (Note 15)	10,546,825	10,546,825
<b>Total</b>	<b>116,039,750</b>	<b>145,235,152</b>



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

## Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

### 22. Current income tax liabilities

	30 June 2016	31 December 2015
Balance at 1 January	24,281,519	81,588,139
Income tax paid during the year	(24,015,547)	(81,088,673)
Withholding tax receivable	(2,192,166)	(3,789,924)
Income tax for the period (Note 26)	16,511,069	80,743,540
Corporate income tax – advance payments	(14,584,875)	(50,850,000)
Accrued interest – advance payments	-	(1,821,563)
Tax adjustments	-	(500,000)
<b>Balance at</b>	<b>-</b>	<b>24,281,519</b>

### 23. Other income

	30 June 2016	30 June 2015
Export incentive	3,250,926	-
Gain from sale of production waste	2,336,937	2,661,613
Other income	1,378,764	825,748
<b>Total</b>	<b>6,966,627</b>	<b>3,487,361</b>

### 24. Other (losses) / gains – Net

	30 June 2016	30 June 2015
Provisions (Note 18)	(5,625,002)	(2,989,092)
Provision for slow moving inventory (Note7)	(966,891)	-
Foreign exchange (Loss) / gains	(47,532,647)	319,873
Gain on sale of property , plant and equipment	146,748	7,658,927
<b>Net</b>	<b>(53,977,792)</b>	<b>4,989,708</b>

**EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES****Notes to the interim consolidated financial statements  
For the Six months ended 30 June 2016**

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

**25. Finance cost, net**

	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>Finance income</b>		
Interest income	15,133,448	12,879,544
	<b>15,133,448</b>	<b>12,879,544</b>
<b>Finance cost</b>		
Interest on land's instalments	(354,270)	(565,659)
Interest expenses	(24,639,787)	(13,516,211)
	<b>(24,994,057)</b>	<b>(14,081,870)</b>
<b>Finance cost – net</b>	<b>(9,860,609)</b>	<b>(1,202,326)</b>

**26. 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.

	<b>30 June 2016</b>	<b>30 June 2015</b>
Income tax for the period (Note 22)	16,511,069	49,415,888
Deferred tax liabilities	8,671,035	12,225,412
<b>Total</b>	<b>25,182,104</b>	<b>61,641,300</b>
<b>Profit before tax</b>	<b>112,443,158</b>	<b>209,900,150</b>
Tax calculated based on applicable tax rates	25,299,711	62,970,045
	<b>25,299,711</b>	<b>62,970,045</b>
Tax effect of non- deductible expenses	1,483,176	896,727
Tax effect of non-taxable revenues	(1,600,783)	(2,225,472)
<b>Income tax expense</b>	<b>25,182,104</b>	<b>61,641,300</b>

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

### Notes to the interim consolidated financial statements For the Six months ended 30 June 2016

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

#### 27. Earnings per share

##### Basic

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

	30 June 2016	30 June 2015
Profit attributed to owners of the parent	87,261,054	148,258,850
Weighted average number of ordinary shares in issue	725,362,900	725,362,900
Ordinary shares		
Basic earnings per share	0.12	0.20

##### Diluted

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

#### 29. Consolidated expenses by nature

	30 June 2016	30 June 2015
Cost of sales	655,327,109	639,054,422
Distribution cost	158,415,616	127,769,069
Administrative expenses	85,248,871	74,268,429
	<b>898,991,596</b>	<b>841,091,920</b>
Raw materials used	497,655,897	523,181,064
Salaries and wages	167,912,786	157,422,454
Advertising and marketing	71,926,128	47,590,149
Depreciation	46,653,835	36,112,985
Employee benefits	21,148,480	17,937,932
Gas, oil, water and electricity	19,565,293	16,409,871
Other Expenses	19,424,788	16,686,284
Rent	17,048,122	14,161,836
Vehicle expense	9,347,428	9,792,569
Transportation expenses	9,276,394	10,219,913
Maintenance	8,920,869	9,128,035
Consumable materials	5,094,870	4,549,136
Collection commission	2,945,318	-
Purchases – goods for resale	1,626,649	2,694,721
Royalty	1,492,245	1,263,169
Amortization of intangible assets	628,620	-
Change in inventory	(1,676,126)	(26,058,198)
	<b>898,991,596</b>	<b>841,091,920</b>

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

## Notes to the consolidated financial statements - For the Six months ended 30 June 2016 (In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

### 30. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Sales	537,079	604,138	356,963	302,810	76,990	46,727	45,279	46,751	47,234	39,244	4,762	4,047	1,068,307	1,043,717
Gross Profit	230,486	237,310	123,474	121,182	24,276	13,921	19,425	20,614	13,647	9,625	1,671	2,011	412,979	404,663
Operating profit	96,393	132,597	29,197	63,181	(11,332)	2,823	4,355	7,836	3,022	3,253	669	1,413	122,304	211,103
Interest expense	(12,566)	(7,709)	(8,352)	(3,864)	(1,801)	(596)	(1,059)	(597)	(1,105)	(1,264)	(111)	(52)	(24,994)	(14,082)
Interest income	7,608	7,455	5,057	3,736	1,091	577	641	577	669	484	67	50	15,133	12,879
Income Tax	(18,496)	(38,866)	(5,239)	(18,517)	-	(823)	(797)	(2,295)	(523)	(726)	(127)	(414)	(25,182)	(61,641)
Net Profit	72,939	93,477	20,663	44,536	(12,042)	1,981	3,140	5,521	2,063	1,747	498	997	87,261	148,259

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

### **Notes to the consolidated financial statements - For the Six months ended 30 June 2016**

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

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#### **31. Related party transactions**

The following transactions were carried out with related parties:

##### **1. Chipita Participation Company**

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

The royalty paid during 2015 amounted to LE 816,096 (30 June 2015: LE 362,500) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 12.97% of Edita Food Industries S.A.E. shares.

##### **2. Key management compensation**

During the period ended March 2016 the group paid an amount of LE 33,711,200 as salaries to the key management members (30 June 2015: LE 36,581,335).

#### **32. Tax position**

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

##### **Corporate tax**

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2010 and all due tax amounts paid.
- For the years 2011-2014 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

##### **Payroll tax**

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

##### **Sales tax**

- The sales tax inspection was performed till 31 December 2012 and tax due was paid.
- For the years 2013, 2014 and 2015 the tax inspection has not been performed and the monthly tax return were submitted on due time.

##### **Stamp duty tax**

- The stamp duty tax inspection was performed till 2006 and company paid tax due.
- Years 2007 till 2009 the company was inspected and the differences are subject to internal committee.
- Years from 2010 till 2015 tax inspection have not been performed.

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

### **Notes to the consolidated financial statements - For the Six months ended 30 June 2016**

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

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#### **Tax position (continued)**

##### **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 period 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 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 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2009 to 2015 the Company submitted its quarter tax returns to Tax Authority on due dates.

###### **c) Stamp tax**

- The tax inspection was performed for the period from the Company's inception until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The tax inspection was performed for the years from 2009 to 2012 and the difference were sent to internal committee to study.
- For the years from 2013 to 2015 the Company paid the tax due.

###### **d) Sales 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.
- The years 2013-2015 the Company submits its monthly sales tax return on due date.

##### **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 company's books have not been inspected yet until the financial statements date for corporate tax.

###### **b) Payroll Tax**

- The payroll tax inspection was performed from 2009 till 2012 and the company is waiting for the tax claims.
- The company hasn't been inspected for the year from 2013 till 2015.

###### **c) Sales Tax**

- The company is being inspected for the sales tax & the company didn't receive any tax claims as of the date of the financial statements.

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

### **Notes to the consolidated financial statements - For the Six months ended 30 June 2016**

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

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#### **Tax position (continued)**

##### **d) Stamp Tax**

- The stamp tax inspection was performed 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 2015.

#### **33. Contingent Liabilities**

##### **(1) Edita Food Industries Company**

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 4,725,322 as at 30 June 2016 (31 December 2015: LE 22,185,404).

##### **(2) Digma for Trading Company**

The Company guarantees Edita Food Industries against third parties in borrowing from one of Egyptian Bank.

At 30 June 2016 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 Nil (31 December 2015: 913,869).

##### **(3) Edita Confectionary Industries Company**

At 30 June 2016 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 30 June 2016 amounted to LE Nil (31 December 2015: LE 1,220,616)

#### **34. Capital Commitments**

The Company has capital commitments as of 30 June 2016 amounted to LE 109,013,039 in respect of the construction of a new factory for Edita Food Industries.

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

## Notes to the consolidated financial statements - For the Six months ended 30 June 2016

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

### 35. Financial instrument by category

		30 June 2016	
		Loans & receivables	Total
<b>Assets as per statement of financial position</b>			
Trade and other receivables (excluding prepayments)*		96,417,132	96,417,132
Cash and cash equivalents		140,752,072	140,752,072
Treasury bills		150,167,995	150,167,995
<b>Total</b>		<b>387,337,199</b>	<b>387,337,199</b>
		30 June 2016	
		Other financial liabilities at amortised costs	Total
<b>Liabilities as per statement of financial position</b>			
Borrowings*		475,624,987	475,624,987
Trade and other payables (excluding non-financial liabilities)		187,040,143	187,040,143
Bank overdraft		103,625,450	103,625,450
<b>Total</b>		<b>766,290,580</b>	<b>766,290,580</b>
		31 December 2015	
		Loans & receivables	Total
<b>Assets as per statement of financial position</b>			
Trade and other receivables (excluding prepayments)*		63,134,993	63,134,993
Cash and cash equivalents		313,344,052	313,344,052
Treasury bills		149,591,114	149,591,114
<b>Total</b>		<b>526,070,159</b>	<b>526,070,159</b>
		31 December 2015	
		Other financial liabilities at amortised costs	Total
<b>Liabilities as per statement of financial position</b>			
Borrowings*		491,452,438	491,452,438
Trade and other payables (excluding non-financial liabilities)		243,259,347	243,259,347
Bank overdraft		73,698,428	73,698,428
<b>Total</b>		<b>808,410,213</b>	<b>808,410,213</b>

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

Trade and other receivables presented above excludes prepaid expenses

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