

**EDITA FOOD INDUSTRIES S.A.E.**

**REVIEW REPORT AND SEPARATE FINANCIAL  
STATEMENTS FOR THE THREE MONTHS PERIOD  
ENDED 31 MARCH 2017  
“IFRS”**

**EDITA FOOD INDUSTRIES S.A.E.**

**Separate financial statements ‘IFRS’ - For the three months period ended 31 March 2017**

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## Review report

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

### Introduction

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

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly in all material respects, the financial position of the company as at 31 March 2017, and of its financial performance and its cash flows for the three months period then ended in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

10 May 2017  
Cairo



**EDITA FOOD INDUSTRIES SAE**

**Separate balance sheet "IFRS" - At 31 March 2017**

(All amounts in Egyptian Pounds)

	Note	31 March 2017	31 December 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,374,327,205	1,222,179,723
Intangible assets	6	162,911,642	162,911,642
Investments in subsidiaries	7	124,476,662	124,476,662
<b>Total non-current assets</b>		<b>1,661,715,509</b>	<b>1,509,568,027</b>
<b>Current assets</b>			
Inventories	8	261,225,934	269,954,315
Trade and other receivables	9	213,086,115	240,444,924
Treasury bills	10	130,264,416	121,183,070
Cash and cash equivalents (excluding bank overdrafts)	11	46,259,530	43,948,439
<b>Total current assets</b>		<b>650,835,995</b>	<b>675,530,748</b>
<b>Total assets</b>		<b>2,312,551,504</b>	<b>2,185,098,775</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans	12	566,525,191	519,071,057
Deferred tax liabilities	13	70,514,181	63,246,919
Employee benefit obligations	14	2,195,034	1,945,034
<b>Total non-current liabilities</b>		<b>639,234,406</b>	<b>584,263,010</b>
<b>Current liabilities</b>			
Trade and other payables	15	392,968,536	240,983,238
Current tax liabilities	16	-	-
Current portion of long-term liabilities	12	126,518,867	128,287,142
Bank overdraft	17	233,355,383	215,614,352
Provisions	18	14,082,101	14,326,110
<b>Total current liabilities</b>		<b>766,924,887</b>	<b>599,210,842</b>
<b>Total liabilities</b>		<b>1,406,159,293</b>	<b>1,183,473,852</b>
<b>Net assets</b>		<b>906,392,211</b>	<b>1,001,624,923</b>
<b>Equity</b>			
Share capital	19	145,072,580	145,072,580
Legal reserve	20	45,983,202	45,983,202
Retained earnings		715,336,429	810,569,141
<b>Total equity</b>		<b>906,392,211</b>	<b>1,001,624,923</b>

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

  
**Mr Sameh Naguib**  
 Vice President - Finance

  
**Eng Hani Berzi**  
 Chairman

Giza, 10 May 2017  
 Review report attached

**EDITA FOOD INDUSTRIES S.A.E.**

**Separate statement of profit or loss  
For the three months period ended 31 March 2017**

(All amounts in Egyptian Pounds)

	Note	The three months period ended 31 March	
		2017	2016
Revenue	26	495,090,866	435,173,522
Cost of sales		(374,891,427)	(296,597,198)
<b>Gross profit</b>		<b>120,199,439</b>	<b>138,576,324</b>
Distribution cost	26	(42,308,451)	(38,424,525)
Administrative expenses	26	(40,481,948)	(36,731,707)
Other income	21	3,572,787	3,702,217
Other (losses) / gains -net	22	(667,041)	(895,960)
<b>Operating profit</b>		<b>40,314,786</b>	<b>66,226,349</b>
Finance income	23	6,886,155	5,136,943
Finance cost	23	(25,120,003)	(52,714,021)
<b>Finance (cost) - net</b>		<b>(18,233,848)</b>	<b>(47,577,078)</b>
<b>Profit before income tax</b>		<b>22,080,938</b>	<b>18,649,271</b>
Income tax expense	24	(7,267,262)	(5,658,378)
<b>Profit for the Period</b>		<b>14,813,676</b>	<b>12,990,893</b>
<b>Earnings per share (expressed in EGP per share):</b>			
Basic earnings per share	25	0.02	0.02
Diluted earnings per share	25	0.02	0.02

The above separate statement of profit or loss should be read in conjunction with the accompanying notes

**EDITA FOOD INDUSTRIES S.A.E.**

**Separate statement of comprehensive income  
For the three months period ended 31 March 2017**

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(All amounts in Egyptian Pounds)

	<u>31 March 2017</u>	<u>31 March 2016</u>
Profit for the Period	14,813,676	12,990,893
Other comprehensive income for the period	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the Period</b>	<b><u>14,813,676</u></b>	<b><u>12,990,893</u></b>

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

**EDITA FOOD INDUSTRIES S.A.E.**

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

(All amounts in Egyptian Pounds)

	Share capital	Bonus shares under capital increase	Legal reserve	Retained earnings	Total
<b>Balance at 1 January 2016</b>	72,536,290	-	36,268,145	899,251,921	1,008,056,356
Employees dividends accruals (Note 15)	-	-	-	(9,735,259)	(9,735,259)
<b>Total equity at 1 January 2016</b>	72,536,290	-	36,268,145	889,516,662	998,321,097
Profit for the Period	-	-	-	12,990,893	12,990,893
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	12,990,893	12,990,893
Dividends distribution for 2015	-	-	-	(81,032,063)	(81,032,063)
Bonus shares under capital increase	-	72,536,290	-	(72,536,290)	-
	-	72,536,290	-	(153,568,353)	(81,032,063)
<b>Balance at 31 March 2016</b>	72,536,290	72,536,290	36,268,145	748,939,202	930,279,927
<b>Balance at 1 January 2017</b>	145,072,580	-	45,983,202	810,569,141	1,001,624,923
Profit for the Period	-	-	-	14,813,676	14,813,676
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	14,813,676	14,813,676
Dividends distribution for 2016	-	-	-	(110,046,388)	(110,046,388)
<b>Balance at 31 March 2017</b>	145,072,580	-	45,983,202	715,336,429	906,392,211

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

**EDITA FOOD INDUSTRIES S.A.E.**

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

(All amounts in Egyptian Pounds)

	<u>Notes</u>	<u>March 2017</u>	<u>March 2016</u>
Cash generated from / (used in) operations	27	133,239,536	(23,299,801)
Interest paid		(23,029,923)	(12,320,933)
Income tax paid			(875,980)
<b>Net cash inflow / (outflow) operating activities</b>		<b><u>110,209,613</u></b>	<b><u>(36,496,714)</u></b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	5	(171,705,545)	(35,676,291)
Proceeds from sale of property, plant and equipment	5	567,044	246,292
Interest received		7,058,209	5,791,580
Payment for purchase of treasury bills		(128,884,900)	(93,844,519)
Proceeds from sale of treasury bills		119,631,500	92,374,110
<b>Net cash outflow investing activities</b>		<b><u>(173,333,692)</u></b>	<b><u>(31,108,828)</u></b>
<b><u>Cash flows from financing activities</u></b>			
Notes payable payment			
Proceeds from loans		146,993,341	138,845,452
Loans paid		(99,299,202)	(131,583,271)
<b>Net cash inflow financing activities</b>		<b><u>47,694,139</u></b>	<b><u>7,262,181</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b><u>(15,429,940)</u></b>	<b><u>(60,343,361)</u></b>
Cash and cash equivalents at beginning of the period		<u>(171,665,913)</u>	<u>105,835,174</u>
<b>Cash and cash equivalents at end of the period</b>	11	<b><u>(187,095,853)</u></b>	<b><u>45,491,813</u></b>

The above separate statement of cash flow should be read in conjunction with the accompanying notes



## **EDITA FOOD INDUSTRIES S.A.E.**

### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

(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 in 9 July 1996, under the investment Law No. 230 of 1989 which had been replaced by law No. 8 of 1997 and the capital market Law No. 95 of 1992, and is registered in the commercial register under number 692 Cairo.

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

The company provides manufacturing, producing and packing of all food products and producing and packing of juices, jams, readymade food, cakes, pastry, milk products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients.

The main shareholders are BERCO Limited which owns 41.81% of the company's share capital and Bank New York Mellon which owns 25.580% and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 13.065% of the company's share capital and Africa Samba B.V. which owns 7.5% and other shareholder owing 12.040 % of company's share capital.

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

#### **2. Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

###### **I. Compliance with IFRS**

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

###### **II. Historical cost convention**

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

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

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

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#### Basis of preparation (continued)

##### III. New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 31 March 2017:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortization – Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

##### IV. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2017 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

<b>Title of standard</b>	<b>IFRS 9 Financial Instruments</b>
<b>Nature of change</b>	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
<b>Impact</b>	<p>While the company has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.</p> <p>The other financial assets held by the company include:</p> <ul style="list-style-type: none"><li>▪ equity instruments currently classified as AFS for which a FVOCI election is available</li><li>▪ equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under IFRS 9, and</li><li>▪ debt instruments currently classified as held-to-maturity and measured at amortized cost which appear to meet the conditions for classification at amortized cost under IFRS 9.</li></ul> <p>Accordingly, the company does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and have not been changed.</p>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### Basis of preparation (continued)

<b>Title of standard</b>	<b>IFRS 15 Revenue from Contracts with Customers</b>
<b>Mandatory application date/ Date of adoption by company</b>	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 31 December 2016. After that date, the new rules must be adopted in their entirety. The company does not intend to adopt IFRS 9 before its mandatory date.
<b>Nature of change</b>	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
<b>Impact</b>	Accordingly, the company does not expect the new guidance to have a significant impact on the recognition and measurement of revenue.
<b>Mandatory application date/ Date of adoption by company</b>	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the company: 1 January 2018.
<b>Title of standard</b>	<b>IFRS 16 Leases</b>
<b>Nature of change</b>	IFRS 16 was issued in January 31 March 2017. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
<b>Impact</b>	Accordingly, the company does not expect the new guidance to have a significant impact on the recognition and measurement of leasing contracts.
<b>Mandatory application date/ Date of adoption by company</b>	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the company does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **EDITA FOOD INDUSTRIES S.A.E.**

### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

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

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#### **B. Segment reporting**

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

#### **C. Foreign currency translation**

##### **(1) Functional and presentation currency**

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

##### **(2) Transaction and balances**

"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, they are deferred in equity if they are attributable to part of the net investment in foreign operations except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to Loans and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other gains / (losses) – net'.

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

#### **D. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable disclosed as revenue, stated net of discounts, returns and value added taxes. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

## **EDITA FOOD INDUSTRIES S.A.E.**

### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

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

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

**(a) Sales of goods – wholesale**

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

**(b) Interest income**

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

**(c) Dividend income**

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

**(d) Export subsidy**

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

#### **E. Income tax**

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

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

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

## **EDITA FOOD INDUSTRIES S.A.E.**

### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

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

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#### **Income tax (continued)**

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

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

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

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

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

#### **F. Leases**

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

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

#### **G. Impairment of assets**

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

## **EDITA FOOD INDUSTRIES S.A.E.**

### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

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

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#### **H. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the Separate balance sheet, bank overdrafts are shown in current liabilities in the balance sheet.

#### **I. Trade receivables**

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

#### **J. Inventories**

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

#### **K. Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

## **EDITA FOOD INDUSTRIES S.A.E.**

### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

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

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#### **Non-current assets (or disposal groups) held for sale and discontinued operations (continued)**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

#### **L. Financial assets**

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

The company classifies its financial assets in the following categories,

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

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

##### **(2) Reclassification**

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

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

##### **(3) Recognition and derecognition**

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



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

##### **(4) Measurement**

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

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

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

##### **(5) Impairment**

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

##### **Assets carried at amortised cost**

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. As a practical expedient, the company 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.

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

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

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

Land is not depreciated.

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#### **Property, plant and equipment (continued)**

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

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

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

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

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

#### **N. Investments in subsidiaries**

Subsidiaries are all entities (including structured) over which the Company has control. The Company controls an entity when the company 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. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are deconsolidated from the date that control ceases.

#### **O. Intangible assets**

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

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

#### **P. Trade and other payables**

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

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#### **Q. Loans**

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

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

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

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

#### **R. Borrowing costs**

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

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

#### **S. Provisions**

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

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

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

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### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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#### T. Employee benefits

##### i. Short-term obligations

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

##### ii. Post-employment obligation

###### Pension obligations

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

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

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

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

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

The defined benefit plan defines an amount of benefits to be provided in the form of 15 working days payment for each year they had worked for the company for employees who reach the age of ninety, according to the following criteria:

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

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

##### iii. Profit-sharing and bonus plans

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

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

##### **iv. Termination benefits**

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

#### **U. Contributed equity**

Ordinary shares are classified as equity.

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

#### **V. Dividends**

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

#### **W. Earnings per share**

##### **(1) Basic earnings per share**

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

##### **(2) Diluted earnings per share**

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

#### **X. Comparative figures**

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

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### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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#### 3. Financial risk management

##### (1) Financial risk factors

The Company's activities expose it to a variety of financial risks under which it focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

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

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

#### A. Market risk

##### i. Foreign exchange risk

The company 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

##### Exposure

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

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#### Financial risk management (continued)

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

	<u>Assets</u>	<u>Liabilities</u>	<u>Net 31 March 2017</u>	<u>Net 31 December 2016</u>
Euros	159,647	(240,886,861)	(240,827,214)	(248,640,415)
US Dollars	13,194,358	(118,846,966)	(105,652,608)	(158,910,080)

#### Amounts recognised in profit or loss

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

	<u>31 March 2017</u>	<u>31 March 2016</u>
<b>Amounts recognized in profit or loss</b>		
Net foreign exchange loss included in finance cost	(4,098,360)	(43,415,021)
<b>Total</b>	<u>(4,098,360)</u>	<u>(43,415,021)</u>

#### Sensitivity analysis

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

#### *Euro/EGP*

At 31 March 2017, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, profit for the year would have been LE 24,082,721 (31 December 2016: LE 24,864,042) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

#### *USD/EGP*

At 31 March 2017, if the EGP had weakened / strengthened by 10% against the US dollar with all other variables held constant, profit for the year would have been LE 10,565,261 (31 December 2016: LE 15,891,008) lower, mainly as a result of foreign exchange losses on translation of US dollar-denominated assets and liabilities.

#### ii. Price risk

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

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#### Financial risk management (continued)

##### iii. Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term Loans variable rates, which expose the Company to cash flow interest rate risk the company policy is to maintain short term time deposits which are renewed with the applicable interest rate at the time of renewal to offset the changes in the interest rates on Loans. Loans measured at amortized cost with fixed rates do not expose the Company to fair value interest rate risk.

At 31 March 2017, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, profit for the year would have been LE 926,399 (31 December 2016: LE 862,973) lower/higher, mainly as a result of higher/lower interest expense on floating rate Loans.

Borrowing at balance sheet date with variable interest rate amounted to LE 693,044,058 (31 December 2016: LE 647,358,199).

Overdraft at the balance sheet date as of 31 March 2017 amounted to LE 233,355,383 (31 December 2016: LE 215,614,352).

#### B. Credit risk

##### (i) Risk management

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

##### (ii) Security

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

For the wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account its financial position, and their market reputation, past Experience and other factors. Sales of the company are for a major customer (Digma for Trading – company's subsidiary), which represent 92% of total company sales.

##### (iii) Credit quality

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

The maximum exposure to credit risk is the amount of receivables and the intercompany receivable, treasury bills as well as the cash and cash equivalents.



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#### Financial risk management (continued)

##### Trade receivables

Counter parties without external credit rating:

	<u>31 March 2017</u>	<u>31 December 2016</u>
Other parties	10,844,782	16,815,578
<b>Total</b>	<b><u>10,844,782</u></b>	<b><u>16,815,578</u></b>

Outstanding trade receivables are current and not impaired

Cash at bank and short-term bank deposits:

	<u>31 March 2017</u>	<u>31 December 2016</u>
AA	41,704,623	38,563,931
A	1,044,328	3,975,417
BB	2,000,000	-
B	253,200	308,595
<b>Total</b>	<b><u>45,002,151</u></b>	<b><u>42,847,943</u></b>

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

	<u>31 March 2017</u>	<u>31 December 2016</u>
Less than 30 days	10,000,121	13,916,949
From 31 to 60 days	844,661	2,898,629
	<b><u>10,844,782</u></b>	<b><u>16,815,578</u></b>

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

#### C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held deposits at call of EGP 38,560,840 (31 December 2016 – EGP 38,560,840) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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#### Financial risk management (continued)

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 balance sheet ratio targets.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 March 2017 and 31 December 2016 based on contractual payment dates and current interest rates.

<b>At 31 March 2017</b>	<b>Less than 6 month</b>	<b>Between 6 month &amp; 1 year</b>	<b>Between 1 &amp; 2 years</b>	<b>More than 2 years</b>
Loans	57,084,954	57,084,954	166,462,271	400,063,052
Future interest payments	19,742,107	38,203,433	64,463,941	96,448,520
Trade and other payables	336,701,342			
Bank overdraft	233,355,383			
Notes payable	35,839,891			
<b>Total</b>	<b>682,723,677</b>	<b>95,288,387</b>	<b>230,926,212</b>	<b>496,511,572</b>
<b>At 31 December 2016</b>				
Loans	71,322,212	56,964,930	139,816,713	379,254,344
Future interest payments	15,038,625	34,301,952	58,205,640	71,312,725
Trade and other payables	182,128,187	-	-	-
Bank overdraft	215,614,352	-	-	-
Notes payable	31,710,553	-	-	-
<b>Total</b>	<b>515,813,929</b>	<b>91,266,882</b>	<b>198,022,353</b>	<b>450,567,069</b>

The unused amount to Loans is amounted to EGP 80,797,807 as of 31 March 2017 also the Company will have future interest payments related to Loans amounted to EGP 218,858,001 (31 December 2016: LE 178,858,942).

#### (2) Capital management

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

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

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net loan represents all loans and Overdraft, and long-term notes payables less cash and cash equivalents. Total capital is calculated as equity, plus net debts.

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#### Financial risk management (continued)

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

<u>Description</u>	<u>31 March 2017</u>	<u>31 December 2016</u>
Total Loans and long term notes payable	693,044,058	647,358,199
Bank Overdraft	233,355,383	215,614,352
<b>Total Loans and overdraft</b>	<b>926,399,441</b>	<b>862,972,551</b>
Less: Cash and cash equivalents	(46,259,530)	(43,948,439)
<b>Net debt</b>	<b>880,139,911</b>	<b>819,024,112</b>
Total equity	906,392,211	1,001,624,923
<b>Total capital</b>	<b>1,786,532,122</b>	<b>1,820,649,035</b>
<b>Gearing ratio</b>	<b>49%</b>	<b>45%</b>

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

#### Loan covenants

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

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

#### (3) Fair value estimation

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

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### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

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

Estimates and judgments 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.

##### **(1) Critical accounting estimates and assumptions**

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

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

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

###### **Intangible assets impairment (Trade Mark & know how)**

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

###### **Income tax**

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

##### **(2) Critical judgments in applying the company's accounting policies**

In general the application of the company's accounting policies does not require from management the use of personal judgment (except relating to critical accounting estimate and

Judgments "Note 4-1" which might have a major impact on the value recognized at the separate financial statement.

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**5. Property, plant and equipment**

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
<b>At 1 January 2016</b>								
Cost	106,714,128	400,782,735	589,182,422	21,175,588	54,962,981	42,754,551	152,033,287	1,367,605,692
Accumulated depreciation	-	(42,660,204)	(152,511,505)	(11,028,765)	(28,951,299)	(23,762,490)	-	(258,914,263)
<b>Net book amount</b>	<b>106,714,128</b>	<b>358,122,531</b>	<b>436,670,917</b>	<b>10,146,823</b>	<b>26,011,682</b>	<b>18,992,061</b>	<b>152,033,287</b>	<b>1,108,691,429</b>
<b>Year ended 31 December 2016</b>								
Opening net book amount	106,714,128	358,122,531	436,670,917	10,146,823	26,011,682	18,992,061	152,033,287	1,108,691,429
Additions	14,194,132	-	14,756,314	3,425,492	8,295,728	6,918,101	139,370,352	186,960,119
Depreciation charge	-	(16,254,935)	(34,194,971)	(2,974,379)	(10,347,353)	(8,063,149)	-	(71,834,787)
Disposal Depreciation	-	-	1,480,969	1,703,768	826,086	355,956	-	4,366,779
Disposals	-	-	(2,454,633)	(2,339,490)	(842,344)	(367,350)	-	(6,003,817)
Transfers from Projects under construction	-	13,524,840	133,794,477	-	11,898,408	924,199	(160,141,924)	-
<b>Closing net book amount</b>	<b>120,908,260</b>	<b>355,392,436</b>	<b>550,053,073</b>	<b>9,962,214</b>	<b>35,842,207</b>	<b>18,759,818</b>	<b>131,261,715</b>	<b>1,222,179,723</b>
<b>At 31 December 2016</b>								
Cost	120,908,260	414,307,575	735,278,580	22,261,590	74,314,773	50,229,501	131,261,715	1,548,561,994
Accumulated depreciation	-	(58,915,139)	(185,225,507)	(12,299,376)	(38,472,566)	(31,469,683)	-	(326,382,271)
<b>Net book amount</b>	<b>120,908,260</b>	<b>355,392,436</b>	<b>550,053,073</b>	<b>9,962,214</b>	<b>35,842,207</b>	<b>18,759,818</b>	<b>131,261,715</b>	<b>1,222,179,723</b>
<b>Period ended 31 March 2017</b>								
Opening net book amount	120,908,260	355,392,436	550,053,073	9,962,214	35,842,207	18,759,818	131,261,715	1,222,179,723
Additions	-	-	1,568,618	354,410	1,245,507	220,274	168,316,736	171,705,545
Depreciation charge	-	(4,143,076)	(9,128,623)	(761,124)	(3,020,061)	(2,227,344)	-	(19,280,228)
Disposal Depreciation	-	-	-	1,253,906	87,706	-	-	1,341,612
Disposals	-	-	-	(1,530,650)	(88,797)	-	-	(1,619,447)
Transfers from Projects under construction	-	-	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>120,908,260</b>	<b>351,249,360</b>	<b>542,493,068</b>	<b>9,278,756</b>	<b>34,066,562</b>	<b>16,752,748</b>	<b>299,578,451</b>	<b>1,374,327,205</b>
<b>At 31 March 2017</b>								
Cost	120,908,260	414,307,575	736,847,198	21,085,350	75,471,483	50,449,775	299,578,451	1,718,648,092
Accumulated depreciation	-	(63,058,215)	(194,354,130)	(11,806,594)	(41,404,921)	(33,697,027)	-	(344,320,887)
<b>Net book amount</b>	<b>120,908,260</b>	<b>351,249,360</b>	<b>542,493,068</b>	<b>9,278,756</b>	<b>34,066,562</b>	<b>16,752,748</b>	<b>299,578,451</b>	<b>1,374,327,205</b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### Property, plant and equipment (continued)

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

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

The project under construction represents the following Categories:

	<b>31 March 2017</b>	<b>31 December 2016</b>
Buildings	207,540,010	104,158,199
Machinery and equipment	72,117,807	10,623,145
Tools and equipment	3,880,966	997,536
Technical and other installations	16,039,668	15,482,835
	<b>299,578,451</b>	<b>131,261,715</b>

#### Cash flow statement

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

	<b>31 March 2017</b>	<b>31 March 2016</b>
Net book value of the assets disposed	277,835	167,252
Gain on sale of property , plant and equipment	289,209	79,040
	<b>567,044</b>	<b>246,292</b>

**EDITA FOOD INDUSTRIES S.A.E.**

**Notes to the separate financial statements “IFRS”  
For the three months period ended 31 March 2017**

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

**6. Intangible assets**

	<b>Net Book Value</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
A- Trademark	131,480,647	131,480,647
B- Know how	31,430,995	31,430,995
<b>Balance as of</b>	<b>162,911,642</b>	<b>162,911,642</b>

**A. Trademark**

	<b>Trade Mark (HOHOS, Twinkies &amp; Tiger Tail)</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
<b>Cost</b>		
Opening Balance	131,480,647	131,480,647
<b>Balance as of</b>	<b>131,480,647</b>	<b>131,480,647</b>

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 31 December 2016 the Company had signed a new contract for the expanding the scope of the rights to the trademarks (Hohos, Twinkies, and Tiger Tail) to include Algeria, Bahrain,, Iraq,, Kuwait, , Lebanon, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, United Arab Emirates and this trademarks have infinite useful lives, and the this is against USD 8 Million equivalent to EGP 62,861,989.

**B. Know how**

	<b>Know How</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
<b>Cost</b>		
Opening Balance	31,430,995	31,430,995
<b>Balance as of</b>	<b>31,430,995</b>	<b>31,430,995</b>
<b>Accumulated Amortization</b>		
Opening Balance	-	(942,930)
Amortization expense during the year	-	942,930
<b>Balance as of</b>	<b>-</b>	<b>-</b>
<b>Net book value for know how</b>	<b>31,430,995</b>	<b>31,430,995</b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

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#### Intangible assets (continued)

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

#### Impact of change in accounting policy in 31 December 2016

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

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 Company when testing the impairment of intangible assets as of 31 December 2016 as follows:

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



## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

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#### Intangible assets (continued)

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

#### Sensitivity of recoverable amounts

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

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

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

#### 7. Investments in subsidiaries

Cost of investments	Country of Incorporation	% Interest held	31 March 2017	31 December 2016
Digma for Trading Company	Egypt	99.80%	44,939,638	44,939,638
Edita Confectionary Industries	Egypt	77.71%	79,523,000	79,523,000
Edita Participation Ltd	Cyprus	100%	14,024	14,024
<b>Balance</b>			<b>124,476,662</b>	<b>124,476,662</b>

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

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### 8. Inventories

	<u>31 March 2017</u>	<u>31 December 2016</u>
Raw and packaging materials	218,291,081	231,816,353
Spare parts	26,729,085	24,780,241
Consumables	6,017,699	6,322,670
Finished goods	5,695,155	4,379,862
Work in process	4,831,484	2,903,228
<b>Total</b>	<b>261,564,504</b>	<b>270,202,354</b>
Less: provision for slow moving and obsolete inventory	(338,570)	(248,039)
<b>Net</b>	<b>261,225,934</b>	<b>269,954,315</b>

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

During the period ended 31 March 2017, there has been a slow moving and obsolete inventory addition amounted to LE 206,250 (31 March 2016: LE 225,000) (Note 22) and utilized amounted to LE 115,719 (31 March 2016: LE 718,983).

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 288,338,888 as of 31 March 2017 (31 March 2016: LE 224,208,140).

#### 9. Trade and other receivables

	<u>31 March 2017</u>	<u>31 December 2016</u>
Due from related parties (Note 28)	67,582,808	71,654,958
Advances to suppliers	96,493,718	118,721,345
Other debit balances	3,886,886	4,275,481
Tax authority – Corporate tax prepayments	15,887,993	14,464,879
Prepaid expenses	11,050,598	8,877,666
Trade receivables	10,844,782	16,815,578
Deposits with others	6,767,177	4,892,177
Letters of credit	409,838	549,237
Employee loans	110,428	128,524
Accrued income	51,887	65,079
<b>Total</b>	<b>213,086,115</b>	<b>240,444,924</b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### 10. Treasury bills

	<u>31 March 2017</u>	<u>31 December 2016</u>
Treasury bills par value	135,000,000	125,000,000
Unearned interest	(6,115,100)	(5,368,500)
<b>Amount of treasury bills paid</b>	<b>128,884,900</b>	<b>119,631,500</b>
Interest income recognized to profit or loss	1,379,516	1,551,570
<b>Treasury bills balance</b>	<b>130,264,416</b>	<b>121,183,070</b>

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

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

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

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

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

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

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

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

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

**EDITA FOOD INDUSTRIES S.A.E.**

**Notes to the separate financial statements "IFRS"  
For the three months period ended 31 March 2017**

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

**11. Cash and cash equivalents (excluding bank overdrafts)**

	<u>31 March 2017</u>	<u>31 December 2016</u>
Bank deposits	38,560,840	38,560,840
Cash at banks	6,441,311	4,287,103
Cash on hand	1,257,379	1,100,496
<b>Cash and Cash equivalents (excluding bank overdrafts)</b>	<b><u>46,259,530</u></b>	<b><u>43,948,439</u></b>

The average interest rate on local currency time deposits during the year ended as of 31 March 2017 is 12.5% (31 December 2016: 12.5%),

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

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

	<u>31 March 2017</u>	<u>31 December 2016</u>
Cash on hand and at banks	46,259,530	43,948,439
Bank overdraft (Note 17)	(233,355,383)	(215,614,352)
<b>Total</b>	<b><u>(187,095,853)</u></b>	<b><u>(171,665,913)</u></b>

**12. Loans**

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

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

	<u>31 March 2017</u>	<u>31 December 2016</u>
Balance due within 1 year	114,169,865	113,929,860
Accrued interest	12,349,002	14,357,282
<b>Total</b>	<b><u>126,518,867</u></b>	<b><u>128,287,142</u></b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

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#### Loans (continued)

- **First loan:**

This first loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 on 31 March 2017 in addition to accrued interest. The loan outstanding balance at 31 March 2017 after payment of due installments amounted to 35,000,000 in addition accrued interests.

**Terms of payments:**

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

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **Second loan:**

This second loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 86,857,057 plus 5,587,500 USD on 31 March 2017. The loan outstanding balance at 31 March 2017 after payment of due installments amounted to LE 67,555,487 and 4,345,832USD in addition accrued interests.

**Terms of payments:**

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

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

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **Third loan:**

This third loan is provided by one of the Egyptian banks on April 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 90,000,000. The loan outstanding balance at 31 March 2017 amounted to LE 90,000,000 in addition accrued interests.

**Terms of payments:**

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

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

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#### Loans (continued)

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 202,234,888 and the total withdrawal amount is LE 102,456,269 plus 4,930,194 Euro plus 60,214 USD plus 90,208 GBP on 31 March 2017 in addition to accrued interest. The bank committed to translate the foreign Currency to Egyptian pound as the company is not obligated to pay the loan back in foreign currency.

**Terms of payments:**

Edita Food Industries S.A.E. is obligated to Pay LE 202,234,888 on 11 equal semi-annual instalments; each instalment is amounted to LE 18,384,990 the first instalment is due on 19 April 2017 and the last on 19 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2016 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and 6,000,000 Euro. The total withdrawal amount is LE 158,865,569 plus 2,446,000 Euro on 31 March 2017 in addition to accrued interest.

**Terms of payments:**

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

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

**EDITA FOOD INDUSTRIES S.A.E.**

**Notes to the separate financial statements "IFRS"  
For the three months period ended 31 March 2017**

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

**13. Deferred tax liabilities**

	Fixed assets depreciation	Unrealized foreign exchange loss	Net deferred tax liabilities	
			31 March 2017	31 December 2016
<b>A. <u>Deferred tax assets</u></b>				
Opening balance	-	33,608,041	33,608,041	-
Charged to statement of profit or loss	-	(5,480,491)	(5,480,491)	33,608,041
<b>Ending balance</b>	<b>-</b>	<b>28,127,550</b>	<b>28,127,550</b>	<b>33,608,041</b>
<b>B. <u>Deferred tax liabilities</u></b>				
Opening balance	(96,854,960)	-	(96,854,960)	(75,912,565)
Charged to statement of profit or loss	(1,786,771)	-	(1,786,771)	(20,942,395)
<b>Ending balance</b>	<b>(98,641,731)</b>	<b>-</b>	<b>(98,641,731)</b>	<b>(96,854,960)</b>
<b>Net deferred tax liabilities</b>	<b>(98,641,731)</b>	<b>28,127,550</b>	<b>(70,514,181)</b>	<b>(63,246,919)</b>
Opening balance	(96,854,960)	33,608,041	(63,246,919)	(75,912,565)
Charged to statement of profit or loss	(1,786,771)	(5,480,491)	(7,267,262)	12,665,646
<b>Ending Balance</b>	<b>(98,641,731)</b>	<b>28,127,550</b>	<b>(70,514,181)</b>	<b>(63,246,919)</b>

**14. Employee Benefit obligations**

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

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

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

	31 March 2017	31 December 2016
Present value of obligations	2,195,034	1,945,034
<b>Liability at the balance sheet</b>	<b>2,195,034</b>	<b>1,945,034</b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### Employee benefit obligation (continued)

Movement in the liability recognized in the balance sheet:

	<u>31 March 2017</u>	<u>31 December 2016</u>
Balance at beginning of the year	1,945,034	2,533,203
Additions during year	250,000	-
Paid during the year	-	(588,169)
<b>Balance at end of the year</b>	<b><u>2,195,034</u></b>	<b><u>1,945,034</u></b>

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

	<u>31 March 2017</u>	<u>31 March 2016</u>
<b>Present cost of the service</b>		
Accrued service cost	250,000	-
<b>Total</b>	<b><u>250,000</u></b>	<b><u>-</u></b>

#### 15. Trade and other payables

	<u>31 March 2017</u>	<u>31 December 2016</u>
Dividends payable	110,171,537	1,475,149
Due to related parties (Note 28)	39,418,090	2,813,741
Trade payables	102,419,456	114,814,639
Notes payable	35,839,891	31,710,553
Accrued expenses *	64,795,213	52,558,493
Other credit balances	19,897,046	10,466,165
Advances from customers	1,543,023	2,360,845
Taxes payable	18,809,162	24,708,535
Social insurance	75,118	75,118
<b>Total</b>	<b><u>392,968,536</u></b>	<b><u>240,983,238</u></b>

\* An accrued expense related to employees profit sharing related to the years from 2011 up to 2015 was not recorded as it considered immaterial at that time. This amount reached EGP 9,735,259 According to the independent auditor view, this amount has to be recorded in retained earnings and accruals according to IFRS.

Trade payables are unsecured and are usually paid within an average of 45 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.



## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### 16. Current income tax liabilities

	<u>31 March 2017</u>	<u>31 December 2016</u>
Balance at 1 January	-	15,531,819
Income tax paid during the year	-	(15,270,100)
Withholding tax receivable	-	(3,042,543)
Income tax for the year	-	21,737,979
Corporate income tax – advances	-	(16,725,121)
Accrued interest – advances	-	(2,232,034)
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>

#### 17. Bank overdraft

	<u>31 March 2017</u>	<u>31 December 2016</u>
Bank overdraft (Note 11)	233,355,383	215,614,352
<b>Total</b>	<b>233,355,383</b>	<b>215,614,352</b>

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

#### 18. Provisions

	<u>31 March 2017</u>	<u>31 December 2016</u>
Balance at 1 January	14,326,110	11,847,384
Charged during the period / year (Note 22)	500,000	3,478,726
Utilized during the period / year	(744,009)	(1,000,000)
<b>Balance at end of the period / year</b>	<b>14,082,101</b>	<b>14,326,110</b>

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

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### 19. 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 after trading distributed on 362,681,450 share (par value LE 0.2 per share) are shown as follows:

	<u>No. of shares</u>	<u>Shares value</u>	<u>Percentage of ownership</u>
BERCO Ltd.	151,654,150	30,330,830	41.815%
EXODER Ltd.	47,056,732	9,411,346	12.975%
Africa Samba Corporative	54,402,233	10,880,447	15.000%
Others ( Public stocks)	109,568,335	21,913,667	30.210%
	<u>362,681,450</u>	<u>72,536,290</u>	<u>100%</u>

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 financial from the net profit for the year ended 31 December 2015 distributed as a free share for each original share which has been registered in commercial register on 9 May 2016.

The issued and paid up capital amounted to LE 145,072,580 presented in 725,362,900 share (per value LE 0.2 per share) will be distributed as follows:

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

#### 20. Legal reserve

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

**EDITA FOOD INDUSTRIES S.A.E.****Notes to the separate financial statements "IFRS"  
For the three months period ended 31 March 2017**

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

**21. Other income**

	<u>31 March 2017</u>	<u>31 March 2016</u>
Export subsidiaries	2,675,343	1,954,549
Gain from sales of production waste	772,194	1,150,648
Others	125,250	597,020
<b>Total</b>	<b><u>3,572,787</u></b>	<b><u>3,702,217</u></b>

**22. Other gains / (losses) - net**

	<u>31 March 2017</u>	<u>31 March 2016</u>
Provisions (Note 18)	(500,000)	(750,000)
Provision for slow moving inventory	(206,250)	(225,000)
<b>Total</b>	<b><u>(706,250)</u></b>	<b><u>(975,000)</u></b>
Gain from sales of fixed assets	289,209	79,040
<b>Total</b>	<b><u>289,209</u></b>	<b><u>79,040</u></b>
<b>Other gains / (losses) - net</b>	<b><u>(417,041)</u></b>	<b><u>(895,960)</u></b>

**23. Finance cost - Net**

	<u>31 March 2017</u>	<u>31 March 2016</u>
<b>Finance income</b>		
Interest income	6,886,155	5,136,943
	<b>6,886,155</b>	<b>5,136,943</b>
<b>Finance expense</b>		
Interest expense	(21,021,643)	(9,122,790)
Interest on land installments	-	(177,135)
Foreign exchange losses	(4,098,360)	(43,415,021)
	<b><u>(25,120,003)</u></b>	<b><u>(52,714,946)</u></b>
<b>Finance cost -- net</b>	<b><u>(18,233,848)</u></b>	<b><u>(47,578,003)</u></b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### 24. Income tax expense

The Company is subject to the corporate income tax according to tax law No. 91 of 2005 and its amendments of tax law No. 96 of 31 December 2016.

	<u>31 March 2017</u>	<u>31 March 2016</u>
Income tax for the period	-	1,233,011
Deferred tax expense	7,267,262	4,425,367
<b>Total</b>	<b><u>7,267,262</u></b>	<b><u>5,658,378</u></b>
<b>Profit before tax</b>	<b>22,080,938</b>	<b>18,648,346</b>
Tax calculated based on applicable tax rates	4,968,211	4,195,878
<b>Tax value</b>	<b><u>4,968,211</u></b>	<b><u>4,195,878</u></b>
Tax effect of non-deductible expenses	2,299,051	1,462,500
<b>Income tax expense</b>	<b><u>7,267,262</u></b>	<b><u>5,658,378</u></b>

#### 25. Earnings per share

##### Basic

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

	<u>31 March 2017</u>	<u>31 March 2016</u>
<b>Profit for the period</b>	<b>14,813,676</b>	<b>12,989,968</b>
<b>Weighted average number of ordinary shares in issue</b>		
Original shares	725,362,900	725,362,900
	<b><u>725,362,900</u></b>	<b><u>725,362,900</u></b>
<b>Basic earnings per share</b>	<b><u>0.02</u></b>	<b><u>0.02</u></b>

##### 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.

**EDITA FOOD INDUSTRIES S.A.E.****Notes to the separate financial statements "IFRS"  
For the three months period ended 31 March 2017**

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

**26. Expenses by nature**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Cost of goods sold	374,891,427	296,597,198
Selling and marketing	42,308,451	38,424,525
General and administrative expenses	40,481,948	36,731,707
	<b>457,681,826</b>	<b>371,753,430</b>
Raw and packaging materials used	288,338,888	224,241,093
Salaries and wages	57,408,563	50,060,374
Advertising expense	37,997,461	27,997,563
Depreciation	19,280,228	16,122,940
Miscellaneous and other expense	10,944,159	8,923,192
Fuel, oil, water and electricity	9,800,038	8,280,325
Employees benefits	8,555,712	6,431,157
Company share in social insurance	6,003,112	5,337,694
Transportation expense	4,331,812	4,308,468
Maintenance	4,155,162	3,339,961
Consumables	2,742,036	2,405,052
Vehicle expense	527,996	436,218
Rent expense	111,870	6,536,904
Royalty	-	865,442
Employee profit share	7,484,789	6,500,000
<b>Total cost of sales, distribution costs, and administrative expenses</b>	<b>457,681,826</b>	<b>371,753,430</b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### 27. Cash generated from operations

	<u>31 March 2017</u>	<u>31 March 2016</u>
Profit for the period before income tax	22,080,938	18,648,346
<b>Adjustments for:</b>		
Provisions	500,000	750,000
Provision for employee benefit obligations	250,000	-
Interest on lands' installment	-	177,135
Interest expenses	21,021,643	9,122,790
Interest income	(6,886,155)	(5,136,943)
Depreciation of property, plant and equipment	19,280,228	16,122,940
Amortization of Intangible assets	-	314,310
Gain on sale of property, plant and equipment	(289,209)	(79,040)
Provision of slow moving inventory	206,250	225,000
<b>Operating profits before changes in working capital</b>	<b><u>56,163,695</u></b>	<b><u>40,144,538</u></b>
<b><u>Change in working capital</u></b>		
Inventories	8,522,131	4,172,673
Trade and other receivables	27,358,809	(6,400,054)
Trade and other payables	41,938,910	(61,216,958)
Provisions used	(744,009)	-
<b>Cash generated from (used in) operations</b>	<b><u>133,239,536</u></b>	<b><u>(23,299,801)</u></b>

#### 28. Related party transactions

The following transactions were carried out with related parties:

##### 1. Edita Confectionary Industries

Edita Confectionary Industries produce all kinds of sweets, jelly and gum and the transactions of finance during the period ended 31 March 2017 amounted to LE 4,088,253 so the outstanding balance amounted to LE 66,918,811.

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

##### 2. Digma for Trading Company S.A.E.

Digma for Trading is handling the distribution of all the company's products in local market. The total sales to Digma for Trading during the period ended 31 March 2017 amounted to LE 449,884,356 (31 March 2016: LE 400,683,351)

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

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### Related party transactions (continued)

##### 3. Chipita Participation Company

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

The royalty during the period ended 31 March 2017 amounted to LE Nil due to the termination of the contract (31March2016: LE 865,442) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 13.065% of Edita Food Industries S.A.E. shares.

##### 4. Key management compensation

During the period ended 31 March 2017, the company paid an amount of LE 18,426,448 as salaries to the key management members (31 March 2016: LE19, 533,477).

#### Due from related parties

	<u>31 March 2017</u>	<u>31 December 2016</u>
Edita Confectionary	66,918,811	71,007,065
Edita Participation Ltd.	663,997	647,893
<b>Total</b>	<b><u>67,582,808</u></b>	<b><u>71,654,958</u></b>

#### Due to related parties

	<u>31 March 2017</u>	<u>31 December 2016</u>
Digma for Trading Company	39,418,090	2,813,741
<b>Total</b>	<b><u>39,418,090</u></b>	<b><u>2,813,741</u></b>

#### 29. Contingent liabilities

- The Company guarantees Digma for trading company and Edita confectionary Industries against third parties in borrowing from Egyptian Banks.
- The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 14,943,690 as at 31 March 2017 (31 December 2016: LE 50,700,499).

## **EDITA FOOD INDUSTRIES S.A.E.**

### **Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017**

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

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#### **30. 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

##### **a. Corporate tax**

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2010 and all due tax amounts paid.
- For the years 2011-2012 the tax inspection was performed and the difference was sent to internal committee.
- For the years 2013-2015 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

##### **b. Payroll tax**

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

##### **c. Sales tax**

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

##### **d. Stamp duty tax**

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

#### **31. Capital commitments**

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



**EDITA FOOD INDUSTRIES S.A.E.**

**Notes to the separate financial statements "IFRS"  
For the three months period ended 31 March 2017**

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

**32. Financial instrument by category**

	<u>31 March 2017</u>	
	<u>Loans &amp; receivables</u>	<u>Total</u>
<b>Assets as per balance sheet</b>		
Trade and other receivables (excluding prepayments) *	202,035,517	202,035,517
Cash and cash equivalents	46,259,530	46,259,530
Treasury bills	130,264,416	130,264,416
<b>Total</b>	<b>378,559,463</b>	<b>378,559,463</b>
	<u>31 March 2017</u>	
	<u>Other financial liabilities at amortised costs</u>	<u>Total</u>
<b>Liabilities as per balance sheet</b>		
Borrowings *	693,044,058	693,044,058
Trade and other payables (excluding non-financial liabilities)	372,541,233	372,541,233
Bank overdraft	233,355,383	233,355,383
<b>Total</b>	<b>1,298,940,674</b>	<b>1,298,940,674</b>
	<u>31 December 2016</u>	
	<u>Loans &amp; receivables</u>	<u>Total</u>
<b>Assets as per balance sheet</b>		
Trade and other receivables (excluding prepayments)*	231,567,258	231,567,258
Cash and cash equivalents	43,948,439	43,948,439
Treasury bills	121,183,070	121,183,070
<b>Total</b>	<b>396,698,767</b>	<b>396,698,767</b>
	<u>31 December 2016</u>	
	<u>Other financial liabilities at amortised costs</u>	<u>Total</u>
<b>Liabilities as per balance sheet</b>		
Borrowings *	647,358,199	647,358,199
Trade and other payables (excluding non-financial liabilities)	213,838,740	213,838,740
Bank overdraft	215,614,352	215,614,352
<b>Total</b>	<b>1,076,811,291</b>	<b>1,076,811,291</b>

\* At the Balance sheet date, the carrying value of all short-term financial assets and liabilities approximates the fair value and management made the assessment by using level II approaches by relying significantly on observable data. Long-term Loans also approximates 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 insurance.

**EDITA FOOD INDUSTRIES S.A.E.**

**Notes to the separate financial statements "IFRS"  
For the three months period ended 31 March 2017**

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

**33. Segment reporting**

(Amounts are in thousands)

	Cake		Croissant		Bake		Friska		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Revenue	287,631	234,405	119,754	148,901	55,481	29,117	32,225	22,751	495,091	435,174
Gross profit	82,131	84,586	19,059	39,972	9,717	5,829	9,292	8,189	120,199	138,576
Operating profit	44,380	28,988	2,488	5,900	(7,829)	(11,473)	1,276	(604)	40,315	22,811
Interest expense	(14,594)	(5,009)	(6,076)	(3,182)	(2,815)	(622)	(1,635)	(487)	(25,120)	(9,300)
Interest income	4,000	2,767	1,666	1,758	722	344	448	268	6,886	5,137
Income tax	(6,713)	(4,699)	(99)	(959)	0	-	(455)	-	(7,267)	(5,658)
<b>Profit for the period</b>	<b>27,073</b>	<b>22,047</b>	<b>(2,021)</b>	<b>3,517</b>	<b>(9,872)</b>	<b>(11,751)</b>	<b>(366)</b>	<b>(823)</b>	<b>14,814</b>	<b>12,990</b>

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

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements "IFRS" For the three months period ended 31 March 2017

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

#### 34. Earnings before interest , taxes , depreciation & amortization :

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

	<u>31 March 2017</u>	<u>31 March 2016</u>
Net profit for the period	14,813,676	12,989,968
Income tax	7,267,262	5,658,378
Debit interest ( Land installments)	-	177,135
Debit interest	21,021,643	9,122,790
Depreciation of property , plant & equipment	19,280,228	16,122,940
Credit interest	(6,886,155)	(5,136,943)
Tax provision addition	500,000	750,000
Gain on sale of fixed assets	(289,209)	(79,040)
Donations	-	1,500,000
Foreign exchange losses	4,098,360	43,415,021
Amortization of intangible assets	-	314,310
<b>Total</b>	<b><u>59,805,805</u></b>	<b><u>84,834,559</u></b>

#### 35. Subsequent events

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

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