

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

**INDEPENDENT AUDITOR'S REPORT AND  
SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

**Separate financial statements - For the year ended 31 December 2013**

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## **Auditor's report**

**To: The Shareholders of Edita Food Industries Company (S.A.E)**

### **Report on the separate financial statements**

We have audited the accompanying separate financial statements of Edita Food Industries Company (S.A.E), which comprise the separate balance sheet as at 31 December 2013 and the separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the separate financial statements**

Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in light of the prevailing Egyptian laws, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

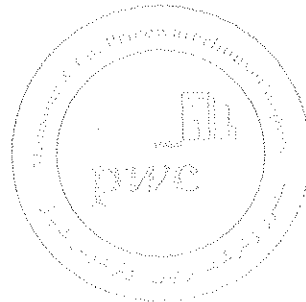


To: **The Shareholders of Edita Food Industries Company (S.A.E)**  
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**Opinion**

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of Edita Food Industries Company (S.A.E) as of 31 December 2013, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in light of the related Egyptian laws and regulations.

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



17 December 2014  
Cairo

EDITA FOOD INDUSTRIES S.A.E.

Separate balance sheet - At 31 December 2013

(All amounts in Egyptian Pounds)

	Note	2013	2012
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	663,685,329	568,876,093
Intangible Assets	6	68,618,658	-
Investments in subsidiaries	7	59,692,662	97,353,838
<b>Total non-current assets</b>		<b>791,996,649</b>	<b>666,229,931</b>
<b>Current assets</b>			
Inventories	8	69,882,751	71,056,603
Trade and other receivables	9	93,666,518	67,243,623
Cash and cash equivalents (excluding bank overdrafts)	10	211,327,505	153,682,529
<b>Total current assets</b>		<b>374,876,774</b>	<b>291,982,755</b>
<b>Total assets</b>		<b>1,166,873,423</b>	<b>958,212,686</b>
<b>Equity and liabilities</b>			
Ordinary shares	11	72,536,290	72,536,290
Legal reserve	12	14,507,258	14,507,258
Retained earnings		539,136,190	448,635,822
<b>Total equity</b>		<b>626,179,738</b>	<b>535,679,370</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans	13	107,500,199	100,281,532
Long-term notes payable	14	17,138,295	24,231,361
Sales tax on machinery	15	-	25,296
Deferred income tax liabilities	16	48,296,550	37,883,988
<b>Total non-current liabilities</b>		<b>172,935,044</b>	<b>162,422,177</b>
<b>Current liabilities</b>			
Trade and other payables	17	167,746,610	125,592,346
Current income tax liabilities	18	40,222,697	22,294,518
Current portion of long-term liabilities	19	114,866,805	78,011,826
Bank overdraft	20	37,242,038	26,877,428
Provisions	21	7,680,491	7,335,021
<b>Total current liabilities</b>		<b>367,758,641</b>	<b>260,111,139</b>
<b>Total liabilities</b>		<b>540,693,685</b>	<b>422,533,316</b>
<b>Total equity and liabilities</b>		<b>1,166,873,423</b>	<b>958,212,686</b>

The accompanying notes on pages 8 - 39 form an integral part of these separate financial statements.

The financial statements on pages 3 to 39 were authorised for issuance by the board of directors and were signed on its behalf 8 December 2014.

  
 Mr. Sherif Fathy  
 Vice President - Finance

  
 Eng. Hani Berzi  
 Chairman

Independent auditor's report attached

EDITA FOOD INDUSTRIES S.A.E.

Separate statement of income - For the year ended 31 December 2013

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Revenue		1,425,722,900	1,154,088,954
Cost of sales		<u>(1,007,715,821)</u>	<u>(837,305,695)</u>
<b>Gross profit</b>		<b>418,007,079</b>	<b>316,783,259</b>
Distribution cost		(86,217,866)	(88,555,678)
Administrative expenses		(61,673,875)	(48,442,571)
Other income	22	66,879,605	61,753,599
Other (losses)/ gains-net	23	<u>(9,541,601)</u>	<u>(25,100,456)</u>
<b>Operating profit</b>		<b><u>327,453,342</u></b>	<b><u>216,438,153</u></b>
Finance income	24	5,438,987	625,525
Finance cost	24	<u>(21,731,974)</u>	<u>(6,916,285)</u>
<b>Finance (cost) / income , net</b>	24	<b><u>(16,292,987)</u></b>	<b><u>(6,290,760)</u></b>
<b>Profit before income tax</b>		<b>311,160,355</b>	<b>210,147,393</b>
Income tax expense	25	<u>(70,466,375)</u>	<u>(45,368,487)</u>
<b>Profit for the year</b>		<b><u>240,693,980</u></b>	<b><u>164,778,906</u></b>
<b>Earnings per share (expressed in EGP per share):</b>			
Basic earnings per share	26	0.66	0.45
Diluted earnings per share	26	<u>0.66</u>	<u>0.45</u>

The accompanying notes on pages 8 - 39 form an integral part of these separate financial statements.

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

**Separate statement of comprehensive income - For the year ended 31 December 2013**

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(All amounts in Egyptian Pounds)

	<u>2013</u>	<u>2012</u>
Profit for the year	240,693,980	164,778,906
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<b><u><u>240,693,980</u></u></b>	<b><u><u>164,778,906</u></u></b>

The accompanying notes on pages 8 - 39 form an integral part of these separate financial statements.

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

**Separate statement of changes in equity - For the year ended 31 December 2013**

(All amounts in Egyptian Pounds)

	Share capital	Legal reserve	Retained earnings	Total
<b>Balance at 31 December 2011 and 1 January 2012</b>	<b>72,536,290</b>	<b>14,507,258</b>	<b>333,856,916</b>	<b>420,900,464</b>
Profit for the year	-	-	164,778,906	164,778,906
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>164,778,906</b>	<b>164,778,906</b>
Dividends	-	-	(50,000,000)	(50,000,000)
Total contribution by and distribution to owner's of the parent recognized directly in equity	-	-	(50,000,000)	(50,000,000)
<b>Balance at 31 December 2012</b>	<b>72,536,290</b>	<b>14,507,258</b>	<b>448,635,822</b>	<b>535,679,370</b>
<b>Balance at 31 December 2012 and 1 January 2013</b>	<b>72,536,290</b>	<b>14,507,258</b>	<b>448,635,822</b>	<b>535,679,370</b>
Profit for the year	-	-	240,693,980	240,693,980
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>240,693,980</b>	<b>240,693,980</b>
Dividends	-	-	(150,193,612)	(150,193,612)
Total contribution by and distribution to owner's of the parent recognized directly in equity	-	-	(150,193,612)	(150,193,612)
<b>Balance at 31 December 2013</b>	<b>72,536,290</b>	<b>14,507,258</b>	<b>539,136,190</b>	<b>626,179,738</b>

The accompanying notes on pages 8 - 39 form an integral part of these separate financial statements.



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

**Separate statement of cash flows - For the year ended 31 December 2013**

(All amounts in Egyptian Pounds)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Cash generated from operations	28	336,903,282	229,334,829
Interest paid		(19,399,886)	(3,735,370)
Income tax paid		(41,514,634)	(27,283,309)
<b>Net cash generated from operating activities</b>		<b><u>275,988,762</u></b>	<b><u>198,316,150</u></b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	5	(127,799,796)	(119,031,641)
Purchase of Intangible assets		(68,618,658)	-
Proceeds from sale of property, plant and equipment		2,266,504	5,586,720
Interest received		4,827,987	184,525
Acquisition of subsidiary, net of cash acquired		37,661,176	(19,996,000)
Investment income received	22	38,286,862	49,900,000
<b>Net cash used in investing activities</b>		<b><u>(113,375,925)</u></b>	<b><u>(83,356,396)</u></b>
<b><u>Cash flows from financing activities</u></b>			
Notes payable payment		(8,864,318)	(8,511,670)
Sales tax on machinery		(80,519)	(80,519)
Dividends paid to Shareholders		(149,955,667)	(49,986,535)
Proceeds from borrowings		43,568,033	14,241,752
<b>Net cash used in financing activities</b>		<b><u>(115,332,471)</u></b>	<b><u>(44,336,972)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>47,280,366</b>	<b>70,622,782</b>
Cash and cash equivalents at beginning of the year		126,805,101	56,182,319
<b>Cash and cash equivalents at end of the year</b>	10	<b><u>174,085,467</u></b>	<b><u>126,805,101</u></b>

The accompanying notes on pages 8 - 39 form an integral part of these separate financial statements.

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

### **Notes to the separate financial statements – For the year ended 31 December 2013**

(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 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 Warraq El Haddar – Embaba, Giza.

The company provides manufacturing, producing and packing of all food products and producing and packing of juices, jams, ready made 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 59.79% of the company's share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 40% of the company's share capital and other shareholder owing .21% of company's share capital.

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

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

##### **A. Foreign currency translation**

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

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

###### **(2) 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 income statement, 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 borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

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

All property, plant and equipment is stated at historical cost less 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	25 years
Machinery and equipment	15 - 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 recognised within 'Other (losses)/gains – net' in the income statement.

#### C. Investments in subsidiaries

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

#### D. Impairment of non-financial assets

Assets that have an indefinite useful life – for example, intangible assets not ready to use – 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

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#### E. Financial assets

##### (i) Classification

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

##### (2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Notes a and 10).

##### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the company's right to receive payments is established.

#### F. Intangible assets

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

**G. Impairment of financial assets**

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.

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 the consolidated income statement.

**H. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**I. Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed 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.

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

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

### **Notes to the separate financial statements – For the year ended 31 December 2013**

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

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

In the separate 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 and bank overdrafts. In the separate balance sheet, bank overdrafts are shown within current liabilities.

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

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

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

Where any company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the company's equity holders

#### **L. Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **M. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred.

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

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

#### **N. Borrowings cost**

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**O. Current and deferred income tax**

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

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

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

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

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

**P. Employee benefits**

**(1) Pension obligations**

The company has defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Employee benefits (continued)**

**(2) Profit-sharing**

The company recognises a liability and an expense for profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments.

**Q. Provisions**

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

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

**R. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises 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.

**(a) Sales of goods – wholesale**

Sales of goods are recognised 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 recognised 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 recognised using the original effective interest rate.

**(c) Dividend income**

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



## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### Revenue recognition (continued)

**(d) Revenues from investments in osoul fund**

Revenue is recognized monthly at each closing of the osoul fund certificate as per the bank announced rate; at the year end the company reevaluate the outstanding numbers of Osoul Fund certificate up on the rate announced by the bank.

**(e) Governmental subsidy on export sales**

Revenue for export incentive provided by government is recognized as a percentage from value of export sales, when the government can confirm that the export sales mentioned actually accrual. The Company is eligible for incentive and is recognized in the income statement as other income, after meeting all required criteria.

#### S. Leases

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 income statement on a straight-line basis over the period of the lease.

#### T. Dividends

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### 3. Financial risk management

**(1) Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. The company does not use derivative financial instruments to hedge certain risk exposures.

#### 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 US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

	2013			2012
	Assets	Liabilities	Net	Net
Euros	38,791,354	(13,535,469)	25,255,885	96,140,011
US Dollars	23,442,482	(19,973,840)	3,468,642	(34,031,794)

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

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#### Financial risk management (continued)

At 31 December 2013, if the EGP had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been LE 2,525,588 (2012: LE 9,614,001) higher, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated assets and liabilities.

At 31 December 2013, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit for the year would have been LE 346,864 (2011: LE 3,403,179) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

#### ii. Price risk

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

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

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

At 31 December 2013, if interest rates on Egyptian pound -denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been LE 261,763 (2012: LE 206,873) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowing at balance sheet date with variable interest rate is amounting to LE 212,916,554 (2012: LE 169,348,521).

Overdraft at the balance sheet date in 2013 amounted to LE 37,242,038 (2012: LE 26,877,428).

Financial assets exposed to the changes in the interest rate is amounting to LE 207,684,702 (2012: LE 151,830,040).

	<u>2013</u>	<u>2012</u>
Time deposit – LE	188,207,429	53,860,840
Time deposit – USD	19,477,273	97,969,200
	<u>207,684,702</u>	<u>151,830,040</u>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### Financial risk management (continued)

##### B. Credit risk

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

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 is for a major customer (Digma Trading – company's subsidiary) and it's the company subsidiary, which represent 90.5% of total company sales.

For Individuals there is no credit risk since all sales are cash. Provisions are accounted for doubtful debts on case basis.

For Treasury bills, the Group 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 as well as the cash and cash equivalents.

##### C. Liquidity risk

Company finance 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 (note 19) at all times so that the group does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the company debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

<b>At 31 December 2013</b>	<b>Less than 6 month</b>	<b>Between 6 month &amp; 1 year</b>	<b>Between 1 &amp; 2 years</b>	<b>Between 2 &amp; 5 years</b>
Borrowings	49,152,159	49,152,159	71,666,932	12,500,000
Trade and other payables	167,746,610	-	-	-
Sales tax on machinery	-	-	-	-
Bank overdraft	37,242,038	-	-	-
Notes payable	9,425,154	-	17,138,295	-
<b>Total</b>	<b>263,565,961</b>	<b>49,152,159</b>	<b>88,805,227</b>	<b>12,500,000</b>
<b>At 31 December 2012</b>				
Borrowings	25,818,893	37,488,893	74,977,786	72,490,000
Trade and other payables	60,574,811	-	-	-
Sales tax on machinery	25,296	-	-	-
Bank overdraft	26,877,428	-	-	-
Notes payable	8,864,318	-	24,231,361	-
<b>Total</b>	<b>122,160,746</b>	<b>37,488,893</b>	<b>99,209,147</b>	<b>72,490,000</b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### Financial risk management (continued)

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

The gearing ratio at 31 December 2012 and 31 December 2011 were as follows:

Description	2013	2012
Total borrowings	239,505,299	202,550,016
Bank Overdraft	37,242,038	26,877,428
<b>Total borrowings and loans</b>	<b>276,747,337</b>	<b>229,427,444</b>
<b>Less: Cash and cash equivalents</b>	<b>(211,327,505)</b>	<b>(153,682,529)</b>
<b>Net debt</b>	<b>65,419,832</b>	<b>75,744,915</b>
<b>Total equity</b>	<b>626,179,739</b>	<b>535,679,371</b>
<b>Total capital</b>	<b>691,599,571</b>	<b>611,424,286</b>
<b>Gearing ratio</b>	<b>9.45%</b>	<b>12%</b>

The decrease in debt to equity is due to increase in cash by LE 58 million.

##### (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.

**4. Critical accounting estimates and judgments**

Estimates and judgements 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 company's policy and in the light of the technical study prepared for each asset separately. Residual value and useful lives of assets are reviewed and modified periodically.

**Intangible assets impairment (Trade Mark)**

The Company's management annually test the impairment of intangible assets (Trade Mark), assets 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 for 5 years using the growth rate and the discount rate prevailing

**Impairment of investment in subsidiaries**

The Company's management test the impairment in investment in subsidiaries in case of existence of an impairment indicator by using prior experience and by making discounted cash flow which is 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 for 5 years using the reasonable growth rate and the discount rate.

**(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.

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

**Notes to the separate financial statements – For the year ended 31 December 2013**

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

**5. Property, plant and equipment**

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
<b>At 1 January 2012</b>								
Cost	62,226,931	44,759,952	237,406,044	32,253,727	18,383,383	16,487,158	201,579,489	613,096,684
Accumulated depreciation	-	(14,127,660)	(76,744,150)	(20,171,325)	(12,007,810)	(9,680,885)	-	(132,731,830)
<b>Net book value</b>	<b>62,226,931</b>	<b>30,632,292</b>	<b>160,661,894</b>	<b>12,082,402</b>	<b>6,375,573</b>	<b>6,806,273</b>	<b>201,579,489</b>	<b>480,364,854</b>
<b>Year ended 31 December 2012</b>								
Opening net book value	62,226,931	30,632,292	160,661,894	12,082,402	6,375,573	6,806,273	201,579,489	480,364,854
Additions	-	16,230	4,733,313	2,712,250	1,028,057	2,707,518	107,834,273	119,031,641
Depreciation charge	-	(2,674,011)	(15,068,736)	(4,251,259)	(3,551,967)	(3,416,085)	-	(28,962,058)
Disposal Depreciation	-	(918,888)	-	(7,177,995)	(627,152)	(116,333)	-	(8,840,368)
Disposals	-	554,762	-	6,010,690	605,847	110,725	-	7,282,024
Transfers from Projects under construction	-	68,234,282	117,191,419	-	7,654,223	364,338	(193,444,262)	-
<b>Balance at 31 December</b>	<b>62,226,931</b>	<b>95,844,667</b>	<b>267,517,890</b>	<b>9,376,088</b>	<b>11,484,581</b>	<b>6,456,436</b>	<b>115,969,500</b>	<b>568,876,093</b>
<b>At 31 December 2013</b>								
Cost	62,226,931	112,091,576	359,330,776	27,787,982	26,438,511	19,442,681	115,969,500	723,287,937
Accumulated depreciation	-	(16,246,909)	(91,812,886)	(18,411,894)	(14,953,930)	(12,986,245)	-	(154,411,864)
<b>Net book value</b>	<b>62,226,931</b>	<b>95,844,667</b>	<b>267,517,890</b>	<b>9,376,088</b>	<b>11,484,581</b>	<b>6,456,436</b>	<b>115,969,500</b>	<b>568,876,093</b>
<b>At 1 January 2013</b>								
Cost	62,226,931	112,091,576	359,330,776	27,787,982	26,438,511	19,442,681	115,969,500	723,287,937
Accumulated depreciation	-	(16,246,909)	(91,812,886)	(18,411,894)	(14,953,930)	(12,986,245)	-	(154,411,864)
<b>Net book value</b>	<b>62,226,931</b>	<b>95,844,667</b>	<b>267,517,890</b>	<b>9,376,088</b>	<b>11,484,581</b>	<b>6,456,436</b>	<b>115,969,500</b>	<b>568,876,093</b>
<b>Year ended 31 December 2013</b>								
Opening net book value	62,226,931	95,844,667	267,517,890	9,376,088	11,484,581	6,456,436	115,969,500	568,876,093
Additions	-	154,000	1,792,334	3,499,342	1,886,698	3,833,825	116,633,597	127,799,796
Depreciation charge	-	(4,494,755)	(13,559,506)	(4,007,000)	(4,158,171)	(3,143,005)	-	(29,362,437)
Disposal Depreciation	-	-	(1,706,872)	(1,404,000)	(1,717,120)	(6,518,408)	-	(11,346,400)
Disposals	-	-	130,078	1,042,741	1,689,834	4,855,624	-	7,718,277
Transfers from Projects under construction	-	150,830,208	51,928,186	-	4,902,998	10,153,154	(217,814,546)	-
<b>Balance at 31 December</b>	<b>62,226,931</b>	<b>242,334,120</b>	<b>306,102,110</b>	<b>8,507,171</b>	<b>14,088,820</b>	<b>15,637,626</b>	<b>14,788,551</b>	<b>663,685,329</b>
<b>At 31 December 2013</b>								
Cost	62,226,931	263,075,784	411,344,424	29,883,324	31,511,087	26,911,252	14,788,551	839,741,353
Accumulated depreciation	-	(20,741,664)	(105,242,314)	(21,376,153)	(17,422,267)	(11,273,626)	-	(176,056,024)
<b>Net book value</b>	<b>62,226,931</b>	<b>242,334,120</b>	<b>306,102,110</b>	<b>8,507,171</b>	<b>14,088,820</b>	<b>15,637,626</b>	<b>14,788,551</b>	<b>663,685,329</b>

\* Project under construction presented in construction work in new productions lines.

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

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

Depreciation expense of LE 23,913,760 (2012: LE 23,149,373) has been charged to cost of sales, LE 1,652,180 (2012: LE 1,898,471) in distribution costs and LE 3,796,497 (2012: LE 3,914,213) in administrative expenses.

During the year, the Company has capitalized borrowings costs amounting to LE 5,848,410 (2012: LE 13,828,153) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

	<u>2013</u>	<u>2012</u>
<b>Classification of the Qualified Assets</b>		
Buildings	4,666,650	7,095,366
Machinery	1,181,760	6,483,832
Tools & equipment	-	248,954
<b>Total</b>	<b><u>5,848,410</u></b>	<b><u>13,828,152</u></b>

#### 6. Intangible assets

	<u>2013</u>	<u>2012</u>
Trading Mark (HOHOS, Twinkies & Tiger Tail)	68,618,658	-
<b>Total</b>	<b><u>68,618,658</u></b>	<b><u>-</u></b>

The intangible assets in the amount of ten million U.S. dollars which is equivalent to LE 68,618,658 paid to the Company "New HB acquisition LLC" against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) as well as all the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine. The trademark has an indefinite life.

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

Assumptions used by the Company when testing the impairment of intangible assets in 31 December 2013 as follows:

Average Gross profit	47%
Return on capital	19%
Growth rate	3%

The Company test the impairment of intangible assets depending on financial, operational, marketing position in the prior periods, and its expectation for the market in the future by preparing a business plan for 5 years using the growth rate and the discount rate prevailing . At the balance sheet date the carrying value of the intangible assets was not less than its recoverable amount.

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### 7. Investments in subsidiaries

	<u>Country of Incorporation</u>	<u>% interest held</u>	<u>2013</u>	<u>2012</u>
Digma for Trading Company	Egypt	99.80%	44,939,638	44,939,638
Edita Confectionary Industries	Egypt	77.71%	42,739,000	42,739,000
Edita Participation Ltd	Cyprus	100%	-	37,675,200
Edita Participation Ltd	Cyprus	100%	14,024	-
<b>Balance</b>			<b>87,692,662</b>	<b>125,353,838</b>
Investment Impairment loss			(28,000,000)	(28,000,000)
<b>Balance at year end</b>			<b>59,692,662</b>	<b>97,353,838</b>

On 23 January 2013 Edita Food Industries sold all its investments in Edita Participation to Chipita Participation by an amount of Euro 5,397,615.

On 30 January 2013 Edita Food Industries established “new entity” Edita Participation Ltd. in Cyprus in 1,500 with number of shares, the value of each share is 1 Euro.

#### Impairment in Investment in subsidiaries:

The events and circumstances that led to the recognition of the impairment loss is that the company was making gross loss for more than one year.

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

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.

Assumptions used by the Company when testing the impairment of intangible assets in 31 December 2013 as follows:

Average Gross profit	11%
Discounting rate	16%
Growth rate	3%

The Company test the impairment of investment in subsidiaries depending on financial, operational, marketing position in the prior periods, and its expectation for the market in the future by preparing a business plan for 5 years using the growth rate and the discount rate prevailing . At the balance sheet date the carrying value of the investment in subsidiaries was not less than its recoverable amount.

#### Sensitivity of recoverable amounts

At 31 December 2012, If the Discount rate had increased / decreased by 1% with all other variables held constant, the impairment of the investment in subsidiaries would have been increased / decreased by LE 452,934.

At 31 December 2012, If the Growth rate had increased / decreased by 1% with all other variables held constant, the impairment of the investment in subsidiaries would have been increased / decreased LE 1,286,158.



**EDITA FOOD INDUSTRIES S.A.E.****Notes to the separate financial statements – For the year ended 31 December 2013**

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

**8. Inventories**

	<u>2013</u>	<u>2012</u>
Raw materials	51,949,730	57,848,072
Spare parts	13,940,810	9,079,956
Work in process	1,147,988	2,052,576
Consumables	1,391,758	1,272,577
Finished goods	2,037,378	980,422
<b>Total</b>	<b>70,467,664</b>	<b>71,233,603</b>
Less: provision for slow moving and obsolete inventory	(584,913)	(177,000)
<b>Net</b>	<b>69,882,751</b>	<b>71,056,603</b>

The cost of inventory recognized as an expense and included in cost of sales amounts to LE 825,156,444 (2012: LE 685,555,128).

During the year there has been a write off for slow moving and obsolete inventory against the declared accumulated balance of net realizable value by LE 92,091 and there has been an addition for net realizable value by LE 500,004 (Note 23).

**9. Trade and other receivables**

	<u>2013</u>	<u>2012</u>
Due from related parties (Note 29)	41,576,624	38,627,266
Advances to suppliers	41,933,361	21,212,014
Trade receivables	8,083,352	3,787,501
Other debit balances	774,719	1,541,678
Prepaid expenses	182,700	1,069,918
Deposits with others	650,509	530,539
Employee loans	122,252	346,072
Accrued revenues	88,222	65,486
Letters of credit	254,779	63,149
<b>Total</b>	<b>93,666,518</b>	<b>67,243,623</b>

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

**Notes to the separate financial statements – For the year ended 31 December 2013**

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

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

	<u>2013</u>	<u>2012</u>
Bank deposits	125,238,113	151,830,040
Treasury bills	82,469,120	-
Cash at banks	2,898,025	1,519,382
Cash on hand	722,247	333,107
<b>Cash and Cash equivalents (excluding bank overdrafts)</b>	<b><u>211,327,505</u></b>	<b><u>153,682,529</u></b>

**Treasury bills**

	<u>2013</u>	<u>2012</u>
Treasury bills par value	83,100,000	-
Total interest income	(653,411)	-
<b>Amount of treasury bills paid</b>	<b>82,446,589</b>	-
Accrued interest income till 31 December	22,531	-
<b>Treasury bills balance</b>	<b><u>82,469,120</u></b>	-

The Company purchased treasury bills on 30 December 2013 with par value amounted LE 83,100,000 with an annual interest of 9.95%. These treasury bills are due in 28 January 2014. The total accrued interest income amounted to LE 22,531 on 31 December 2013.

The average interest rate on EGP Time deposits during 2013 is 8% (EGP Time deposit 2012: 8%), and for foreign currency time deposits 0.12% (2012: 0.19%). Time deposits are having maturity period of less than 3 months from date of the deposit.

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

	<u>2013</u>	<u>2012</u>
Cash on hand and at banks	211,327,505	153,682,529
Bank overdraft (Note 20)	(37,242,038)	(26,877,428)
<b>Total</b>	<b><u>174,085,467</u></b>	<b><u>126,805,101</u></b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### 11. Ordinary shares

Authorized capital LE 150,000,000 (15,000,000 share, par value LE 10 per share).

The issued and paid up capital amounted to LE 72,536,290 presented in 7,253,629 share (par value LE 10 per share) distributed as follow:

	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	3,033,083	30,330,830	41.815%
EXODER Ltd.	2,029,179	20,291,790	27.975%
Africa Samba Corporative	2,176,089	21,760,890	30.000%
Others	15,278	152,780	0.211%
	<b>7,253,629</b>	<b>72,536,290</b>	<b>100%</b>

#### 12. Legal reserve

In accordance with company Law No. 159 of 1981 and the company's Articles of Association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the Board of Directors, the company may stop such transfers when the legal reserve reaches 20% of the issued capital. The reserve is not eligible for distribution to shareholders.

#### 13. Borrowings

	2013			2012		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	27,084,155	-	27,084,155	27,546,110	26,637,786	54,183,896
Second loan	27,825,521	37,500,000	65,325,521	29,034,401	62,500,000	91,534,401
Third loan	26,371,395	35,000,000	61,371,395	12,486,478	11,143,746	23,630,224
Fourth loan	24,135,284	35,000,199	59,135,483	-	-	-
	<b>105,416,355</b>	<b>107,500,199</b>	<b>212,916,554</b>	<b>69,066,989</b>	<b>100,281,532</b>	<b>169,348,521</b>

The loans due according to the following schedule:

	2013	2012
Balance due within 1 year	98,304,320	63,307,786
Accrued interest	7,112,035	5,759,203
<b>Total</b>	<b>105,416,355</b>	<b>69,066,989</b>

##### • First loan

The first loan is provided by Credit Agricole Bank Egypt in July 2009 based on a cross guarantee from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 76,826,053. And the remaining balance in December 2013 after payment of accrued instalments is LE 26,637,786 in addition to the accrued interest. The carrying amount of the loan demonstrates in Egyptian Pounds.

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

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

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

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 26,637,786 on 2 equal semi-annual installments; each installment is amounted to LE 13,318,893.

The first installment is due on 1 May 2014 and the last on 1 November 2014.

##### **Interest:**

As per Credit Agricole Bank Egypt. The interest rate will be 1% above mid corridor rate of the Central Bank of Egypt.

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

Fair value is approximately equal to the carrying amount as the impact of discounting is not significant; the management used the last interest rate of the last loan agreement acquired from the same bank to calculate the fair value.

#### • **Second loan**

This second loan is provided by Credit Agricole Bank Egypt on August 2011 based on a cross guarantee issued from Digma Trading Company amounted to LE 100,000,000 and the total withdrawal amount is LE 100,000,000. The remaining balance at 31 December 2013 after payment of accrued installments is 62,500,000 in addition accrued interests. The carrying amount of the loan demonstrates in Egyptian Pounds.

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

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 62,500,000 on 5 equal semi-annual instalments; each instalment is amounted to LE 12,500,000.

The first instalment is due on 1 February 2014 and the last on 1 February 2016.

##### **Interest:**

As per Credit Agricole Bank Egypt. The interest rate will be 1% above mid corridor rate of the Central Bank of Egypt.

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

Fair value is approximately equal to the carrying amount as the impact of discounting is not significant; the management used the last interest rate of the last loan agreement acquired from the same bank to calculate the fair value.

#### • **Third loan:**

This Third loan is provided by Credit Agricole Bank Egypt on August 2012 based on a cross guarantee issued from Digma Trading Company amounted to LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The remaining balance in 31 December 2013 after payment of accrued instalments is LE 58,333,333 in addition to the accrued interest. The carrying amount of the loan demonstrates in Egyptian Pounds.

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

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 58,333,333 on 5 equal semi-annual instalments; each instalment is amounted to LE 11,666,666.

The first installment is due on 6 December 2013 and the last on 6 June 2016.

##### **Interest:**

As per Credit Agricole Bank Egypt. The interest rate will be 1.5% above mid corridor rate of the Central Bank of Egypt.

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### Borrowings (continued)

##### Fair value:

Fair value is approximately equal to the carrying amount as the impact of discounting is not significant, the fair value is shares on cash flow discounted using a rate of 10.25% (2012: 9.25%).

##### • Fourth loan:

This fourth loan is provided by Al Watani Bank of Egypt on May 2013 based on a cross guarantee issued from Digma Trading Company amounted to LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan amounted to be LE 58,333,400 in addition to the accrued interest on 31 December 2013. The carrying amount of the loan demonstrates in Egyptian Pounds.

##### Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 58,333,400 on 5 equal semi-annual instalments; each instalment is amounted to LE 11,666,600 except for last installment amounted to LE 11,667,000.

The first installment is due on 18 November 2013 and the last on 18 May 2016.

##### Interest:

As per Al Watani Bank of Egypt. The interest rate will be 2 % above debit interest rate of the Central Bank of Egypt.

##### Fair value:

Fair value is approximately equal to the carrying amount as the impact of discounting is not significant; the management used the last interest rate of the last loan agreement acquired from the same bank to calculate the fair value.

#### 14. Long-term notes payable

The long-term notes payable represents the total installment for the land purchased from Urban communities Authority – Shiekh Zayed City as the first installment due on November 2013 and the last installment on November 2016.

	2013		2012	
	Notes payable	Present value	Notes payable	Present value
<b>Short-term notes payables</b>				
Current portion of long-term notes payables (Note 19)	9,425,154	9,425,154	8,864,318	8,864,318
<b>Total short-term liabilities</b>	<b>9,425,154</b>	<b>9,425,154</b>	<b>8,864,318</b>	<b>8,864,318</b>
	2013		2012	
	Notes payable	Present value	Notes payable	Present value
<b>Long-term notes payables:</b>				
Notes payable due for more than one year and less than 5 years	20,532,815	17,138,295	29,957,968	24,231,361
<b>Total long-term liabilities</b>	<b>20,532,815</b>	<b>17,138,295</b>	<b>29,957,968</b>	<b>24,231,361</b>

The total accrued interest on the notes payable for the year ended 2013 amounted to LE 2,332,088 (2012: LE 3,180,916) and charged to the income statement under finance cost (Note 24).

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

**Notes to the separate financial statements – For the year ended 31 December 2013**

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

**15. Sales tax on machinery**

The balance represents the sales tax due on machinery and equipment to be paid on installments up to 2014.

	<u>2013</u>	<u>2012</u>
Less than one year	25,296	80,519
More than 1 year up to 5 years	-	25,296
<b>Total</b>	<b>25,296</b>	<b>105,815</b>
Current portion (Note 15)	(25,296)	(80,519)
<b>Total balance of long term liabilities</b>	<b>-</b>	<b>25,296</b>
<b>Present value of instalments</b>	<b>-</b>	<b>25,296</b>

**16. Deferred income tax liabilities**

	<u>Fixed assets depreciation</u>	<u>Impairment of investment in subsidiaries</u>	<u>Net deferred tax liability</u>	
			<u>2013</u>	<u>2012</u>
<b>A. Deferred tax assets</b>				
Balance at 1 January	-	7,000,000	7,000,000	-
Charged to income statement	-	-	-	7,000,000
<b>Balance at 31 December</b>	<b>-</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>7,000,000</b>
<b>B. Deferred tax liabilities</b>				
Balance at 1 January	(44,883,988)	-	(44,883,988)	(27,786,360)
Charged to income statement	(10,412,562)	-	(10,412,562)	(17,097,628)
<b>Balance at 31 December</b>	<b>(55,296,550)</b>	<b>-</b>	<b>(55,296,550)</b>	<b>(44,883,988)</b>
<b>Net deferred tax liabilities</b>	<b>(55,296,550)</b>	<b>7,000,000</b>	<b>(48,296,550)</b>	<b>(37,883,988)</b>
Balance at 1 January	(44,883,988)	7,000,000	(37,883,988)	(27,786,360)
Charged to income statement	(10,412,562)	-	(10,412,562)	(10,097,628)
<b>Balance at 31 December</b>	<b>(55,296,550)</b>	<b>7,000,000</b>	<b>(48,296,550)</b>	<b>(37,883,988)</b>

**EDITA FOOD INDUSTRIES S.A.E.****Notes to the separate financial statements – For the year ended 31 December 2013**

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

**17. Trade and other payables**

	<u>2013</u>	<u>2012</u>
Trade payables	67,002,693	60,574,811
Notes payable	46,056,394	33,083,653
Accrued expenses	32,664,450	19,540,808
Taxes payable	8,083,851	4,144,057
Other credit balances	7,504,840	6,330,858
Advances from customers	5,380,839	1,087,504
Dividends payable	974,741	736,796
Social insurance	78,802	93,859
<b>Total</b>	<b><u>167,746,610</u></b>	<b><u>125,592,346</u></b>

**18. Current income tax liabilities**

	<u>2013</u>	<u>2012</u>
Balance at 1 January	22,294,518	14,747,968
Income tax paid during the year	(22,294,518)	(14,747,965)
Withholding tax receivable	(1,115,116)	(775,344)
Income tax for the year (Note 25)	60,053,813	35,371,844
Corporate income tax – advances	(18,105,000)	(11,760,000)
Accrued interest – advances (Note 24)	(611,000)	(441,000)
Adjustments in respect to prior years (Note 25)	-	(100,985)
<b>Balance at 31 December</b>	<b><u>40,222,697</u></b>	<b><u>22,294,518</u></b>

**19. Current portion of long-term liabilities**

	<u>2013</u>	<u>2012</u>
Short-term loan (Note 13)	105,416,355	69,066,989
Current portion of long-term notes payable (Note 14)	9,425,154	8,864,318
Sales tax on machinery (Note 15)	25,296	80,519
<b>Total</b>	<b><u>114,866,805</u></b>	<b><u>78,011,826</u></b>

**EDITA FOOD INDUSTRIES S.A.E.****Notes to the separate financial statements – For the year ended 31 December 2013**

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

**20. Bank overdraft**

	<u>2013</u>	<u>2012</u>
Bank overdraft (Note 10)	37,242,038	26,877,428
<b>Total</b>	<b><u>37,242,038</u></b>	<b><u>26,877,428</u></b>

Bank overdraft is represented in credit facilities granted to the company to open letters of credit and finance its working capital. Overdraft is secured against guarantees by Digma for Trading Company - subsidiary. The effective interest rate for bank overdraft was 10.75% as of 31 December 2013 (2012: 10.75%).

**21. Provisions**

	<u>2013</u>	<u>2012</u>
Balance at 1 January	7,335,021	3,085,022
Additions during the year (Note 23)	7,321,000	4,249,999
Utilized during the year	(6,975,530)	-
<b>Balance at 31 December</b>	<b><u>7,680,491</u></b>	<b><u>7,335,021</u></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.

**22. Other income**

	<u>2013</u>	<u>2012</u>
Dividends distribution from subsidiaries	38,286,862	49,900,000
Investments in Ossol Fund	7,831,044	2,246,061
<b>Investment income</b>	<b><u>46,117,906</u></b>	<b><u>52,146,061</u></b>
Gain from sale of investments	12,388,283	-
Export subsidies	2,810,683	3,676,989
Gain from sales of production waste	4,837,262	3,299,708
Others	725,471	2,630,841
<b>Total</b>	<b><u>66,879,605</u></b>	<b><u>61,753,599</u></b>



**EDITA FOOD INDUSTRIES S.A.E.****Notes to the separate financial statements – For the year ended 31 December 2013**

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

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

	<u>2013</u>	<u>2012</u>
Provisions (Note 21)	(7,321,000)	(4,249,999)
Provision for slow moving inventory	(500,004)	(126,038)
<b>Total</b>	<b>(7,821,004)</b>	<b>(4,376,037)</b>
Impairment of Investment in subsidiaries	-	(28,000,000)
Gain from sales of fixed assets	(1,361,619)	4,028,376
Foreign exchange (losses)/gains	(358,978)	3,247,205
<b>Total</b>	<b>(9,541,601)</b>	<b>(25,100,456)</b>

**24. Finance (loss) / income – net**

	<u>2013</u>	<u>2012</u>
<b>Finance income</b>		
Interest income – corporate tax payment	611,000	441,000
Interest income	4,827,987	184,525
	<u>5,438,987</u>	<u>625,525</u>
<b>Finance expense</b>		
Interest expense	(19,399,886)	(3,735,370)
Interest on land installments	(2,332,088)	(3,180,915)
	<u>(21,731,974)</u>	<u>(6,916,285)</u>
Finance (loss) / income – net	<u>(16,292,987)</u>	<u>(6,290,760)</u>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### 25. Income tax expense

The Company is subject to the corporate income tax according to tax law No. 91 of 2005 and as per tax law No. 51 of 2012 amendments.

	<u>2013</u>	<u>2012</u>
Current income tax for the year (Note 18)	60,053,813	35,371,844
Deferred tax (Note 16)	10,412,562	10,097,628
Adjustments inspect to prior year (Note 18)	-	(100,985)
<b>Total</b>	<b><u>70,466,375</u></b>	<b><u>45,368,487</u></b>
	<u>2013</u>	<u>2012</u>
Net profit before tax	311,160,355	210,147,393
Tax calculated based on tax rate 20%	-	2,000,000
Tax calculated based on tax rate 25%	77,790,089	50,036,848
	<b><u>77,790,089</u></b>	<b><u>52,036,848</u></b>
Tax effect of non-deductible expenses	4,205,762	3,359,594
Tax effect of non-taxable revenues	(11,529,476)	(13,036,515)
Adjustments	-	3,008,560
<b>Income tax expense</b>	<b><u>70,466,375</u></b>	<b><u>45,368,487</u></b>

#### 26. Earnings per share

##### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company 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.

	<u>2013</u>	<u>2012</u>
<b>Profit attributed to owners of the parent</b>	<b><u>240,693,980</u></b>	<b><u>164,778,905</u></b>
<b>Weighted average number of ordinary shares in issue</b>		
Original shares	362,681,450	362,681,450
	<b><u>362,681,450</u></b>	<b><u>362,681,450</u></b>
<b>Basic earnings per share</b>	<b><u>0.66</u></b>	<b><u>0.45</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 – For the year ended 31 December 2013**

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

**27. Expenses by nature**

	<u>2013</u>	<u>2012</u>
Cost of goods sold	1,007,715,821	837,305,695
Selling and marketing	86,217,866	88,555,678
General and administrative expenses	61,673,875	48,442,571
	<u><b>1,155,607,562</b></u>	<u><b>974,303,944</b></u>
Profit share employee	9,502,119	8,165,362
Raw materials used	830,902,418	682,968,644
Salaries and wages	140,140,836	114,648,698
Advertising expense	60,085,179	55,985,693
Depreciation	29,362,437	28,962,058
Vehicle expense	17,845,164	13,359,990
Royalty	1,405,623	12,564,290
Employees benefits	16,858,627	12,187,418
Fuel, oil, water and electricity	16,822,348	12,062,353
Transportation expense	13,631,900	10,602,862
Miscellaneous and other expense	9,665,991	7,640,452
Consumables	6,651,376	6,076,389
Maintenance expense	7,377,001	4,719,131
Change in inventory	(5,745,974)	2,586,484
Rent expense	1,102,517	1,774,120
<b>Total cost of sales, distribution costs, and administrative expenses</b>	<u><b>1,155,607,562</b></u>	<u><b>974,303,944</b></u>

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

**Notes to the separate financial statements – For the year ended 31 December 2013**

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

**28. Cash generated from operations**

	<u>2013</u>	<u>2012</u>
Net profit for the year before tax	311,160,355	210,147,392
<b>Adjustments for:</b>		
Provisions	7,821,004	4,376,037
Interest on lands' installment	2,332,088	3,180,916
Interest expenses	19,399,886	3,735,370
Interest income	(4,827,987)	(184,525)
Interest income - corporate tax prepayments	(611,000)	(441,000)
Impairment of Investment in subsidiaries	-	28,000,000
Depreciation of property, plant and equipment	29,362,437	28,962,058
(Loss) / Gain on sale of property, plant and equipment	1,361,619	(4,028,376)
Dividends distribution from subsidiaries	<u>(38,286,862)</u>	<u>(49,900,000)</u>
<b>Operating profits before changes in working capital</b>	<b>327,711,540</b>	<b>223,847,872</b>
<b><u>Change in working capital</u></b>		
Inventories	673,848	(4,556,538)
Accounts and notes receivables	(4,295,851)	(3,142,072)
Debtors and other debit balances	(19,177,686)	19,974,169
Due from related parties	(2,949,358)	(3,308,712)
Due to related parties	-	(753,700)
Trade payables and other credit balances	41,916,319	(2,726,190)
Provisions used	<u>(6,975,530)</u>	<u>-</u>
<b>Cash generated from operations</b>	<b><u>336,903,282</u></b>	<b><u>229,334,829</u></b>

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	<u>2013</u>	<u>2012</u>
Net book amount	3,628,123	1,558,344
Profit/(Loss) of disposal of property, plant and equipment	<u>(1,361,619)</u>	<u>4,028,376</u>
<b>Proceeds from disposal of property, plant and equipment</b>	<b><u>2,266,504</u></b>	<b><u>5,586,720</u></b>

## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

#### 29. Related party transactions

The following transactions were carried out with related parties:

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

Digma for Trading is handling the distribution of all the company's products. The total sales to Digma for Trading during 2013 amounted to LE 1,316,048,578 (2012: LE 1,044,774,800).

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

##### 2. Chipita Participation Company

Chipita Participation is the Company's ultimate parent. 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 paid in 2013 amounted to LE 796,880 (2012: LE 963,481) and the balance due from Chipita International company at 31 December 2013 amounted to LE nil (Note 30) and balance due to Chipita at 2012 amounted to LE 49,951.

On 23 January 2013 Edita Food Industries sold all its investments in Edita Participation Ltd. To Chipita participation by an amount of Euro 5,397,615.

##### 3. Edita Confectionary Industries

Edita Confectionary Industries produce all kinds of sweets, gelly and gum and the balance during 2013 amounted to be LE 12,004,262, so the balance of all transactions amounted to be LE 35,317,732.

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

##### 4. Key management compensation

During the year ended 2013 the company paid an amount of LE 22,815,632 as salaries to the key management members (2012: LE 17,986,942).

#### Due from related parties

	<u>2013</u>	<u>2012</u>
Edita Confectionary	35,317,732	23,313,470
Digma for Trading Company	6,033,440	14,908,665
Edita Participation Ltd.	225,452	355,180
Chipita Participation Ltd.	-	49,951
<b>Total</b>	<u><u>41,576,624</u></u>	<u><u>38,627,266</u></u>

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

### **Notes to the separate financial statements – For the year ended 31 December 2013**

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

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#### **30. Contingent liabilities**

##### **a. Contingent liabilities for banks**

- The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 13,730,297 as at 31 December 2013 (2012: LE 2,322,749).

##### **b. Tax position**

- Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the company as at 31 December 2013.

###### **1. Corporate tax**

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

###### **2. Payroll tax**

- The payroll tax inspection was performed till 31 December 2007 and company paid tax due.
- As for 2008 and 2009 the Company is under tax inspection and no tax claim has been received yet by Tax Authority up till the balance sheet date.
- As for the years from 2010 till 2013 the tax inspection has not been performed yet till the balance sheet date.
- The Company is submitting the tax quarterly return on due time to the Tax Authority.

###### **3. Sales tax**

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

###### **4. Stamp duty tax**

- The stamp duty tax inspection was performed till year 2006 and Company paid tax due.
- Years from 2007 till 2013 tax inspection have not been performed yet till the balance sheet date.

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

**Notes to the separate financial statements – For the year ended 31 December 2013**

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

**31. Dividends per share**

The dividends paid in 2013 and 2012 were LE 150,193,612 (LE 20.7 per share) and LE 50,000,000 (LE 6.89 per share) respectively. A dividend in respect of the year ended 31 December 2012 is to be proposed at the annual general meeting on 28 March 2013. These financial statements do not reflect this dividend payable.

**32. Employee benefits expense**

	<u>2013</u>	<u>2012</u>
Wages and salaries	140,140,836	114,648,698
Social insurance	13,601,856	10,524,128
<b>Total</b>	<u><u>153,742,692</u></u>	<u><u>125,172,826</u></u>

**33. Financial instrument by category**

	<u>2013</u>	
	<u>Loans &amp; receivables</u>	<u>Total</u>
<b>Assets as per balance sheet</b>		
Trade and other receivables (excluding prepayments) *	93,483,818	93,483,818
Cash and cash equivalents	211,327,505	211,327,505
<b>Total</b>	<u><u>304,811,323</u></u>	<u><u>304,811,323</u></u>

	<u>2013</u>	
	<u>Other financial liabilities at amortised costs</u>	<u>Total</u>
<b>Liabilities as per balance sheet</b>		
Borrowings *	254,072,028	254,072,028
Trade and other payables (excluding non-financial liabilities)	167,667,808	167,667,808
<b>Total</b>	<u><u>421,739,836</u></u>	<u><u>421,739,836</u></u>

	<u>2012</u>	
	<u>Loans &amp; receivables</u>	<u>Total</u>
<b>Assets as per balance sheet</b>		
Trade and other receivables (excluding prepayments) *	66,173,705	66,173,705
Cash and cash equivalents	153,682,529	153,652,529
<b>Total</b>	<u><u>219,856,234</u></u>	<u><u>219,826,234</u></u>

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate financial statements – For the year ended 31 December 2013

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

Financial instrument by category (continued)

	2012	
	<u>Other financial liabilities at amortised costs</u>	<u>Total</u>
<b>Liabilities as per balance sheet</b>		
Borrowings *	212,862,155	212,862,155
Trade and other payables (excluding non-financial liabilities)	125,498,487	125,498,487
<b>Total</b>	<b><u>338,360,642</u></b>	<b><u>338,360,642</u></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 borrowings also approximates the fair value as the management uses a variable interest rate above the mid corridor rate.

34. Credit quality of financial assets

Trade receivables

Counter parties without external credit rating:

	<u>2013</u>	<u>2012</u>
Digma for Trading Company	6,033,440	14,908,665
Others	8,083,352	3,787,501
<b>Total</b>	<b><u>14,116,792</u></b>	<b><u>18,696,166</u></b>

Cash at bank and short-term bank deposits:

	<u>2013</u>	<u>2012</u>
AA	121,689	118,819,828
A	5,226	10,380
BBB	90,300,000	-
B	67982	34,519,714
<b>Total</b>	<b><u>90,494,897</u></b>	<b><u>153,349,922</u></b>



## EDITA FOOD INDUSTRIES S.A.E.

### Notes to the separate financial statements – For the year ended 31 December 2013

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

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#### 35. Events after reporting period

On 9 September 2014 an extra ordinary general assembly was held and approved the following:

- A) Increase in authorized capital to become LE 360,000,000 instead of LE 150,000,000, Also approved changing the par value of shares from LE 10 (ten Egyptian Pound) per share to be LE 0.20 (Twenty piaster) per share.

Bringing the total number of issued and paid shares to be 362,681,450 instead of 7,253,629 to be distributed 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.	101,458,950	20,291,790	27.975%
Africa Samba Corporative	108,804,450	21,760,890	30.000%
Others	763,900	152,780	0.211%
	<u>362,681,450</u>	<u>72,536,290</u>	<u>100%</u>

- B) Increase the legal reserve ceiling to become 50% from the issued capital instead of 20%.
- C) Recognize the right to distribute some or all of the profits disclosed by interim financial statements prepared by the company and accompanied by auditor's report.

These amendments were updated in the commercial register on 23 October 2014.