

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

**LIMITED REVIEW REPORT AND INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2015**

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

Interim consolidated financial statements
For the nine months period ended 30 September 2015

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Report on review of interim consolidated financial statements

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

Introduction

We have reviewed the accompanying interim consolidated balance sheet of Edita Food Industries Company (S.A.E.) and its Subsidiaries (the Group) as of 30 September 2015 and the related Consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of limited review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared in all material respects, the financial position of the group as at 30 September 2015, and of its financial performance and its cash flows for the nine months period then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'Ahmed Gamal El-Atrees', is written over a light blue circular stamp.

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

11 November 2015
Cairo

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

Interim consolidated balance sheet - At 30 September 2015

(All amounts in Egyptian Pounds)

	Note	30 September 2015	31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	5	1,189,073,437	1,015,869,650
Intangible Assets	6	162,283,022	68,618,658
Total non-current assets		1,351,356,459	1,084,488,308
Current assets			
Inventories	7	135,516,304	112,481,757
Trade and other receivables	8	96,055,722	66,342,123
Treasury bills	9	148,132,175	106,014,124
Cash and cash equivalents (excluding bank overdrafts)	10	207,734,849	233,301,434
Total current assets		587,439,050	518,139,438
Total assets		1,938,795,509	1,602,627,746
Liabilities			
Non-current liabilities			
Long-term loans	11	329,012,193	204,543,390
Long-term notes payable	12	-	8,884,103
Deferred income tax liabilities	13	84,875,962	79,424,174
Total non-current liabilities		413,888,155	292,851,667
Current liabilities			
Trade and other payables	14	243,589,434	205,931,191
Current income tax liabilities	15	13,762,333	81,588,139
Current portion of long-term liabilities	16	164,989,004	125,176,964
Bank overdraft	17	49,954,489	60,418,179
Provisions	18	14,775,375	10,916,700
Total current liabilities		487,070,635	484,031,173
Total liabilities		900,958,790	776,882,840
Net assets		1,037,836,719	825,744,906
Equity			
Share capital	19	72,536,290	72,536,290
Legal reserve	20	31,103,903	31,103,903
Retained earnings		929,868,909	720,137,920
Capital and reserves attributable to owners of the parent		1,033,509,102	823,778,113
Non-controlling interest	21	4,327,617	1,966,793
Total equity		1,037,836,719	825,744,906

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


Mr Sherif Fahy
 Vice President - Finance


Eng Hani Berzi
 Chairman

10 November 2015
 Limited review report attached

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

Interim consolidated statement of profit or loss - For the period ended 30 September 2015

(All amounts in Egyptian Pounds)	Note	Nine months period ended on 30 September		Three months period ended on 30 September	
		2015	2014	2015	2014
Revenue		1,579,137,612	1,350,310,076	535,420,285	444,360,794
Cost of sales	27	(985,095,078)	(854,222,428)	(337,635,109)	(287,002,714)
Gross profit		594,042,534	496,087,648	197,785,176	157,358,080
Distribution cost	27	(205,529,717)	(147,349,169)	(71,848,083)	(58,841,886)
Administrative expenses	27	(120,341,276)	(97,861,621)	(38,560,288)	(40,852,385)
Other income	22	4,932,822	14,218,758	1,445,461	3,735,961
Other gains / (losses)-net	23	(344,029)	(1,389,235)	(5,333,737)	7,708,018
Operating profit		272,760,334	263,706,381	83,488,529	69,107,788
Finance income		19,528,313	16,331,230	6,648,769	4,969,220
Finance cost		(24,328,590)	(19,420,780)	(10,246,720)	(6,133,554)
Finance cost - Net	24	(4,800,277)	(3,089,550)	(3,597,951)	(1,164,334)
Profit before income tax		267,960,057	260,616,831	79,890,578	67,943,454
Income tax expense	25	(55,865,349)	(97,987,930)	5,775,951	(35,365,292)
Net profit for the Period		212,094,708	162,628,901	85,666,529	32,578,162
Profit is attributable to					
Owners of the parent		209,732,081	163,261,372		
Non-controlling interest		2,362,627	(632,471)		
Net profit for the period		212,094,708	162,628,901		
Earnings per share (expressed in EGP per share):					
Basic earnings per share	26	0.585	0.448	0.236	0.090
Diluted earnings per share	26	0.585	0.448	0.236	0.090

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

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

Interim consolidated statement of comprehensive income - For the Period ended 30 September 2015

(All amounts in Egyptian Pounds)

	<u>30 September 2015</u>	<u>30 September 2014</u>
Profit for the period	212,094,708	162,628,901
Assets revaluation reserve	(1,803)	(2,404)
Other comprehensive income for the period, net of tax	(1,092)	1,935
Total comprehensive income for the period	<u><u>212,091,813</u></u>	<u><u>162,628,432</u></u>
Total comprehensive income is attributable to		
Owners of the parent	209,730,989	163,263,307
Non-controlling interest	2,360,824	(634,875)
Total comprehensive income for the period	<u><u>212,091,813</u></u>	<u><u>162,628,432</u></u>

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

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

Interim consolidated statement of changes in equity - For the period ended 30 September 2015

	Attributable to Owners of the parent					Total owners' equity
	Share capital	Legal reserve	Retained earnings	Total Owners of the parent	Non-controlling interest	
Balance at 31 December 2013 and 1 January 2014	72,536,290	16,407,621	618,746,353	707,690,264	2,261,950	709,952,214
Profit for the Period	-	-	163,261,372	163,261,372	(632,471)	162,628,901
Foreign currency translation reserve	-	-	1,935	1,935	-	1,935
Assets revaluation reserve	-	-	-	-	(2,404)	(2,404)
Total comprehensive income for the period	-	-	163,263,307	163,263,307	(634,875)	162,628,432
Transactions with the owners in their capacity as owners:						
Dividends distribution for 2013	-	-	(150,000,000)	(150,000,000)	(89,173)	(150,089,173)
Balance at 30 September 2014	72,536,290	16,407,621	632,009,660	720,953,571	1,537,902	722,491,473
Balance at 31 December 2014 and 1 January 2015	72,536,290	31,103,903	720,137,920	823,778,113	1,966,793	825,744,906
Profit for the Period	-	-	209,732,081	209,732,081	2,362,627	212,094,708
Foreign currency translation reserve	-	-	(1,092)	(1,092)	-	(1,092)
Assets revaluation reserve	-	-	-	-	(1,803)	(1,803)
Total comprehensive income for the period	-	-	209,730,989	209,730,989	2,360,824	212,091,813
Balance at 30 September 2015	72,536,290	31,103,903	929,868,909	1,033,509,102	4,327,617	1,037,836,719

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

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

Interim consolidated statement of cash flows - For the period ended 30 September 2015

(All amounts in Egyptian Pounds)

	Notes	30 September 2015	30 September 2014
<u>Cash flows from operating activities</u>			
Cash generated from operations	28	310,677,711	248,083,656
Interest paid		(23,480,101)	(18,124,780)
Income tax paid		<u>(118,073,367)</u>	<u>(74,997,356)</u>
Net cash inflow from operating activities		<u>169,124,243</u>	<u>154,961,520</u>
<u>Cash flows from investing activities</u>			
Payment for property, plant and equipment	5	(230,312,462)	(144,830,926)
Payment for Intangible assets		(94,292,984)	-
Proceeds from sale of property, plant and equipment		8,585,795	425,901
Interest received		18,305,816	16,192,958
Investment income		-	2,466
Treasury bills		(41,061,554)	(1,318,448)
Net cash (outflow) from investing activities		<u>(338,775,389)</u>	<u>(129,528,049)</u>
<u>Cash flows from financing activities</u>			
Sales tax on machinery		-	(25,296)
Notes Payable		(9,985,990)	(9,425,154)
Dividends paid to Shareholders		-	(149,825,465)
Proceeds from borrowings		238,039,234	128,735,937
Repayments of borrowings		(73,504,993)	(73,207,711)
Net cash inflow / (outflow) from financing activities		<u>154,548,251</u>	<u>(103,747,689)</u>
Net (decrease) in cash and cash equivalents		(15,102,895)	(78,314,218)
Cash and cash equivalents at beginning of the period		<u>172,883,255</u>	<u>157,866,465</u>
Cash and cash equivalents at end of the Period	10	<u>157,780,360</u>	<u>79,552,247</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

* In 30 September 2014 Non cash transaction amounted to LE 263,709 excluding from Trade and other payable and from Dividends payments as well

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

1. General information

Edita Food Industries S.A.E. was established in July 9, 1996, under the investment Law No. 230 of 1989 and the money market Law No. 95 of 1992 and is registered in the commercial register under number 692 Cairo.

Consolidated financial statements of the Group comprise financial statements of Edita Food Industries Company (S.A.E.) and its subsidiaries (together referred to as the "Group").

The Group 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 Group's financial year start on 1 January and ends on 31 December each year.

The main shareholders are BERCO Limited which owns 41.815% of the Company's share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 12.975% of the Company's share capital, and Africa Samba Cooperative which owns 15% and other shareholder owing 30.210% of Company's share capital.

These consolidated financial statements have been approved by the board of directors and taken into account that the General Assembly Meeting has the right to change the consolidated financial statements after issuance.

The parent Company:

Edita Food Industries:

Edita food industries is the holding company. The company provides manufacturing, producing and packing of all food products and producing and packing of ready made food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Digma for trading company.

The group is composed of the following subsidiaries:

Digma for Trading:

Digma for trading main activity is wholesale and retail trading in consumable goods. The Company also acts as an agent and distributor for local and foreign factories and companies producing these goods and also imports and exports, in accordance with laws and regulations. The company buys from Edita confectionery industries and Edita food industries and distributes to others.

Edita Confectionery Industries:

The company's purpose is to build of operate a factory for production, sales of distributions of Sweets, Toofy, Jelly and Caramel other nutrition materials and sell the products to Digma for trading company.

Edita participation limited:

The principal activities of the company are the provision of services and the holding of investments.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

General information (continued)

	<u>Principle place of business</u>	<u>Interest held by non- controlling interest</u>
Digma for trading	Egypt	0.20%
Edita for confectionery	Egypt	22.3%
Edita participation limited	Cyprus	-

Financial information about the subsidiaries of the group as at 30 September 2015

<u>Name of subsidiary</u>	<u>Total Assets</u>	<u>Total Equity</u>	<u>Total Sales</u>	<u>Net Profit/ (loss)</u>
Digma for trading	270,279,062	185,099,885	1,479,955,919	58,579,480
Edita for confectionery	95,724,524	19,364,552	56,746,067	10,073,883
Edita participation limited	174,683	(112,556)	-	(16,829)

2. Summary of significant accounting policies

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

A. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations applicable to companies reporting under IFRS, the financial statements comply with IFRS as issued by International Accounting Standards Board IASB.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated 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 group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Changes in accounting policy and disclosure

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2015 that would be expected to have a material impact on the Group.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Basis of preparation (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted by the group related to IFRS 9 that introduces new rules for hedge accounting that made further changes to the classification and measurement rules and also introduced a new impairment model, also IFRS 15 related to revenue from contracts with customers This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The group's assessment of the impact of these new standards and interpretations that the group no longer expects any impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities.

The Group has changed during the year 2014 the process of evaluating its inventory from first in first out to moving average to give information that is reliable and more relevant. No significant effect from this change on each of inventory, earnings per share and statement of profit or loss for comparative figures.

B. Basis of consolidation

1. Subsidiaries

Subsidiaries are all entities (including structured) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

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

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Basis of consolidation (continued)

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Unless the transaction provides evidence of an impairment of transferred asset. When necessary amounts reported by subsidiaries have been adjusted to confirm to the group's accounting policies.

2. Changes in ownership interests

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

3. Principles of consolidation and equity accounting

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

C. Foreign currency translation

(1) Functional and presentation currency

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

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

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss, they are deferred in equity if they are attributable to part of the net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains and losses.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Foreign currency translation (continued)

(3) Group companies

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) All resulting exchange differences are recognized in other comprehensive income.

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

D. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes 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 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.

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 value over their estimated useful lives, as follows:

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

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

E. Impairment of non-financial assets

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 each reporting date.

F. Financial assets

(1) Classification

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

(a) Loans and receivables

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

(b) Held to maturity investments

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

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

(2) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the group 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 group has transferred substantially all the risks and rewards of ownership.

(3) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, 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.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Financial assets (continued)

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

(4) Impairment

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

For loans and receivables, 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 group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

G. Intangible assets

Intangible assets (Trademarks) have infinite useful lives and are carried at cost less impairment losses. Historical cost includes all expenses associated with the acquisition of an intangible asset, whereas intangible assets (know how) have finite useful life and is carried at cost less accumulated amortization.

Amortization of intangible assets which have finite useful lives is calculated using the straight line method, know how is amortized over 25 years.

H. Inventories

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

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

I. Trade receivables

Trade receivables are recognized 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. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 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 consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

K. Share capital

Ordinary shares are classified as equity.

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

Where any group 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, 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 recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

M. Borrowings

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

Borrowings 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 borrowings using the effective interest method.

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

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

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

N. 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 borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

O. 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.

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.

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Income tax (continued)

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.

P. Employee benefits

(1) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group 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. A defined benefit plan is a pension plan that is not a defined contribution plan.

(2) 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 short-term employee benefit obligations are presented as payables.

(3) Dividends distribution

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

(4) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of 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.

Q. Provisions

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

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Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

R. 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 group 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 Group's activities, as described below. The Group 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.

(1) Sales of goods – whole sale

Sales of goods are recognized when a Group 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 group has objective evidence that all criteria for acceptance have been satisfied.

(2) Interest income

Interest income is recognized using the effective interest method. When a receivable is impaired, the Group 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.

(3) Dividend income

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

(4) Government subsidy on export sales

Export incentive provided by government is recognized as a percentage from value of export sales, when the government can confirm that the export sales meet all required criteria. The Group is eligible for incentive and is recognized in the statement of profit or loss 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. Dividend distribution

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

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

U. Legal reserve

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

V. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group 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 Group 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 Group 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.

W. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The board has appointed a strategic steering committee which assesses the financial performance and position of the group, and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

X. Comparative figures

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

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

3. Financial risk management

(1) Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The group's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

(A) Market risk

(i) Foreign exchange risk

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

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

	Assets	Liabilities	Net 30 September 2015	Net 31 December 2014
Euros	45,979,357	(159,899,273)	(113,919,916)	(109,653,136)
United States Dollars	16,054,985	(32,383,377)	(16,328,392)	(16,869,762)

At 30 September 2015, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit for the period would have been LE 11,391,992 (31 December 2014: LE 10,965,314) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 30 September 2015, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the period would have been LE 1,632,839 (31 December 2014: LE 1,686,976) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

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

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

Financial risk management (continued)

(iii) Cash flow and fair value interest rate risk

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

At 30 September 2015, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, post-tax profit for the period would have been LE 408,838 (31 December 2014: LE 465,712) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowings at the balance sheet date with variable interest rate amounted to LE 483,454,372 (31 December 2014: LE 319,734,364).

Overdraft at the balance sheet date on 30 September 2015 amounted to LE 49,954,489 (31 December 2014: LE 60,418,179).

Financial assets exposed to variable interest rate amounted to LE 176,460,840 (31 December 2014: LE 210,960,840).

	<u>30 September 2015</u>	<u>31 December 2014</u>
Time deposit – LE	176,460,840	210,960,840
	<u>176,460,840</u>	<u>210,960,840</u>

(B) Credit risk

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

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

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors.

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

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

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

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Financial risk management (continued)

(C) Liquidity risk

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

At 30 September 2015	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	76,623,740	77,818,439	96,707,459	232,304,734
Trade and other payables	185,801,840	-	-	-
Bank overdraft	49,954,489	-	-	-
Notes payable	57,787,594	10,546,825	-	-
Total	370,167,663	88,365,264	96,707,459	232,304,734
At 31 December 2014				
Borrowings	52,849,934	62,341,040	103,200,332	101,343,058
Trade and other payables	165,213,420	-	-	-
Bank overdraft	60,418,179	-	-	-
Notes payable	40,717,771	9,985,990	8,884,103	-
Total	319,199,304	72,327,030	112,084,435	101,343,058

(2) Capital management

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

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

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Financial risk management (continued)

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

	<u>30 September 2015</u>	<u>31 December 2014</u>
Current and long-term liabilities and loans	494,001,197	338,604,457
Bank Over Draft	49,954,489	60,418,179
Total liabilities and loans	543,955,686	399,022,636
Less: Cash and bank balances	(207,734,849)	(233,301,434)
Net debt	336,220,837	165,721,202
Total equity	1,037,836,719	825,744,906
Total capital	1,374,057,556	991,466,108
Gearing ratio	24%	17%

The increase in debt to equity is due to increase in borrowings and long term notes payable.

Loan covenants

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

- a- 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 group for similar financial instruments.

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4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

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

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

Intangible assets impairment (Trade Mark)

The Group's management annually tests the impairment of intangible assets (Trade Mark), assets that have an indefinite useful life and based on the basis of financial and operational performance in previous years and expectations of management of the Group to market developments in the future by preparing an action plan by using the growth rate and the discount rate prevailing.

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

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

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5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 31 December 2013								
Cost	62,226,931	338,886,497	453,977,153	115,151,844	32,512,878	35,874,070	15,097,813	1,053,727,186
Accumulated depreciation	-	(29,611,451)	(109,594,043)	(53,350,864)	(17,916,506)	(16,807,790)	-	(227,280,654)
Net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
Year ended 31 December 2014								
Opening net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
Additions	-	2,833,108	11,979,837	20,434,335	6,948,313	10,575,822	201,896,348	254,667,763
Depreciation charge	-	(12,961,342)	(22,971,288)	(14,391,308)	(5,104,782)	(8,422,327)	-	(63,851,047)
Disposal Depreciation	-	37,021	83,870	4,159,117	110,497	178,476	-	4,568,981
Disposals	-	(458,265)	(94,828)	(5,071,562)	(115,042)	(222,882)	-	(5,962,579)
Transfers from Projects under construction	-	17,495,548	1,862,698	-	-	215,126	(19,573,372)	-
Balance at 31 December 2014	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
At 31 December 2014								
Cost	62,226,931	358,756,888	467,724,860	130,514,617	39,346,149	46,442,136	197,420,789	1,302,432,370
Accumulated depreciation	-	(42,535,772)	(132,481,461)	(63,583,055)	(22,910,791)	(25,051,641)	-	(286,562,720)
Net book value	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Period ended 30 September 2015								
Opening net book value	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Additions	44,487,197	94,541	7,967,126	31,898,250	5,836,022	9,600,609	130,428,717	230,312,462
Depreciation charge	-	(10,279,736)	(21,097,863)	(12,735,269)	(5,477,777)	(6,630,835)	-	(56,221,480)
Disposal Depreciation	-	-	130,850	18,581,631	442,913	84,163	-	19,239,557
Disposals	-	(75,478)	(234,944)	(19,280,086)	(444,554)	(91,690)	-	(20,126,752)
Transfers from Projects under construction	-	40,725	149,506,880	-	11,206,129	198,924	(160,952,658)	-
Balance at 30 September 2015	106,714,128	306,001,168	471,515,448	85,396,088	27,998,091	24,551,666	166,896,848	1,189,073,437
At 30 September 2015								
Cost	106,714,128	358,816,676	624,963,922	143,132,781	55,943,746	56,149,979	166,896,848	1,512,618,080
Accumulated depreciation	-	(52,815,508)	(153,448,474)	(57,736,693)	(27,945,655)	(31,598,313)	-	(323,544,643)
Net book value at 30 September 2015	106,714,128	306,001,168	471,515,448	85,396,088	27,998,091	24,551,666	166,896,848	1,189,073,437

* The additions in land is represented in new purchased plot for the purpose of building new factory in 6th of October city, and it's being approved from the new urban communities authority.

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

Property, plant and equipment (continued)

During the period, the Group has capitalized borrowings costs amounting to LE 8,632,791 (31 December 2014: LE 6,423,328) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

	<u>30 September 2015</u>	<u>31 December 2014</u>
Allocation of the borrowing cost on Qualified Assets		
Buildings	5,524,196	2,895,203
Machinery	3,108,595	3,528,125
Total	<u>8,632,791</u>	<u>6,423,328</u>

6. Intangible assets

	<u>Net Book Value</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>
A- Intangible assets which have indefinite useful lives	131,480,647	68,618,658
B- intangible assets which have finite useful lives	30,802,375	-
Balance as of	<u>162,283,022</u>	<u>68,618,658</u>

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

	<u>Trade Mark (HOHOS, Twinkies & Tiger Tail)</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>
Cost		
Opening Balance	68,618,658	68,618,658
Additions during the period / year	62,861,989	-
Balance as of	<u>131,480,647</u>	<u>68,618,658</u>

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

	<u>Know How</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>
Cost		
Additions during the period	31,430,995	-
Balance as of	<u>31,430,995</u>	<u>-</u>
Accumulated Amortization		
Amortization expense during the period	628,620	-
Balance as of	<u>628,620</u>	<u>-</u>
Net book value for know how	<u>30,802,375</u>	<u>-</u>
Net book value for intangible assets (a+b)	<u>162,283,022</u>	<u>68,618,658</u>

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

Intangible assets (continued)

C. Intangible assets which have infinite useful lives - Trademarks (HOHOS, Twinkies & Tiger Tail)

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

Libya and Palestine these rights do not have a definite time, and on the 16th of April 2015 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.

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

Assumptions used by the Company when testing the impairment of intangible assets as of 31 December 2014 as follows:

Average gross profit	30 %
Discount rate	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 using the growth rate and the discount rate prevailing . At the balance sheet date the carrying value of the intangible assets is not less than its recoverable amount.

D. intangible assets which have definite useful lives – Know how

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

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7. Inventories

	<u>30 September 2015</u>	<u>31 December 2014</u>
Raw materials	91,984,093	78,624,516
Spare parts	28,695,821	21,637,869
Finished goods	10,874,638	8,197,309
Consumables	2,674,750	3,357,898
Work in process	1,936,444	1,443,165
Total	136,165,746	113,260,757
Less: provision for slow moving and obsolete inventory	(649,442)	(779,000)
Net	135,516,304	112,481,757

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 755,662,566 as of 30 September 2015. (31 December 2014: LE 941,283,403)

8. Trade and other receivables

	<u>30 September 2015</u>	<u>31 December 2014</u>
Trade receivables	7,900,714	10,514,126
Notes receivable	798,181	1,011,121
Total	8,698,895	11,525,247
Less: Provision for impairment of trade receivables	(20,556)	(138,785)
	8,678,339	11,386,462
Advances to suppliers	66,118,000	36,938,398
Prepaid expenses	10,001,672	4,316,961
Other debit balances	8,530,083	12,320,587
Deposits with others	2,136,978	920,373
Letters of credit	448,899	226,297
Employee loans	103,947	181,994
Accrued revenues	37,804	51,051
Total	96,055,722	66,342,123

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

9. Treasury bills

	<u>30 September 2015</u>	<u>31 December 2014</u>
Treasury bills par value	151,650,000	106,325,000
Net accrued interest income	(3,517,825)	(310,876)
Treasury bills balance	<u>148,132,175</u>	<u>106,014,124</u>

The Group purchased Egyptian treasury bills on 8th of September 2015 with par value amounted LE 32,225,000 with an annual interest of 11.25%. These treasury bills are due in 12th of January 2016. The total recognized interest income amounted to LE 210,322.

The Group purchased Egyptian treasury bills on 25th of August 2015 with par value amounted LE 35,000,000 with an annual interest of 8.5%. These treasury bills are due in 24th of November 2015. The total recognized interest income amounted to LE 287,308.

The Group purchased Egyptian treasury bills on 8th of September 2015 with par value amounted LE 20,000,000 with an annual interest of 8.5%. These treasury bills are due in 15th of December 2015. The total recognized interest income amounted to LE 100,167.

The Group purchased Egyptian treasury bills on 25th of August 2015 with par value of LE 20,000,000 with an annual interest of 8.5%. These treasury bills are due on 24th of November 2015. The total recognized interest income amounted to LE 164,176.

The Group purchased Egyptian treasury bills on 22nd of September 2015 with par value of LE 36,250,000 with an annual interest of 11.35%. These treasury bills are due on 2nd of February 2016. The total recognized interest income amounted to LE 86,608.

The Group purchased Egyptian treasury bills on 7th of July 2015 with par value of LE 8,175,000 with an annual interest of 11.40%. These treasury bills are due on 24th of November 2015. The total recognized interest income amounted to LE 207,916.

10. Cash and cash equivalents (excluding bank overdrafts)

	<u>30 September 2015</u>	<u>31 December 2014</u>
Bank deposits	176,460,840	210,960,840
Cash at banks and on hand	31,274,009	22,340,594
Cash and cash equivalents (excluding bank overdrafts)	<u>207,734,849</u>	<u>233,301,434</u>

The average interest rate on local currency time deposits during the period ended 30 September 2015 is 7% (2014: 8.5%).

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

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Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

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

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

	30 September 2015	31 December 2014
Cash and cash equivalents	207,734,849	233,301,434
Bank overdraft (Note 17)	(49,954,489)	(60,418,179)
Total	157,780,360	172,883,255

11. Loans

	30 September 2015			31 December 2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	154,442,179	329,012,193	483,454,372	115,190,974	204,543,390	319,734,364
	154,442,179	329,012,193	483,454,372	115,190,974	204,543,390	319,734,364

(1) Edita Food Industries Company

	30 September 2015			31 December 2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	12,730,337	-	12,730,337	26,690,885	12,500,000	39,190,885
Second loan	23,758,356	-	23,758,356	25,495,312	11,666,667	37,161,979
Third loan	24,343,021	-	24,343,021	23,834,870	11,667,000	35,501,870
Fourth loan	18,719,470	43,749,965	62,469,435	19,170,795	28,719,881	47,890,676
Fifth loan	39,594,480	107,810,717	147,405,197	3,472,419	115,689,842	119,162,261
Sixth Loan	14,140,625	81,000,000	95,140,625	-	-	-
Seventh Loan	215,589	64,007,680	64,223,269	-	-	-
	133,501,878	296,568,362	430,070,240	98,664,281	180,243,390	278,907,671

- **First loan**

This first loan is provided by one of the Egyptian banks in August 2011 based on a cross guarantee issued from Digma Trading Company with an amount of LE 100,000,000 and the total withdrawal amount is LE 100,000,000 in addition to accrued interest. The loan outstanding balance at 30 September 2015 after payment of due instalments amounted to 12,500,000 in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 12,500,000 on 1 February 2016 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Loans (continued)

- **Second loan:**

This second loan is provided by one of the Egyptian banks in August 2012 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 30 September 2015 after payment of accrued instalments is LE 23,333,333 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 23,333,333 on 2 equal semi-annual instalments; each instalment is amounted to LE 11,666,667.

The first instalment is due on 6 December 2015 and the last on 6 June 2016.

Interest:

The interest rate is 1.5% above mid corridor rate of central bank of Egypt.

Fair value:

Fair value is approximately equal to book value.

- **Third loan:**

This third loan is provided by one of the Egyptian banks in May 2013 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 30 September 2015 after payment of due instalments is LE 23,333,600 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 23,333,600 on 2 equal semi-instalments annual instalment is amounted to LE 11,666,600 and the last instalment amounted to LE 11,667,000. The first instalment is due on 18 Nov 2015 and the last on 18 May 2016.

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 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 30 September 2015 in addition to accrued interest, the loan outstanding balance at 30 September 2015 after payment of the due instalments is LE 61,250,000 in additions to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 61,250,000 on 7 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first instalment is due on 22 January 2015 and the last on 22 January 2019.

Interest:

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

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Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Loans (continued)

Fair value:

Fair value is approximately equal to book value.

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 92,067,082 plus 5,981,700 Euro on 30 September 2015 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 185,000,000 on 10 equal semi-annual installments; each installment is amounted to LE 18,500,000. The first installment is due on 26 December 2015 and the last on 26 June 2020. 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 1.25% above mid corridor rate of Central Bank of Egypt and 2.5% above the Euro Libor rate.

Fair value:

Fair value is approximately equal to book value.

- **Sixth loan:**

This sixth loan is provided by one of the Egyptian banks on April 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 90,000,000 in addition to accrued interest.

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 2016 and the last on 9 October 2020.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Seventh loan:**

This seventh loan is provided by one of the Egyptian banks on June 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 or equivalent in foreign currencies and the total withdrawal amount is LE 13,312,653 plus 5,113,099 Euro plus 453,204 USD plus 173,610 GBP on 30 September 2015 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.

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Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Loans (continued)

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 170,000,000 on 11 equal semi-annual installments; each installment is amounted to LE 15,455,000 except for the last instalment amounted to LE 15,450,000 the first instalment is due on 19 Apr 2017 and the last on 18 Apr 2022. Total loan value and accrued interest to be paid to the bank in Egyptian pound 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, USD and GBP Libor rate.

Fair value:

Fair value is approximately equal to book value.

(2) Digma for Trading Company

	30 September 2015			31 December 2014		
	Short term portion	Long term portion	Total	Short term portion	Long term portion	Total
First loan	-	-	-	3,656,620	-	3,656,620
Second loan	3,533,519	3,333,332	6,866,851	3,948,750	6,666,667	10,615,417
Third loan	3,414,006	4,999,999	8,414,005	2,070,108	8,333,333	10,403,441
Fourth loan	7,645,010	17,910,500	25,555,510	-	-	-
Net	14,592,535	26,243,831	40,836,366	9,675,478	15,000,000	24,675,478

The First loan

The first loan is provided by one of the Egyptian banks in September 2012 and the total withdrawal amount is LE 14,000,000 in addition to accrued interest, the loan balance as of 30 December 2014 after settlement of instalments amounted to LE 3,500,000 in addition to accrued interest, Digma for trading Company paid an amount of LE 3,500,000 in one instalment on 31 March 2015

The Second loan

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 6,666,666 on 4 equal semi-annual instalment, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The next instalments is due on 1th of January 2016 and the last on 15th of July 2017,

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Loans (continued)

- **The Third loan**

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 8,333.333 on 5 equal semi-annual instalments, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalment is due on 20 February 2016 and the last on 20 February 2018.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Fourth loan**

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 26,000,000 on 7 equal semi-annual instalments, each instalment is amounted to LE 3,714,286 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on 19 Oct 2015 and the last on 19 October 2018.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(3) Edita Confectionery Industries Company

	30 September 2015			31 December 2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Long-term loan	6,347,766	6,200,000	12,547,766	6,851,215	9,300,000	16,151,215
	<u>6,347,766</u>	<u>6,200,000</u>	<u>12,547,766</u>	<u>6,851,215</u>	<u>9,300,000</u>	<u>16,151,215</u>

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

Terms of payments:

Edita Confectionery Industries S.A.E. is obligated to pay LE 31,000,000 on 10 equal semi-annual instalments (each instalment is amounted to LE 3,100,000) and the instalments come due after 6 months from the first withdrawal, the next instalment due on October 2015 and the last on 17 April 2017.

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

Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

Compliance with debt covenants

As of 30 September 2015, the group has complied with the financial covenants of its borrowing facilities during 2015 and 2014 reporting period.

12. Long-term notes payable

The long-term notes payables represents the total instalment for the land purchased from Urban communities Authority – Sheikh Zayed City as the last instalment on September 2016.

Current portion of long-term notes payable:

	30 September 2015		31 December 2014	
	Notes payable	Present Value	Notes payable	Present Value
Less than one year (Note 16)	10,546,825	10,546,825	9,985,990	9,985,990
	10,546,825	10,546,825	9,985,990	9,985,990
	30 September 2015		31 December 2014	
	Notes payable	Present value	Notes payable	Present value
Notes payable due for more than one year and less than 5 years	-	-	10,546,825	8,884,103
Total long-term liabilities	-	-	10,546,825	8,884,103

The total accrued interest on the loan for the period ended of 30 September 2015 amounting to LE 848,489 (30 September 2014: LE 1,296,000) has been charged on the statement of profit or loss as a finance cost (Note 24).

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

13. Deferred income tax liability

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

	Property, plant & equipment and intangible assets	Acquiring Digma for Trading Company	Total
Balance at 1 January 2014	66,120,010	4,297,064	70,417,074
Charge to the statement of profit or loss	9,247,523	(240,423)	9,007,100
Balance at 31 December 2014 and 1 January 2015	75,367,533	4,056,641	79,424,174
Charged to the statement of profit or loss	5,632,106	(180,318)	5,451,788
Balance at 30 September 2015	80,999,639	3,876,323	84,875,962

14. Trade and other payables

	30 September 2015	31 December 2014
Trade payables	116,927,083	108,621,906
Notes payable	57,787,594	40,717,771
Accrued expenses	29,337,502	27,830,269
Other credit balances	19,435,085	10,759,252
Taxes payable	10,323,429	12,139,453
Advances from customers	5,930,055	4,715,426
Social insurance	2,653,415	74,922
Dividends payable	1,195,271	1,072,192
Total	243,589,434	205,931,191

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.

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Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

15. Current income tax liabilities

	<u>30 September 2015</u>	<u>31 December 2014</u>
Balance at 1 January	81,588,139	52,015,132
Income tax paid during the period / year	(80,972,318)	(52,133,700)
Withholding tax	(3,601,049)	(2,836,383)
Income tax for the period / year (Note 25)	50,413,561	117,623,404
Corporate tax advance payment	(33,500,000)	(32,115,000)
Accrued interest – advance payment (Note 24)	(166,000)	(1,083,880)
Tax adjustments	-	118,566
Balance at end of period / year	<u>13,762,333</u>	<u>81,588,139</u>

16. Current portion of long-term liabilities

	<u>30 September 2015</u>	<u>31 December 2014</u>
Short-term loans (Note 11)	154,442,179	115,190,974
Current portion at long-term notes payable (Note 12)	10,546,825	9,985,990
Total	<u>164,989,004</u>	<u>125,176,964</u>

17. Bank overdraft

	<u>30 September 2015</u>	<u>31 December 2014</u>
Bank overdraft (Note 10)	49,954,489	60,418,179
Total	<u>49,954,489</u>	<u>60,418,179</u>

Bank overdraft is an integral part of the Company's cash management. Bank overdraft is secured against guarantees by cross guarantees from the group of shareholders. The effective interest rate for bank overdraft was 11.25 % as of 30 September 2015 (2014: 11.25%).

18. Provisions

	<u>Other provisions</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>
Balance at 1 January	10,916,700	9,034,968
Charged during the period / year	4,239,092	5,014,145
Utilized during the period / year	(380,417)	(3,132,413)
Balance at end of period / year	<u>14,775,375</u>	<u>10,916,700</u>

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Provisions (Continued)

Other provisions relate to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the International Financial Reporting 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.

19. Share capital

Authorized capital LE 360,000,000 (1,800,000,000 share, par value LE 0.20 per share).

The issued and paid up capital amounted by LE 72,536,290 presented in 362,681,450 share (par value LE 0.20 per share) distributed as follow:

	<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	0.210%
	<u>362,681,450</u>	<u>72,536,290</u>	<u>100%</u>

Edita Food Industries' shares started trading on April 2, 2015 on the Egyptian Stock Exchange (EFID.CA) and in GDRs on the London Stock Exchange (EFIDq.L) with strong trading reflecting the Company's robust performance. The secondary offering was of 30% of Edita's share capital with the offer being 85% directed to institutional buyers (both local shares and GDRs) and 15% of the offering directed to local retail investors. The institutional portion was 13.4x oversubscribed and the retail portion was 4.5x oversubscribed. At the start of trading, of the total 108,804,435 shares being offered 65,125,189 were allocated to the GDR program.

The new shareholders shares (issued and paid up capital amounted to LE 72,536,290) after trading are shown as follows:

<u>Shareholders</u>	<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>

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

20. Legal reserve

In accordance with Companies 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.

21. Non-controlling interest

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	Total	
					30 September 2015	31 December 2014
Balance at 1 January	12,271,000	5,000	40,566	(10,349,773)	1,966,793	2,261,950
Dividend distribution (minority share)	-	-	-	-	-	(89,173)
Minority share in gain / (loss) of subsidiaries	-	-	-	2,362,627	2,362,627	(203,579)
Assets revaluation reserve	-	-	(1,803)	-	(1,803)	(2,405)
Balance at end of period/year	12,271,000	5,000	38,763	(7,987,146)	4,327,617	1,966,793

22. Other income

	30 September 2015	30 September 2014
Gain from sale of production waste	4,121,704	3,389,634
Others	811,118	2,757,198
Export subsidies	-	8,071,926
Net	4,932,822	14,218,758

23. Other (losses) net

	30 September 2015	30 September 2014
Loss from sales of fixed assets	-	(209,144)
Provision for slow moving inventory	-	(849,609)
Foreign exchange losses	(3,803,537)	-
Other Provisions	(4,239,092)	(3,235,689)
Total	(8,042,629)	(4,294,442)
Gain from sales of fixed assets	7,698,600	-
Foreign exchange gains	-	2,905,207
Net	(344,029)	(1,389,235)

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

24. Finance cost - net

	<u>30 September 2015</u>	<u>30 September 2014</u>
Finance income		
Interest income	18,305,816	11,293,334
Interest income – treasury bills	1,056,497	4,899,624
Interest income – corporate tax payment	166,000	138,272
	<u>19,528,313</u>	<u>16,331,230</u>
Finance cost		
Interest expense	(23,480,101)	(18,124,780)
Interest on land's instalments	(848,489)	(1,296,000)
	<u>(24,328,590)</u>	<u>(19,420,780)</u>
Finance cost – net	<u>(4,800,277)</u>	<u>(3,089,550)</u>

25. 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 2015.

	<u>30 September 2015</u>	<u>30 September 2014</u>
Income tax for the period	50,413,561	75,070,029
Deferred tax expense for the period	5,451,788	22,917,901
Total	<u>55,865,349</u>	<u>97,987,930</u>

26. 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>30 September 2015</u>	<u>30 September 2014</u>
Profit attributed to owners of the parent	<u>212,094,708</u>	<u>162,628,901</u>
Weighted average number of ordinary shares in issue		
Ordinary shares	362,681,450	362,681,450
	<u>362,681,450</u>	<u>362,681,450</u>
Basic earnings per share	<u>0.585</u>	<u>0.448</u>

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.) AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

27. Consolidated expenses by nature

	<u>30 September 2015</u>	<u>30 September 2014</u>
Cost of sales	985,095,078	854,222,428
Distribution cost	205,529,717	147,349,169
Administrative expenses	120,341,276	97,861,621
	<u>1,310,966,071</u>	<u>1,099,433,218</u>
Raw materials used	772,192,751	690,482,307
Salaries and wages	240,549,643	190,761,984
Advertising and marketing	78,282,576	46,484,651
Depreciation	56,221,480	47,424,668
Gas, oil, water and electricity	28,058,793	18,412,178
Other Expenses	25,829,493	23,627,586
Employee benefits	24,762,527	29,547,695
Rent	23,482,189	2,386,861
Profit share employee	21,830,671	17,474,796
Transportation expenses	15,288,975	12,643,975
Maintenance	14,704,836	7,351,250
Vehicle expense	14,179,352	22,946,348
Consumable materials	7,146,550	6,149,945
Purchases – goods for resale	3,074,631	2,951,818
Royalty	1,263,169	1,444,646
Amortization of intangible assets	628,620	-
Change In Inventory	(16,530,185)	(20,657,490)
	<u>1,310,966,071</u>	<u>1,099,433,218</u>

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

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

28. Cash generated from operations

	30 September 2015	30 September 2014
Profit for the period before income tax	267,960,057	260,616,831
Adjustments for:		
Provisions	4,239,092	4,085,298
Interest on lands' installments	848,489	1,296,000
Foreign currency translation reserve	(1,092)	1,935
Assets revaluation reserve	(1,803)	-
Interest expense	23,480,101	18,124,780
Interest income	(19,362,313)	(16,192,958)
Interest income – corporate tax payment	(166,000)	(138,272)
Depreciation of property, plant and equipment	56,221,480	47,424,666
Investment income from Osoul Fund	-	(2,466)
Amortization of Intangible assets	628,620	-
Gain / (Loss) on disposal of property, plant and equipment	(7,698,600)	209,144
	326,148,031	315,424,958
Change in working capital		
Inventories	(23,034,547)	(28,982,879)
Trade and other receivables	(29,713,599)	(30,054,668)
Trade and other payables	37,658,243	(5,667,259)
Provisions used	(380,417)	(2,636,497)
Cash generated from operations	310,677,711	248,083,655

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

	30 September 2015	30 September 2014
Net book amount	887,195	635,045
Profit of disposal of property, plant and equipment	7,698,600	(209,144)
Proceeds from disposal of property, plant and equipment	8,585,795	425,901

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



Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

(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. 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 paid during the period ended 30 September 2015 amounted to LE 723,299 (30 September 2014: LE 723,049) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 12.975% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the period ended 30 September 2015 the group paid an amount of LE 44,439,400 as salaries and benefits to the key management members (30 September 2014: LE 32,034,208).

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 group as at 30 September 2015.

Edita Food Industries Company

a. Corporate tax

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2009 and all due tax amounts paid.
- The tax inspection was performed for the year 2010 and the differences sent to internal committee to study
- For the years 2011-2014 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period.

b. Payroll tax

- The payroll tax inspection was performed till 31 December 2012 and company paid tax due.
- As for the years 2013 and 2014 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.

c. Sales tax

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

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Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Tax position (continued)

d. Stamp duty tax

- The stamp duty tax inspection was performed till the year 2006 and the Company paid the tax due.
- The tax inspection was performed for the years from 2007 till 2011 and the differences were sent to the internal committee.
- For the years from 2012 till 2014 the tax inspection has not been performed yet.

e. Withholding tax

- The withholding tax inspection was performed till the last quarter.

Digma for Trading Company

a) Corporate tax

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

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

b) Payroll tax

- The tax inspection was performed until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2009 to 2014 the Company submitted its quarter tax returns to Tax Authority on due dates.

c) Stamp duty tax

- The tax inspection was performed for the period from the Company's inception until 31 December 2012 and the Company defended against the internal committee's assumption for the years from 2009 till 2012
- For the years 2013 and 2014 the Company paid the tax due.

d) Sales tax

- The tax inspection was performed until 31 December 2012 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2013-2014 the Company submits its monthly sales tax return on due date.

e) Withholding tax

- The withholding tax inspection was performed till the last quarter.

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Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

Tax position (continued)

Edita Confectionary Industries Company

Corporate tax

- The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and amendments.
- The company's books have not been inspected yet until the financial statements date for corporate tax. The company submits the tax returns stated by tax law on due time to the Tax Authority.

Payroll tax

- The tax inspection was performed for the period from the Company's inception until Year 2012 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2013 to 2014 the Company paid the tax due.

Stamp tax

- The tax inspection was performed for the period from the Company's inception until Year 2011 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2012 to 2014 the Company paid the tax due.

Sales tax

- The Company is submitting the sales tax return in its legal period, and the Company paid the tax due.

Withholding tax

- The withholding tax inspection was performed till the last quarter.

31. Contingent Liabilities

(1) Edita Food Industries Company

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 39,112,505 as at 30 September 2015 (31 December 2014: LE 24,422,901).

(2) Digma for Trading Company

The Company guarantees Edita Food Industries against third parties in borrowing from Credit Agricole Egypt

The Company had contingent liabilities in respect of letters of guarantee and other matters arising in the ordinary course of business of which no significant liabilities are expected to arise from them, The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE NIL as at 30 September 2015 (31 December 2014: LE 453,934).

(3) Edita Confectionary Industries Company

The company had contingent liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 1,367,972 as at 30 September 2015 (31 December 2014: LE 1,185,971).

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

32. Financial instrument by category

	<u>30 September 2015</u>	
	<u>Loans & receivables</u>	<u>Total</u>
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	86,054,050	86,054,050
Cash and cash equivalents	207,734,849	207,734,849
Treasury bills	148,132,175	148,132,175
Total	<u>441,921,074</u>	<u>441,921,074</u>

	<u>30 September 2015</u>	
	<u>Other financial liabilities at amortised costs</u>	<u>Total</u>
Liabilities as per balance sheet		
Borrowings*	494,001,197	494,001,197
Trade and other payables (excluding non-financial liabilities)	224,682,535	224,682,535
Bank overdraft	49,954,489	49,954,489
Total	<u>768,638,221</u>	<u>768,638,221</u>

	<u>31 December 2014</u>	
	<u>Loans & receivables</u>	<u>Total</u>
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	62,025,162	62,025,162
Cash and cash equivalents	233,301,434	233,301,434
Treasury bills	106,014,124	106,014,124
Total	<u>401,340,720</u>	<u>401,340,720</u>

	<u>31 December 2014</u>	
	<u>Other financial liabilities at amortised costs</u>	<u>Total</u>
Liabilities as per balance sheet		
Borrowings*	329,720,354	329,720,354
Trade and other payables (excluding non-financial liabilities)	189,001,390	189,001,390
Bank overdraft	60,418,179	60,418,179
Total	<u>579,139,923</u>	<u>579,139,923</u>

* 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.

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

33. Credit quality of financial assets

Trade receivables

Counter parties without external credit rating:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Others parties	7,900,714	10,514,126
Total	<u>7,900,714</u>	<u>10,514,126</u>

Cash at bank and short-term bank deposits:

	<u>30 September 2015</u>	<u>31 December 2014</u>
AA	356,496	2,106,307
A	79,164,780	97,129,463
BBB	105,384,965	122,033,130
B	11,513,892	560,045
Total	<u>196,450,133</u>	<u>221,828,945</u>

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

Notes to the interim consolidated financial statements For the nine months period ended 30 September 2015

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

34. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Friska		Mimix		Other		Total	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Revenue	894,989	806,836	492,123	400,096	68,234	63,651	59,491	39,789	58,397	34,094	5,904	5,844	1,579,138	1,350,310
Gross profit	339,977	303,340	192,880	159,103	19,298	15,423	24,900	12,944	14,191	2,890	2,796	2,387	594,042	496,087
Profit from operations:	170,775	173,037	86,780	90,945	2,100	5,222	7,043	(3,565)	4,229	(2,674)	1,833	742	272,760	263,707
Credit interest	11,067	9,758	6,086	4,839	844	770	736	481	722	412	73	71	19,528	16,331
Debit interest	(13,788)	(11,951)	(7,582)	(5,755)	(1,051)	(568)	(917)	(572)	(900)	(490)	(91)	(85)	(24,329)	(19,421)
Income tax	(34,874)	(58,549)	(17,803)	(29,034)	(554)	(4,619)	(1,487)	(2,887)	(781)	(2,474)	(366)	(425)	(55,865)	(97,988)
Net profit	133,180	112,295	67,481	60,995	1,339	805	5,375	(6,543)	3,270	(5,226)	1,449	303	212,094	162,629

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