

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

**LIMITED REVIEW REPORT AND INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2015**

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

Interim consolidated financial statements - For the three months period ended 31 March 2015

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Report on review of interim consolidated financial statements

To: The Board of Directors of Edita Food Industries Group (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 31 March 2015 and the related Consolidated statements of income, changes in equity and cash flows for the three 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 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 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 31 March 2015, and of its financial performance and its cash flows for the three months period then ended in accordance with International Financial Reporting Standards.



The Board of Directors of Edita Food Industries Company (S.A.E.) and its Subsidiaries
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Other significant of matter

Without qualifying our conclusion, we draw attention to note (35) in the notes to the interim consolidated financial statements, the Group has not issued audited financial statements in accordance with Egyptian Standards on Auditing or conducted a limited review in accordance with Egyptian Standards on review engagement No.2410 "Review Of Interim Financial Statements performed by an independent Auditor of the Entity" for the three months period ended 31 March 2014 and accordingly the corresponding figures for each of the Consolidated statements of income, changes in equity and cash flows for period from 1 January 2014 to 31 March 2014 are not audited or reviewed.

However, the requirements of applicable financial reporting frame work for corresponding figures have been considered. The corresponding figures in the balance sheet represent the figures as of 31 December 2014 which were previously audited and issued an unqualified opinion dated 19 February 2015.

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

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

12 May 2015
Cairo

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

Interim consolidated balance sheet - At 31 March 2015

(all amounts in Egyptian Pounds)

	Note	31 March 2015	31 December 2014
Non-current assets			
Property, plant and equipment	5	1,071,672,938	1,015,869,650
Intangible assets	6	68,618,658	68,618,658
Total non-current assets		1,140,291,596	1,084,488,308
Current assets			
Inventories	7	135,660,716	112,481,757
Trade and other Receivables	8	89,975,613	66,342,123
Treasury bills	9	104,954,322	106,014,124
Cash and cash equivalents (excluding bank overdrafts)	10	213,486,761	233,301,434
Total current assets		544,077,412	518,139,438
Total assets		1,684,369,008	1,602,627,746
Equity and Liabilities			
Equity			
Ordinary Shares	11	72,536,290	72,536,290
Legal reserve	12	31,103,903	31,103,903
Retained earnings		778,860,413	720,137,920
Equity attributable to owners of the parent		882,500,606	823,778,113
Non-controlling interests	13	2,713,891	1,966,793
Total equity		885,214,497	825,744,906
Liabilities			
Non-current liabilities			
Long term loans	14	196,349,929	204,543,390
Long-term notes payable	15	9,166,932	8,884,103
Deferred tax liabilities	16	82,628,458	79,424,174
Total non-current liabilities		288,145,319	292,851,667
Current liabilities			
Provisions	17	12,134,652	10,916,700
Bank overdraft	18	60,569,109	60,418,179
Trade and other payables	19	190,423,638	205,931,191
Current income tax liabilities	20	111,192,357	81,588,139
Current portion of long-term liabilities	21	136,689,436	125,176,964
Total current liabilities		511,009,192	484,031,173
Total Liabilities		799,154,511	776,882,840
Total equity and liabilities		1,684,369,008	1,602,627,746

The accompanying notes on pages 8 - 45 form an integral part of these interim consolidated financial statements.

The financial statements on pages 3 to 45 were authorised for issuance by the chairman on 11 May 2015.

Limited review report attached

Mr. Sherif Fathy
Vice President - Finance

11 May 2015

Eng. Hani Berzi
Chairman

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

**Interim consolidated statement of income
For the three months period ended 31 March 2015**

(All amounts in Egyptian Pounds)

	Note	31 March 2015	Unaudited 31 March 2014
Revenue		528,901,675	450,762,495
Cost of goods sold		<u>(326,348,418)</u>	<u>(285,802,525)</u>
Gross profit		202,553,257	164,959,970
Distribution cost		(70,178,764)	(49,146,104)
Administrative expenses		(45,732,788)	(29,389,793)
Other income	22	1,808,773	2,397,385
Other gains / (losses) - net	23	<u>3,571,466</u>	<u>(4,818,873)</u>
Profit from operations		92,021,944	84,002,585
Finance income	24	6,551,546	5,787,174
Finance cost	24	<u>(4,572,548)</u>	<u>(6,939,654)</u>
Finance (cost) income, net		1,978,998	(1,152,480)
Profit before income tax		94,000,942	82,850,105
Income tax expense	25	<u>(34,536,270)</u>	<u>(25,214,814)</u>
Net profit		59,464,672	57,635,291
Earnings per share (expressed in EGP per share):			
Basic earnings per share	26	0.16	0.16
Diluted earnings per share	26	<u>0.16</u>	<u>0.16</u>
Distributed as following:			
Shareholders' equity		58,716,974	57,739,358
Non-controlling interest		<u>747,698</u>	<u>(104,067)</u>
Net profit for the year		59,464,672	57,635,291

The accompanying notes on pages 8 - 45 form an integral part of these interim consolidated financial statements.

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

**Interim consolidated statement of comprehensive income
For the three months period ended 31 March 2015**

(All amounts in Egyptian Pounds)

	<u>31 March 2015</u>	<u>Unaudited 31 March 2014</u>
Profit for the period	59,464,672	57,635,291
Forex Translation	<u>5,519</u>	<u>1,054</u>
Total comprehensive income for the period	<u><u>59,470,191</u></u>	<u><u>57,636,345</u></u>

The accompanying notes on pages 8 - 45 form an integral part of these interim consolidated financial statements.

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

Interim consolidated statement of changes in shareholders' equity
For the three months period ended 31 March 2015

	Total Owners' Equity					
	Paid up capital	Legal reserve	Retained earnings	Total shareholders	Non-controlling interest	Total owners' equity
Balance at 1 January 2014	72,536,290	16,407,621	618,746,353	707,690,264	2,261,950	709,952,214
Net profit for the period	-	-	57,739,358	57,739,358	(104,067)	57,635,291
Other comprehensive income for the period	-	-	1,054	1,054	(600)	454
Total other comprehensive income for the period	-	-	57,740,412	57,740,412	(104,667)	57,635,745
Dividends distribution for 2013	-	-	(150,000,000)	(150,000,000)	(89,173)	(150,089,173)
Total contribution by and distribution to owner's of the parent recognized directly in Equity	-	-	(150,000,000)	(150,000,000)	(89,173)	(150,089,173)
Balance at 31 March 2014 (unaudited)	72,536,290	16,407,621	526,486,765	615,430,676	2,068,110	617,498,786
Balance at 1 January 2015	72,536,290	31,103,903	720,137,920	823,778,113	1,966,793	825,744,906
Net profit for the period	-	-	58,716,974	58,716,974	747,698	59,464,672
Other comprehensive income for the period	-	-	5,519	5,519	(600)	4,919
Total other comprehensive income for the period	-	-	58,722,493	58,722,493	747,098	59,469,591
Balance at 31 March 2015	72,536,290	31,103,903	778,860,413	882,500,606	2,713,891	885,214,497

The accompanying notes on pages 8 - 45 form an integral part of these interim consolidated financial statements.

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

**Interim consolidated statement of cash flows
For the three months period ended 31 March 2015**

(All amounts in Egyptian Pounds)

	Notes	31 March 2015	Unaudited 31 March 2014
Cash generated from operations	28	47,531,175	72,642,614
Interest paid		(4,289,719)	(6,507,654)
Income tax paid		(1,727,768)	(722,170)
Net cash generated from operating activities		41,513,688	65,412,790
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	5	(72,640,156)	(20,836,251)
Purchase of intangible asset			-
Proceeds from sale of investments			
Proceeds from sale of property, plant and equipment		230,506	142,433
Interest received		6,551,546	5,787,174
Treasury bills		1,059,802	(49,645,158)
Net cash used in investing activities		(64,798,302)	(64,551,802)
<u>Cash flows from financing activities</u>			
Paid sales tax on machinery		-	(25,296)
Dividends paid **		-	(37,013)
Repayment of borrowings		(30,134,554)	(24,572,931)
Proceeds from borrowings		33,453,565	25,353,717
Net cash generated from financing activities		3,319,011	718,477
Net (decrease) increase in cash and cash equivalents		(19,965,603)	1,579,465
Cash and cash equivalents at beginning of the Period		172,883,255	157,866,465
Cash and cash equivalents at end of the Period	10	152,917,652	159,445,930

** non cash transaction relating to dividends amounted to 149,962,987

The accompanying notes on pages 8 - 45 form an integral part of these interim consolidated financial statements.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 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 41.82% of the Company's share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 27.97% of the Company's share capital, and Africa Samba Cooperative which owns 30% and other shareholder owing 0.210% 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 or operate a factory for production, sales or 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 three months period ended 31 March 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:

<u>Name of subsidiary</u>	<u>Total Assets</u>	<u>Total Equity</u>	<u>Total Sales</u>	<u>Net Income/ (loss)</u>
Digma for trading	207,276,622	142,958,404	494,418,546	16,437,999
Edita for confectionery	81,591,623	12,497,589	19,391,274	3,206,920
Edita participation limited	178,147	(107,425)	-	(11,698)

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 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

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 2014 that would be expected to have a material impact on the Group.

The Group has changed during the period 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 income for corresponding figures.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

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.

2. Acquisitions

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.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to confirm to the group's accounting policies.

3. Changes in ownership interests in subsidiaries without change of control

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

4. Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount 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.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

(3) Group companies

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

- (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 income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) The Equity items other than profit or losses for the period have been translated at the historical exchange rate.
- (d) 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 and equipment

All property 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.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

Property and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual 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 (losses)/gains – net' in the income statement.

E. Impairment of non-financial assets

Assets that have an indefinite useful life – for example, intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered 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: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

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

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

Financial assets (continued)

(b) 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

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

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

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

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the group's right to receive payments is established.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

G. Intangible assets

The intangible assets (Trade Mark) are stated at historical cost less impairment loss, where it does not have estimated useful lives. The historical cost includes all costs associated with acquiring the intangible asset

H. Impairment of financial assets

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.

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

I. Inventories

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

J. Trade receivables

Trade receivables are amounts due from customers for goods' sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

K. 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 and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

L. 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.

M. 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.

N. Borrowings

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

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

O. 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.

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

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

P. Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income and as per tax law, the income tax is calculated on the standalone level rather the consolidation level. 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 recognized 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 recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

Only where there is an agreement in place that gives the group the ability to control the reveal of the temporary difference not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

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

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

Q. 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.

R. 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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S. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the 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 recognised 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 recognised 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 recognised using the original effective interest rate.

(3) Dividend income

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

(4) Income from investment in Osoul Fund

Income is recognized monthly at each of the Osoul Fund certificate as per the bank announced rate; at the year end the Group revaluates the outstanding numbers of Osoul Fund certificate up on the rate announced by the bank.

(5) 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 income statement as other income, after meeting all required criteria.

T. 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.

U. 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)

V. 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.

W. Earnings per share

(1) Basic

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

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.

X. Segment Reporting

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

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, credit risk, use of derivative financial instruments and 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 US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

Financial risk management (continued)

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

	Assets	Liabilities	Net 31 March 2015	Net 31 December 2014
United States Dollars	10,668,910	(29,130,487)	(18,461,577)	(16,869,762)
Euros	104,520	(87,931,353)	(87,826,833)	(109,653,136)

At 31 March 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 (1,846,158) (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.

At 31 March 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 (8,782,683) (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.

(ii) Price risk

The Group does not instrument in equity securities or bonds and accordingly is not exposed to price risk related to the change in the fair value of the investment.

(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 cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 31 March 2015, if interest rates on Egyptian pound -denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been LE 392,432 (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 323,053,375 (31 December 2014: LE 319,734,364).

Overdraft at the balance sheet date in 31 March 2015 amounted to LE 60,569,109 (31 December 2014: LE 60,418,179).

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Financial risk management (continued)

Financial assets exposed to variable interest rate amounted to LE 194,860,840 (31 December 2014: LE 210,960,840).

	<u>31 March 2015</u>	<u>31 December 2014</u>
Time deposit – LE	194,860,840	210,960,840
	<u>194,860,840</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+).

For Individual the legal arrangements and documents accepted by the customer are minimizing the credit risk

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.

(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 (note 14) 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.

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Financial risk management (continued)

At 31 March 2015	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	Between 2 & 5 years
Borrowings	64,350,344	69,517,071	90,700,335	92,315,379
Trade and other payables	153,083,338	-	-	-
Bank overdraft	60,569,109	-	-	-
Notes payable	37,340,300	9,985,990	9,166,932	-
Total	315,343,091	79,503,061	99,867,267	92,315,379
At 31 December 2014				
Borrowings	52,849,934	69,516,600	103,200,332	82,843,058
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	79,502,590	112,084,435	82,843,058

(2) Capital management

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

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

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

	31 March 2015	31 December 2014
Current and long-term liabilities and loans	342,206,297	338,604,457
Bank Over Draft	60,569,109	60,418,179
Total liabilities and loans	402,775,406	399,022,636
Less: Cash and bank balances	(213,486,761)	(233,301,434)
Treasury bills	(104,954,322)	(106,014,124)
Net debt	84,334,323	59,707,078
Total equity	885,214,497	825,744,906
Total working capital	969,548,820	885,451,984
Gearing ratio	8%	7%

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Financial risk management (continued)

(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.

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 1 January 2014								
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	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 March 2015								
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
At 1 January 2015								
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
Year ended 31 December 2014								
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	-	-	4,313,103	18,287,950	960,795	4,330,053	44,748,257	72,640,158
Depreciation charge	-	(3,413,364)	(5,848,453)	(3,900,111)	(1,395,799)	(2,180,182)	-	(16,737,909)
Disposal Depreciation	-	-	-	229,174	18,666	50,213	-	298,053
Disposals	-	-	-	(321,150)	(19,120)	(56,744)	-	(397,014)
Transfers from Projects under construction	-	40,725	94,375,099	-	4,726,263	175,389	(99,317,476)	-
Balance at 31 March 2015	62,226,931	312,848,477	428,083,148	81,227,425	20,726,163	23,709,224	142,851,570	1,071,672,938
At 31 March 2015								
Cost	62,226,931	358,797,613	566,413,062	148,481,417	45,014,087	50,890,834	142,851,570	1,374,675,514
Accumulated depreciation	-	(45,949,136)	(138,329,914)	(67,253,992)	(24,287,924)	(27,181,610)	-	(303,002,576)
Net book value	62,226,931	312,848,477	428,083,148	81,227,425	20,726,163	23,709,224	142,851,570	1,071,672,938

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Property, plant and equipment (continued)

During the period, the Group has capitalized borrowings costs amounting to LE 3,607,308 (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>31 March 2015</u>	<u>31 December 2014</u>
Classification of the Qualified Assets		
Buildings	1,540,608	2,895,203
Machinery	2,066,699	3,528,125
Total	<u>3,607,307</u>	<u>6,423,328</u>

6. Intangible assets

	<u>31 March 2015</u>	<u>31 December 2014</u>
Trade Mark (HOHOS, Twinkies & Tiger Tail)	68,618,658	68,618,658
Total	<u>68,618,658</u>	<u>68,618,658</u>

The intangible assets in the amount of ten million U.S. dollars which is equivalent to LE 68,618,658 against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) as well as all the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine. The trademark has an indefinite life because it is irrevocable, exclusive, sub licensable and fully assignable, license (the perpetual license) to use the know how in the territory in connection with the lake precuts.

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

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

Average Gross profit	30%
Discount rate	19%
Growth rate	3%

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

Sensitivity of recoverable amounts

At 31 March 2015, if the discount rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

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7. Inventories

	<u>31 March 2015</u>	<u>31 December 2014</u>
Raw materials	94,250,145	78,624,516
Spare parts	24,912,697	21,637,869
Finished goods	13,886,024	8,197,309
Consumables	1,874,092	3,357,898
Work in process	1,516,758	1,443,165
Total	136,439,716	113,260,757
Less: provision for slow moving and obsolete inventory	(779,000)	(779,000)
Net	135,660,716	112,481,757

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 income for corresponding figures in which the change in the accounting policy amounted to LE 171 thousand related to the raw materials.

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 256,368,898 as of 31 March 2015.

8. Trade and other receivables

	<u>31 March 2015</u>	<u>31 December 2014</u>
Trade receivables	14,943,587	10,514,126
Notes receivable	843,374	1,011,121
Total	15,786,961	11,525,247
Provision for doubtful debts	(138,785)	(138,785)
	15,648,176	11,386,462
Advances to suppliers	41,075,933	36,938,398
Other debit balances	19,708,083	12,320,587
Prepaid expenses	12,071,272	4,316,961
Deposits with others	970,373	920,373
Employee loans	157,043	181,994
Letters of credit	307,533	226,297
Accrued revenues	37,200	51,051
Total	89,975,613	66,342,123

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9. Treasury bills

	<u>31 March 2015</u>	<u>31 December 2014</u>
Treasury bills par value	106,850,000	106,325,000
Net accrued interest income	<u>(1,895,678)</u>	<u>(310,876)</u>
Treasury bills balance	<u>104,954,322</u>	<u>106,014,124</u>

The Group purchased Egyptian treasury bills on 25 February 2015 with par value of LE 35,000,000 with an annual interest of 10.47%. These treasury bills are due on 26th of May 2015. The total recognized interest income amounted to LE 332,671.

Also, the Group purchased Egyptian treasury bills on 11 March 2015 with par value amounted LE 20,000,000 with an annual interest of 10.25%. These treasury bills are due in 09th of June 2015. The total recognized interest income amounted to LE 115,015.

Also, the Group purchased Egyptian treasury bills on 11 March 2015 with par value amounted LE 31,850,000 with an annual interest of 10.25%. These treasury bills are due in 09th of June 2015. The total recognized interest income amounted to LE 186,075.

Also, the Group purchased Egyptian treasury bills on 25 February 2015 with par value of LE 20,000,000 with an annual interest of 10.35%. These treasury bills are due on 26th of May 2015. The total recognized interest income amounted to LE 190,097.

10. Cash and cash equivalents (excluding bank overdrafts)

	<u>31 March 2015</u>	<u>31 December 2014</u>
Bank deposits	194,860,840	210,960,840
Cash at banks and on hand	<u>18,625,921</u>	<u>22,340,594</u>
Cash and cash equivalents (excluding bank overdrafts)	<u>213,486,761</u>	<u>233,301,434</u>

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Cash and cash equivalents	213,486,761	233,301,434
Bank overdraft (Note 18)	<u>(60,569,109)</u>	<u>(60,418,179)</u>
Total	<u>152,917,652</u>	<u>172,883,255</u>

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

11. Ordinary shares

Authorized capital LE 360,000,000 (1,800,000,000 share, par value LE .20 per share).

The issued and paid up capital amounted by LE 72,536,290 presented in 362,681,450 share (par value LE .20 per share) distributed as follow:

	No. of shares	Shares value	Percentage of ownership
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%
	362,681,450	72,536,290	100%

Extraordinary General Assembly Meeting on 9 September 2014, which approved the increase of the authorized capital to become LE 360,000,000 instead of LE 150,000,000, also approved amendment par value of LE 10 to LE 0.2 per share, thus the total issued and paid up capital amounted to 362,681,450 shares instead of 7,253,629 with shareholders retain the same contribution rates.

12. Legal reserve

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

13. Non-controlling interest

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	31 March 2015	Total 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	-	-	-	747,698	747,698	(203,579)
Forex reserve	-	-	(600)	-	(600)	(2,405)
Balance at 31 March	12,271,000	5,000	39,966	(9,602,075)	2,713,891	1,966,793

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

14. Loans

	31 March 2015			31 December 2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	126,703,446	196,349,929	323,053,375	115,190,974	204,543,390	319,734,364
	126,703,446	196,349,929	323,053,375	115,190,974	204,543,390	319,734,364

The loans due according to the following schedule:

	31 March 2015	31 December 2014
Balance due within 1 year	120,533,201	103,866,533
Accrued interest	6,170,245	11,324,441
Short-term portion	126,703,446	115,190,974

(1) Edita Food Industries Company

	31 March 2015			31 December 2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	25,419,965	-	25,419,965	26,690,885	12,500,000	39,190,885
Second loan	23,964,043	11,666,667	35,630,710	25,495,312	11,666,667	37,161,979
Third loan	24,870,292	11,667,000	36,537,292	23,834,870	11,667,000	35,501,870
Fourth loan	18,464,708	45,142,338	63,607,046	19,170,795	28,719,881	47,890,676
Fifth loan	20,536,844	106,907,259	127,444,103	3,472,419	115,689,842	119,162,261
	113,255,852	175,383,264	288,639,116	98,664,281	180,243,390	278,907,671

The loans due according to the following schedule:

	31 March 2015	31 December 2014
Balance due within 1 year	107,666,533	89,166,533
Accrued interest	5,589,319	9,497,748
Total	113,255,852	98,664,281

- **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 31 March 2015 after payment of due instalments amounted to 25,000,000 in addition accrued interests.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 25,000,000 on 2 equal semi-instalments annual amounting to LE 12,500,000 each. The first instalment is due on 1 August 2015 and the last 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 three months period ended 31 March 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 31 March 2015 after payment of accrued instalments is LE 35,000,000 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay LE 35,000,000 on 3 equal semi-annual instalments; each instalment is amounted to LE 11,666,667.

The first instalment is due on 6 June 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 31 March 2015 after payment of due instalments is LE 35,000,200 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 35,000,200 on 3 equal semi-annual instalments annual instalment is amounted to LE 11,666,600 except for last instalment amounted to LE 11,667,000. The first instalment is due on 18 May 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 62,642,338 on 31 March 2015 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 70,000,000 on 8 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first instalment is due on 22 July 2015 and the last on 22 January 2019.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

Loans (continued)

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on June 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 65,404,521 plus 7,251,246.4 Euro on 31 March 2015 in addition to accrued interest. The bank committed to translate the foreign currency to Egyptian pound using the exchange rate of Central Bank of Egypt 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 instalments; each instalment is amounted to LE 18,500,000. The first instalment 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.

(2) Digma for Trading Company

	31 March 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	3,586,377	5,000,000	8,586,377	3,948,750	6,666,667	10,615,417
Third loan	3,493,946	6,666,666	10,160,612	2,070,108	8,333,333	10,403,441
Net	7,080,323	11,666,666	18,746,989	9,675,478	15,000,000	24,675,478

The loans due according to the following schedule:

	31 March 2015	31 December 2014
Balance due within 1 year	6,666,667	8,500,000
Accrued interest	413,656	1,175,478
	7,080,323	9,675,478

- **The First loan**

The first 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, The loan outstanding balance at 31 March 2015 after payment of accrued instalments is LE 8,333,333 in addition to the accrued interest.

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 8,333,333 on 5 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 first instalments is due on 15th of July 2015 and the last on 15th of July 2017,

Interest:

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

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)

Loans (continued)

- **The Second loan**

The second 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 for Trading Company S.A.E. is obligated to pay LE 10,000,000 on 6 equal semi-annual instalments, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalment is due on 20 August 2015 and the last on 20 February 2018.

Interest:

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

(3) Edita Confectionery Industries Company

	31 March 2015			31 December 2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Long-term loan	6,367,271	9,300,000	15,667,271	6,851,215	9,300,000	16,151,215
	6,367,271	9,300,000	15,667,271	6,851,215	9,300,000	16,151,215

The loans due according to the following schedule:

	31 March 2015	31 December 2014
Balance due within 1 year	6,200,000	6,200,000
Accrued interest	167,271	885,136
	6,367,271	7,085,136

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 first instalment due on 17 April 2015 and the last on 17 April 2017.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

15. Long-term notes payable

The long-term loan represents the total instalment for the land purchased from Urban communities Authority – Sheikh Zayed City as the first instalment due on September 2015 and the last instalment on September 2016.

Current portion of long-term notes payable:

	31 March 2015		31 December 2014	
	Notes payable	Present Value	Notes payable	Present Value
Less than one year (Note 21)	9,985,990	9,985,990	9,985,990	9,985,990
	9,985,990	9,985,990	9,985,990	9,985,990

	31 March 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	9,166,932	10,546,825	8,884,103
Total long-term liabilities	10,546,825	9,166,932	10,546,825	8,884,103

The total accrued interest on the loan for the period ended of 31 March 2015 amounting to LE 282,829 (31 December 2014: LE 432,000) has been charged on the statement of income as a finance cost (Note 24).

16. Deferred tax liability

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

	Property, plant & equipment depreciation	Acquiring Digma Company for Trading	Total
Balance at 1 January 2014	66,120,010	4,297,064	70,417,074
Charge to the statement of income	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 income	3,264,390	(60,106)	3,204,284
Balance at 31 March 2015	78,631,923	3,996,535	82,628,458

Unrecognized temporary differences were not recorded due to the uncertainty of future benefit.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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17. Provisions

	Other provisions	
	31 March 2015	31 December 2014
Balance at 1 January	10,916,700	9,034,968
Additions during the period / year	1,250,000	5,014,145
Utilized during the period / year	(32,048)	(3,132,413)
Total	12,134,652	10,916,700

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.

18. Bank overdraft

	31 March 2015	31 December 2014
Bank overdraft (Note 10)	60,569,109	60,418,179
Total	60,569,109	60,418,179

Bank overdrafts are represented in credit facilities granted to the Group to open letters of credit and finance its working capital. Overdraft is secured against guarantees by Digma for trading company - subsidiary. The effective interest rate for bank overdraft was 11.25 % as of 31 March 2015 (2014: 11.25%).

19. Trade and other payables

	31 March 2015	31 December 2014
Trade payables	89,533,893	108,621,906
Notes payable	37,340,300	40,717,771
Accrued expenses	27,465,180	27,830,269
Taxes payable	10,119,450	12,139,453
Other credit balances	17,631,810	10,759,252
Advances from customers	4,508,659	4,715,426
Dividends payable	1,195,271	1,072,192
Social insurance	2,629,075	74,922
Total	190,423,638	205,931,191

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

20. Current income tax liabilities

	<u>31 March 2015</u>	<u>31 December 2014</u>
Balance at 1 January	81,588,139	52,015,132
Income tax paid during the period	-	(52,133,700)
Withholding tax	(1,727,768)	(2,836,383)
Income tax for the period	31,331,986	117,623,404
Corporate tax advance payment	-	(32,115,000)
Accrued interest – advance payment	-	(1,083,880)
Tax adjustments	-	118,566
Balance at end of period	<u>111,192,357</u>	<u>81,588,139</u>

21. Current portion of long-term liabilities

	<u>31 March 2015</u>	<u>31 December 2014</u>
Short-term loans (Note 14)	126,703,446	115,190,974
Current portion at long-term notes payable (Note 15)	9,985,990	9,985,990
Total	<u>136,689,436</u>	<u>125,176,964</u>

22. Other income

	<u>31 March 2015</u>	<u>Unaudited 31 March 2014</u>
Export subsidies		
Gain from sale of production waste	1,318,775	1,506,183
Others	489,998	891,202
Net	<u>1,808,773</u>	<u>2,397,385</u>

23. Other gains / (losses) net

	<u>31 March 2015</u>	<u>Unaudited 31 March 2014</u>
Provisions	(1,250,000)	(3,918,660)
Total	<u>(1,250,000)</u>	<u>(3,918,660)</u>
Gain from sales of fixed assets	131,547	59,115
Foreign exchange gains / (losses)	4,689,919	(959,328)
Total	<u>3,571,466</u>	<u>(4,818,873)</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)

24. Finance income / (cost), net

	<u>31 March 2015</u>	<u>Unaudited 31 March 2014</u>
Finance income		
Interest income	6,551,546	5,787,174
	<u>6,551,546</u>	<u>5,787,174</u>
Finance expense		
Interest on land's instalments	(282,829)	(432,000)
Interest expenses	(4,289,719)	(6,507,654)
	<u>(4,572,548)</u>	<u>(6,939,654)</u>
Net	<u>1,978,998</u>	<u>(1,152,480)</u>

25. Income tax expense

	<u>31 March 2015</u>	<u>Unaudited 31 March 2014</u>
Income tax for the period	31,331,986	25,214,814
Deferred tax expense	3,204,284	-
Total	<u>34,536,270</u>	<u>25,214,814</u>

26. Earnings per share

Basic

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

	<u>31 March 2015</u>	<u>Unaudited 31 March 2014</u>
Profit attributed to owners of the parent	<u>59,464,672</u>	<u>57,635,291</u>
Weighted average number of ordinary shares in issue		
Original shares	362,681,450	362,681,450
	<u>362,681,450</u>	<u>362,681,450</u>
Basic earnings per share	<u>0.16</u>	<u>0.16</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 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.

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)

27. Consolidated expenses by nature

	31 March 2015	Unaudited 31 March 2014
Cost of goods sold	326,348,418	285,802,525
Selling and marketing	70,178,764	49,146,104
General and administrative expenses	45,732,788	29,389,793
	442,259,970	364,338,422
Raw materials used	277,756,835	238,254,088
Salaries and wages	82,231,830	60,222,834
Advertising and marketing	24,732,081	14,162,658
Profit share employee	21,830,671	17,474,796
Depreciation	16,737,909	15,495,919
Employee benefits	8,865,362	7,640,827
Gas, oil, water and electricity	7,701,738	4,720,880
Vehicle expense	5,818,905	4,458,088
Rent	5,705,225	3,251,508
Transportation expenses	5,031,340	4,575,252
Maintenance	3,705,587	2,078,504
Consumable materials	2,236,124	2,494,592
Royalty	733,296	673,146
Purchases – goods for resale	561,004	564,818
Change in inventory	(21,387,937)	(11,729,488)
	442,259,970	364,338,422

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28. Cash generated from operations

	31 March 2015	Unaudited 31 March 2014
Net profit for the period before tax	94,000,942	82,850,105
Adjustments for:		
Additions to provision	1,250,000	3,918,660
Interest on lands' installments	282,829	432,000
Foreign currency translation reserve	(4,919)	-
Interest expense	4,289,719	6,507,654
Interest income	(6,551,546)	(5,787,174)
Depreciation of property, plant and equipment	16,737,909	15,495,920
Gain on disposal of property, plant and equipment	(131,547)	(59,115)
	109,873,387	103,358,050
Change in working capital		
Inventories	(23,178,959)	(13,656,848)
Accounts and notes receivables	(4,261,714)	3,047,217
Debtors and other debit balances	(19,371,776)	(25,838,725)
Trade payables and other credit balances*	(15,497,715)	7,379,344
Provisions used	(32,048)	(1,646,424)
Cash generated from operations	47,531,175	72,642,614

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

	31 March 2015	Unaudited 31 March 2014
Net book amount	98,959	83,318
Profit of disposal of property, plant and equipment	131,547	59,115
Proceeds from disposal of property, plant and equipment	230,506	142,433

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 Mar-2015 amounted to LE 379,590 (Mar-2014: LE Nil) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 27.98% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the period ended 31 March 2015 the Group paid an amount of LE 21,305,059 as salaries and benefits to the key management members (31 March 2014: LE 13,279,422).

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Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

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 31 March 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 2011-2013 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 years 2013 and 2014 the tax inspection has not been performed yet till the balance sheet date, monthly tax return were submitted on due time.

d. Stamp duty tax

- The stamp duty tax inspection was performed till year 2006 and Company paid tax due.
- Years from 2007 till 2014 tax inspection have not been performed yet till the balance sheet date.

Digma for Trading Company

(1) Corporate tax

The Company is subject to the corporate income tax according to tax 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 2013 Company submits its tax returns on due dates according to law No, 91 for the year 2005.

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Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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Tax position (continued)

(2) Salaries 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.

(3) Stamp tax

- The tax inspection was performed for the period from the Company's inception until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2009 to 2014 the Company paid the tax due

(4) 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.
- For the years 2013-2014 the Company submits its monthly sales tax return on due date

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, stamp tax, withholding tax, sales tax and payroll tax.

The Company submits its tax returns stated by tax law on due time to the Tax Authority.

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 36,582,327 as at 31 March 2015 (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 846,580 as at 31 March 2015 (2014: LE 453,934).

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Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

Contingent Liabilities (continued)

(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 1,172,904 as at 31 March 2015 (2014: LE 1,185,971).

32. Financial instrument by category

	31 March 2015	
	Loans & receivables	Total
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	77,904,341	77,904,341
Cash and cash equivalents	213,486,761	213,486,761
Treasury bills	104,954,322	104,954,322
Total	396,345,424	396,345,424

	31 March 2015	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	333,039,365	333,039,365
Trade and other payables (excluding non-financial liabilities)	187,794,563	187,794,563
Bank overdraft	60,569,109	60,569,109
Total	581,403,037	581,403,037

	31 December 2014	
	Loans & receivables	Total
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	401,340,720	401,340,720

	31 December 2014	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	329,720,354	329,720,354
Trade and other payables (excluding non-financial liabilities)	205,856,269	205,856,269
Bank overdraft	60,418,179	60,418,179
Total	595,994,802	595,994,802

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Financial instrument by category (continued)

* 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.

33. Credit quality of financial assets

Trade receivables

Counter parties without external credit rating:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Others parties	14,943,587	10,514,126
Total	<u>14,943,587</u>	<u>10,514,126</u>

Cash at bank and short-term bank deposits:

	<u>31 March 2015</u>	<u>31 December 2014</u>
AA	380,111	2,106,307
A	104,915,051	97,129,463
BBB	101,817,604	122,033,130
B	1,074,364	393,679
Total	<u>208,187,130</u>	<u>221,662,579</u>

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

34. Subsequent events

a- Capital

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 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>

b- Intangible assets :

The Board of Directors discussed the proposal pertaining to the entry into two agreements with Hostess brands ,LLC ; the first being a "Trademark and Goodwill Sale and License Agreement" with purpose expanding the scope of the rights, title and interest granted to the Group under the Sale and License Agreement entered into with Hostess Brands (New HB Acquisition LLC) dated April 9 2013) 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.

The second agreement being a "License and Technical Assistance Agreement" with purpose to acquire the license, knowhow and technical assistance for 11 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 .

Both agreements are up to total value of USD 12 million.

After deliberations, the Board of Directors unanimously approved to authorize Eng. Hani Berzi in his capacity as Chairman and Managing Director to negotiate with Hostess Brands Co. in this regard in anticipation of the execution of the two agreements up to an amount of USD 12 million, and further to take all necessary procedures and sign all related documents in that regard

Both of the above mentioned agreements completed & signed by 16th of April 2015.

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35. Corresponding figures

The Group has not previously prepare interim financial statements as of 31 March 2014, and accordingly the corresponding figures of separate statements of income, changes in equity and cash flows have not been audited in accordance with Egyptian Standard on Auditing or conducted a limited review in accordance with Egyptian standard on Review engagement No. 2410 "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". The corresponding figures in balance sheet represents 31 December 2014 balances that have been audited and unqualified audit report issued dated 19 February 2015.

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

Notes to the interim consolidated financial statements For the three months period ended 31 March 2015

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

36. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Friska		Mimix		Other		Total	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Revenue	308,665	260,495	1,49,574	1,41,497	24,644	21,290	23,929	14,673	20,433	10,834	1,657	1,973	528,902	450,762
Gross Profit	119,305	98,091	61,814	54,189	6,948	5,285	9,622	5,375	4,057	1,193	807	827	202,553	164,960
Profit from operations	57,128	53,671	28,908	29,244	949	897	(418)	1,161	255	(523)	510	512	87,332	84,965
Debit interest	(2,425)	(3,710)	(1,175)	(2,015)	(194)	(303)	(188)	(210)	(578)	(674)	(13)	(28)	(4,573)	(6,940)
Credit interest	3,823	3,345	1,853	1,817	305	273	296	188	253	140	22	24	6,552	5,787
Foreign exchange gain / (loss)	2,595	(557)	1,258	(303)	207	(46)	201	(31)	414	(18)	15	(4)	4,690	(959)
Income tax	(21,890)	(15,600)	(11,043)	(8,544)	(781)	(488)	(274)	(446)	(378)	-	(170)	(137)	(34,536)	(25,215)
Net profit	39,233	37,147	19,800	20,200	487	334	(382)	664	(34)	(1,077)	361	368	59,465	57,635
	Cake		Croissant		Bake		Friska		Mimix		Other		Total	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Capital expenditures 2015	49,744	81,045	15,305	135,782	3,343	25,131	3,342	6,942	840	1,381	66	4,387	72,640	254,668
Depreciation of the fiscal period additions	0.136	2.209	0.066	1.121	0.011	180	0.011	189	0.009	105	0.001	113	0.233	3,917
Net book value	49,608	78,836	15,240	134,661	3,332	24,951	3,332	6,753	830	1,277	66	4,273	72,407	250,751
The remaining of segment assets	858,237	804,729	500,221	397,408	80,907	62,399	81,514	44,979	90,223	37,008	860	5,355	1,611,962	1,351,878
Total segment assets	907,845	883,564	515,461	532,069	84,239	87,350	84,846	51,732	91,053	38,285	925	9,629	1,684,369	1,602,629
Segment liabilities	465,772	462,453	223,027	228,379	36,575	35,859	40,321	25,848	31,504	21,267	1,955	3,077	799,155	776,883
Depreciation	8,511	34,178	5,240	19,248	908	3,820	908	3,189	1,160	3,254	12	162	16,738	63,851

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