

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

**REVIEW REPORT AND CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE NINE MONTHS
PERIOD ENDED 30 SEPTEMBER 2017
“IFRS”**

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

Consolidated interim financial statements "IFRS"
For the nine months period ended 30 September 2017

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Review report

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Edita Food Industries Company (S.A.E.) and its Subsidiaries (the Group) as at 30 September 2017 and the related Consolidated statements of Profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly in all material respects, the financial position of the Group as at 30 September 2017, and of its financial performance and its cash flows for the nine months period then ended in accordance with IAS 34 "Interim Financial Reporting".

PricewaterhouseCoopers
PricewaterhouseCoopers

12 November 2017
Cairo



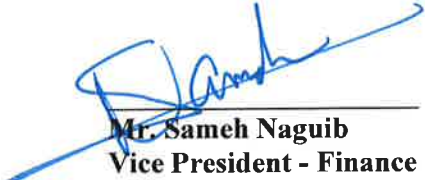
EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated balance sheet "IFRS" - At 30 September 2017

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Assets			
Non-current assets			
Property, plant and equipment	5	1,883,377,286	1,474,461,243
Intangible assets	6	162,911,642	162,911,642
Total non-current assets		<u>2,046,288,928</u>	<u>1,637,372,885</u>
Current assets			
Inventories	7	211,235,789	318,428,559
Trade and other receivables	8	101,359,642	196,668,474
Treasury bills	9	176,939,299	192,144,828
Cash and cash equivalents (excluding bank overdrafts)	10	53,337,026	90,465,545
Total current assets		<u>542,871,756</u>	<u>797,707,406</u>
Total assets		<u>2,589,160,684</u>	<u>2,435,080,291</u>
Liabilities			
Non-current liabilities			
Long-term loans	11	585,706,622	527,825,757
Deferred tax liabilities	12	100,952,993	86,492,634
Employee benefit obligations	13	2,671,009	1,945,034
Total non-current liabilities		<u>689,330,624</u>	<u>616,263,425</u>
Current liabilities			
Trade and other payables	14	401,351,677	283,349,109
Current income tax liabilities	15	-	1,233,553
Current portion of long-term loans	11	164,188,182	146,232,334
Bank overdraft	16	190,769,674	240,473,897
Provisions	17	19,837,409	19,166,385
Total current liabilities		<u>776,146,942</u>	<u>690,455,278</u>
Total liabilities		<u>1,465,477,566</u>	<u>1,306,718,703</u>
Net assets		<u>1,123,683,118</u>	<u>1,128,361,588</u>
Equity			
Share capital	18	145,072,580	145,072,580
Legal reserve	19	48,745,291	48,745,291
Foreign currency translation reserve		(194,288)	(162,824)
Retained earnings		910,425,010	919,722,773
Capital and reserves attributable to owners of Edita Food Industries		<u>1,104,048,593</u>	<u>1,113,377,820</u>
Non-controlling interests	20	19,634,525	14,983,768
Total equity		<u>1,123,683,118</u>	<u>1,128,361,588</u>

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


Mr. Sameh Naguib
 Vice President - Finance


Eng Hani Berzi
 Chairman

Giza, 12 November 2017
 Review report attached

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

Consolidated statement of profit or loss "IFRS" - For the nine months period ended 30 September 2017

(All amounts in Egyptian Pounds)

	Note	Nine months period ended on 30 September 2017		Three months period ended on 30 September 2017	
		2017	2016	2017	2016
Revenue			1,681,266,706	832,184,501	612,960,178
Cost of sales	26	(1,441,706,474)	(1,071,745,728)	(594,080,489)	(411,218,619)
Gross profit		644,545,555	609,520,978	238,104,012	201,741,559
Distribution cost	26	(298,183,352)	(219,039,909)	(74,826,517)	(57,224,293)
Administrative expenses	26	(157,214,464)	(130,690,596)	(53,139,469)	(41,041,725)
Other income	21	9,122,111	8,087,041	2,108,438	1,120,414
Other (losses) / gains - net	22	(9,280,090)	(16,207,760)	(7,279,360)	(9,762,615)
Operating profit		188,989,760	251,669,754	104,967,104	94,833,340
Finance income		32,815,366	21,707,352	11,751,954	6,573,904
Finance cost		(91,748,472)	(110,727,628)	(28,123,534)	(38,200,924)
Finance cost - Net	23	(58,933,106)	(89,020,276)	(16,371,580)	(31,627,020)
Profit before income tax		130,056,654	162,649,478	88,595,524	63,206,320
Income tax expense	24	(24,657,269)	(43,133,086)	(21,890,923)	(17,950,982)
Net profit for the Period		105,399,385	119,516,392	66,704,601	45,255,338
Profit is attributable to					
Owners of the parent		100,748,628	117,600,234	65,538,662	45,177,799
Non-controlling interest	20	4,650,757	1,916,158	1,165,939	77,539
Net profit for the period		105,399,385	119,516,392	66,704,601	45,255,338
Earnings per share (expressed in EGP per share):					
Basic earnings per share	25	0.145	0.165	0.092	0.062
Diluted earnings per share	25	0.145	0.165	0.092	0.062

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

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

Consolidated statement of comprehensive income - For the nine months Period ended 30 September 2017

(All amounts in Egyptian Pounds)

	Nine months period ended on 30 September 2017	Nine months period ended on 30 September 2016	Three months period ended on 30 September 2017	Three months period ended on 30 September 2016
Profit for the period	105,399,385	119,516,392	66,704,601	45,255,338
Other comprehensive income for the period, net of tax	(31,464)	(22,604)	(4,310)	(2,711)
Total comprehensive income for the period	<u>105,367,921</u>	<u>119,493,788</u>	<u>66,700,291</u>	<u>45,252,627</u>
Total comprehensive income is attributable to				
Owners of the parent	100,717,164	117,577,630	65,507,198	45,175,088
Non-controlling interest	4,650,757	1,916,158	1,165,939	77,539
Total comprehensive income for the period	<u>105,367,921</u>	<u>119,493,788</u>	<u>66,673,137</u>	<u>45,252,627</u>

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

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

Consolidated statement of changes in equity - For the Nine months period ended 30 September 2017

(All amounts in Egyptian Pounds)

	Total Owners' Equity						
	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total owners of the parent	Non-controlling interest	Total owners' equity
Balance at 1 January 2016	72,536,290	38,947,275	5,568	1,057,715,965	1,169,205,098	5,617,437	1,174,822,535
Employees dividends accruals (Note 14)	-	-	-	(22,995,460)	(22,995,460)	-	(22,995,460)
Total equity at 1 January 2016	72,536,290	38,947,275	5,568	1,034,720,505	1,146,209,638	5,617,437	1,151,827,075
Profit for the Period	-	-	-	117,600,234	117,600,234	1,916,158	119,516,392
Foreign currency translation reserve	-	-	(22,604)	-	(22,604)	-	(22,604)
Total comprehensive income for the period	-	-	(22,604)	117,600,234	117,577,630	1,916,158	119,493,788
Dividends distribution for 2015	-	-	-	(81,201,512)	(81,201,512)	-	(81,201,512)
Bonus shares issuance	72,536,290	-	-	(72,536,290)	-	-	-
Non controlling interest share in capital increase of subsidiary	-	-	-	-	-	10,552,330	10,552,330
Balance at 30 September 2016	145,072,580	38,947,275	(17,036)	998,582,937	1,182,585,756	18,085,925	1,200,671,681
Balance at 1 January 2017	145,072,580	48,745,291	(162,824)	919,722,773	1,113,377,820	14,983,768	1,128,361,588
Profit for the Period	-	-	-	100,748,628	100,748,628	4,650,757	105,399,385
Foreign currency translation reserve	-	-	(31,464)	-	(31,464)	-	(31,464)
Total comprehensive income for the period	-	-	(31,464)	100,748,628	100,717,164	4,650,757	105,367,921
Dividends distribution for 2016	-	-	-	(110,046,391)	(110,046,391)	-	(110,046,391)
Balance at 30 September 2017	145,072,580	48,745,291	(194,288)	910,425,010	1,104,048,593	19,634,525	1,123,683,118

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

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

Consolidated statement of cash flows - For the nine months period ended 30 September 2017

(All amounts in Egyptian Pounds)

	<u>Notes</u>	<u>30 September 2017</u>	<u>30 September 2016</u>
<u>Cash flows from operating activities</u>			
Cash generated from operations	27	624,662,952	192,929,696
Interest paid		(82,758,202)	(42,010,094)
Income tax paid		(56,387,707)	(66,166,859)
Net cash inflow from operating activities		<u>485,517,043</u>	<u>84,752,743</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment	5	(490,078,418)	(201,385,528)
Proceeds from sale of property, plant and equipment		1,556,050	2,423,916
Interest received		31,684,615	21,960,663
Payment for purchase of treasury bills		(173,932,352)	(137,910,890)
Proceeds from sale of treasury bills		189,574,320	146,644,260
Net cash outflow from investing activities		<u>(441,195,785)</u>	<u>(168,267,579)</u>
<u>Cash flows from financing activities</u>			
Proceeds from Non controlling interest		-	10,552,330
Notes payable payment		-	(10,546,825)
Dividends paid to Shareholders		(110,300,452)	(82,580,622)
Proceeds from borrowings		419,824,927	213,368,938
Repayments of borrowings		(341,238,565)	(194,173,722)
Net cash outflow from financing activities		<u>(31,714,090)</u>	<u>(63,379,901)</u>
Net increase (decrease) in cash and cash equivalents		12,607,168	(146,894,737)
Cash and cash equivalents at beginning of the period		(150,008,352)	239,645,624
Effects of exchange rate on cash and cash equivalents		(31,464)	(22,604)
Cash and cash equivalents at end of the Period	10	<u>(137,432,648)</u>	<u>92,728,283</u>

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

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

Notes to the consolidated interim financial statements "IFRS" For the nine months period ended 30 September 2017

(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 which had been replaced by law No. 8 of 1997 and the money market Law No. 95 of 1992, and is registered in the commercial register under number 692 and the company's period is for 25 years.

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

The Company and its subsidiaries (the Group) provides manufacturing, producing and packing of all food products, juices, jams, readymade food, dry goods, cakes, pastry, dairy products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients. The company is registered in Egypt and London's stock exchange.

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

The main shareholders are Quantum Investment BV which owns 33% of the Company's share capital and the Bank of New York Mellon "depository bank for shares traded in London Stock Exchange" which manages 25.154% of the Company share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 13.065% of the Company's share capital and Berco Limited which owns 8.815% of Company's share capital and other shareholders owning 19.966% of company's share capital.

These consolidated financial statements have been approved by the Board of Directors on 12 November 2017.

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").

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 readymade food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Digma for Trading.

The group's principal subsidiaries at 31 December 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Digma for Trading:

Digma for trading main activity is wholesale and retail trading in consumable goods. The Company also acts as a 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 and operate a factory for production, sales of distributions of Sweets, Toofy, Jelly and Caramel other nutrition materials and sell the products to Digma for Trading.

Edita participation limited:

The principal activities of the company are the provision of services and the holding of investments but the Company does not have any operations until now and all its transactions are immaterial

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

Notes to the consolidated interim financial statements "IFRS"
For the nine months period ended 30 September 2017

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

General information (continued)

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2017	2016	2017	2016
Digma for trading	Egypt	99.8%	99.8%	0.2%	0.2%
Edita Confectionery Industries	Egypt	77.71%	77.71%	22.29%	22.29%
Edita participation limited	Cyprus	100%	100%	-	-

Financial information about the subsidiaries of the group as at 30 September 2017 and 31 December 2016

Name of subsidiary	Total Assets 30 September 2017	Total Equity 30 September 2017	Total Sales 30 September 2017	Net Profit/ (loss)
				30 September 2017
Digma for trading	277,387,626	217,026,825	1,935,896,521	37,159,899
Edita Confectionery Industries	174,034,664	87,618,337	99,818,854	20,531,346
Edita participation limited	163,466	(214,518)	-	(32,510)

Name of subsidiary	Total Assets 31 Dec 2016	Total Equity 31 Dec 2016	Total Sales 31 Dec 2016	Net Profit/ (loss)
				31 Dec 2016
Digma for trading	284,033,086	187,741,292	2,322,059,255	105,419,276
Edita Confectionery Industries	173,523,440	67,086,992	92,886,054	(5,115,348)
Edita participation limited	163,466	(182,007)	-	(54,920)

The above mentioned financial information are related to amounts as included in the separate financial statements which have been used in the consolidation

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim 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

I. Compliance with IFRS

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

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

Notes to the consolidated interim financial statements "IFRS"
For the nine months period ended 30 September 2017

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

Basis of preparation (continued)

II. Historical cost convention

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

III. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	IFRS 9 Financial Instruments
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	Accordingly, the group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and have not been changed.
Title of standard	IFRS 9 Financial Instruments
Mandatory application date/ Date of adoption by group	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The group does not intend to adopt IFRS 9 before its mandatory date.
Title of standard	IFRS 15 Revenue from Contracts with Customers
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	The group has not undertake a detailed assessment, the group does not expect the new guidance to have a significant impact on the recognition and measurement of revenue.
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the group: 1 January 2018.

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

Notes to the consolidated interim financial statements "IFRS" For the nine months period ended 30 September 2017

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

Basis of preparation (continued)

Title of standard	IFRS 16 Leases
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	Accordingly, the group does not expect the new guidance to have a significant impact on the recognition and measurement of leasing contracts.
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

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

B. Basis of consolidation

1. Subsidiaries

Subsidiaries are all entities (including structured entities) 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 to direct the activities of 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 acquisition method of accounting is used to account for business combinations by the group. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2. Changes in ownership interests

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

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

Notes to the consolidated interim financial statements "IFRS" For the nine months period ended 30 September 2017

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

C. Principles of consolidation

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.

D. Segment Reporting

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

E. 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'). The consolidated financial statements are presented in Egyptian Pound (EGP), which is Edita food industries functional and presentation currency.

(2) Transactions and balances

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

Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within finance costs.

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

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

Notes to the consolidated interim financial statements "IFRS" For the nine months period ended 30 September 2017

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

Foreign currency translation (continued)

(3) Group companies

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

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

On consolidation, exchange differences arising from translation of the net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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.

F. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(1) Sales of goods – whole sale

Sales of goods are recognized when 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.

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

Notes to the consolidated interim financial statements "IFRS" For the nine months period ended 30 September 2017

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

Revenue recognition (continued)

(2) Interest income

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

(3) Dividend income

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

(4) Export subsidy

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

G. Income tax

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

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

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

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

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

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Income tax (continued)

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

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

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

H. Leases

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

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

I. Impairment of assets

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

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J. Cash and cash equivalents

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

K. Trade receivables

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

L. Inventories

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

M. Financial assets

(1) Classification

The group classifies its financial assets in the following categories,

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

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

(2) Reclassification

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

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Financial assets (continued)

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

(3) Recognition and derecognition

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

(4) Measurement

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

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

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

(5) Impairment

The 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.

Assets carried at amortised cost

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

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

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N. Property, plant and equipment

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

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

Land is not depreciated.

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

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

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

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

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

O. Intangible assets

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

The trademark and know how is recognized as an indefinite intangible asset as the license is perpetual, irrevocable and exclusive including the trademark in the territory related to cake products. The brand has an established presence in the territory for over 20 years. In addition, the group has a strong historic financial track-record and forecasts continued growth also, the knowhow of perpetual license not exposed to typical obsolescence as it relates to a food products. The brand remain popular in the Middle East and the group does not foresee any decline in the foreseeable future.

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P. Trade and other payables

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

Q. Loans

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

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

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

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

R. Borrowing costs

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

Capitalization of borrowing costs includes capitalizing foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

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

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S. 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.

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

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

T. Employees benefits

(1) Short-term obligations

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

(2) Post-employment obligation

Pension obligations

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

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

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

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

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

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Employees benefits (continued)

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

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

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(3) Profit-sharing and bonus plans

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

(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.

U. Contributed equity

Ordinary shares are classified as equity.

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

V. Dividends

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

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W. Earnings per share

(1) Basic earnings per share

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

(2) Diluted earnings per share

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

X. Comparative figures

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

3. Financial risk management

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

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

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Financial risk management (continued)

(A) Market risk

(i) Foreign exchange risk

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

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

Exposure

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

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

	Assets	Liabilities	Net 30 September 2017	Net 31 December 2016
Euros	77,052	(174,762,931)	(174,685,879)	(256,648,709)
United States Dollars	8,032,798	(215,046,503)	(207,013,705)	(159,103,773)

Amounts recognised in profit or loss

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

	30 September 2017	30 September 2016
Amounts recognised in profit or loss		
Net foreign exchange loss included in finance cost	(11,739,919)	(71,526,703)
	<u>(11,739,919)</u>	<u>(71,526,703)</u>
Net losses recognised in other comprehensive income		
Foreign currency translation reserve	(31,464)	(22,604)
	<u>(31,464)</u>	<u>(22,604)</u>

Sensitivity analysis

As shown in the table above, the group is primarily exposed to changes in Euro/EGP and USD/EGP exchange rates.

Euro/EGP

At 30 September 2017, if the Egyptian Pounds had strengthened / weakened by 10% against the Euro with all other variables held constant, Profit for the period would have been LE 17,468,588 (31 December 2016: LE 25,664,871) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

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Financial risk management (continued)

USD/EGP

At 30 September 2017, if the Egyptian Pounds had strengthened / weakened by 10% against the US Dollars with all other variables held constant, Profit for the period would have been LE 20,701,371 (31 December 2016: LE 15,910,377) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term time deposits which are renewed with the applicable interest rate at the time of renewal.

At 30 September 2017, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 2% higher/lower with all other variables held constant, before-tax profit for the period would have been LE 18,813,290 (31 December 2016: LE 18,290,640) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowings at the balance sheet on 30 September 2017 with variable interest rate amounted to LE 749,894,804 (31 December 2016: LE 674,058,091).

Overdraft at the balance sheet on 30 September 2017 amounted to LE 190,769,674 (31 December 2016: LE 240,473,897).

(B) Credit risk

(i) Risk management

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

(ii) Security

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.

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Financial risk management (continued)

(iii) Credit quality

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

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

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

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

Trade receivables

Counter parties without external credit rating:

	<u>30 September 2017</u>	<u>31 December 2016</u>
Other parties	20,188,332	32,249,179
Total	<u>20,188,332</u>	<u>32,249,179</u>

Outstanding trade receivables are current and not impaired.

Cash at bank and short-term bank deposits:

	<u>30 September 2017</u>	<u>31 December 2016</u>
AA	28,810,560	78,888,032
A	3,105,739	6,350,075
B	1,479,343	2,610,544
BB	103,418	-
Total	<u>33,499,060</u>	<u>87,848,651</u>

We had excluded the cash on hand.

The table below summarizes the maturities of the Company's trade receivables at 30 September 2017 and 31 December 2016:

	<u>30 September 2017</u>	<u>31 December 2016</u>
Less than 30 days	11,865,713	22,961,936
From 31 to 60 days	7,295,626	7,354,413
From 61 to 90 days	359,965	369,120
From 91 to 120 days	3,000	33,499
	<u>19,524,304</u>	<u>30,718,968</u>

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Financial risk management (continued)

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	<u>30 September 2017</u>	<u>31 December 2016</u>
At 1 January	20,556	20,556
Receivables written off during the period / year as uncollectible	-	-
	<u>20,556</u>	<u>20,556</u>

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

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held deposits at call of EGP 60,840 (2016 – EGP 59,960,840) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 30 September 2017 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

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Financial risk management (continued)

At 30 September 2017	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	62,988,978	88,652,329	164,934,778	420,771,844
Future interest payments	40,592,673	50,416,424	80,283,528	118,844,140
Trade and other payables	298,399,635	-	-	-
Bank overdraft	190,769,674	-	-	-
Notes payable	72,434,512	-	-	-
Total	665,185,472	139,068,753	245,218,306	539,615,984
At 31 December 2016				
Borrowings	67,018,131	63,918,131	148,571,413	379,254,344
Future interest payments	31,030,158	35,601,580	59,198,436	71,312,725
Trade and other payables	214,746,773	-	-	-
Bank overdraft	240,473,897	-	-	-
Notes payable	32,925,768	-	-	-
Total	586,194,727	99,519,711	207,769,849	450,567,069

The unused amount of borrowings is amounted to EGP 45,141,551 as of 30 September 2017, also the Group will have future interest payments related to borrowings amounting to LE 290,136,765 (31 December 2016: LE 197,142,899).

(1) Capital management

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

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

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

	30 September 2017	31 December 2016
Total borrowings	749,894,804	674,058,091
Bank overdraft	190,769,674	240,473,897
Total borrowings and loans	940,664,478	914,531,988
Less: Cash and cash equivalents	(53,337,026)	(90,465,545)
Net debt	887,327,452	824,066,443
Total equity	1,123,683,118	1,128,361,588
Total capital	2,011,010,570	1,952,428,031
Gearing ratio	44%	42%

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Notes to the consolidated interim financial statements "IFRS" For the nine months period ended 30 September 2017

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

Financial risk management (continued)

The increase in net debt to total capital is mainly due to the increase in total loans and overdraft and the decrease in cash and cash equivalents.

Loan covenants

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

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

(2) 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:

Fixed assets useful lives

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

Intangible assets impairment (Trade Mark & know how)

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

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**Notes to the consolidated interim financial statements "IFRS"
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Critical accounting estimates and judgments (continued)

Income tax

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

2. Critical judgments in applying the 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.

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

**Notes to the consolidated financial statements "IFRS"
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5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 31 December 2015								
Cost	106,714,128	478,089,014	635,645,904	138,939,208	57,917,104	59,424,230	156,008,329	1,632,737,917
Accumulated depreciation	-	(56,242,410)	(161,195,256)	(54,353,085)	(30,069,494)	(31,347,940)	-	(333,208,185)
Net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Year ended 31 December 2016								
Opening net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Additions	14,194,132	-	14,874,049	10,906,147	10,323,755	10,240,089	213,607,854	274,146,026
Depreciation charge	-	(18,759,872)	(36,518,579)	(18,773,364)	(11,068,526)	(11,841,474)	-	(96,961,815)
Disposal depreciation	-	-	1,480,969	4,479,770	826,086	1,337,475	-	8,124,300
Disposals	-	-	(2,454,633)	(5,712,850)	(842,344)	(1,367,173)	-	(10,377,000)
Transfers from projects under construction	-	14,526,630	177,790,647	-	12,302,435	1,923,504	(206,543,216)	-
Closing net book amount	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243
At 31 December 2016								
Cost	120,908,260	492,615,644	825,855,967	144,132,505	79,700,950	70,220,650	163,072,967	1,896,506,943
Accumulated depreciation	-	(75,002,282)	(196,232,866)	(68,646,679)	(40,311,934)	(41,851,939)	-	(422,045,700)
Net book amount at 31 December 2016	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243
Period ended 30 September 2017								
Opening net book amount	120,908,260	417,613,362	629,623,101	75,485,826	39,389,016	28,368,711	163,072,967	1,474,461,243
Additions	-	-	23,785,170	21,468,012	4,145,115	5,501,695	435,178,426	490,078,418
Depreciation charge	-	(14,684,912)	(31,286,017)	(15,282,930)	(9,103,680)	(10,075,951)	-	(80,433,490)
Disposal depreciation	-	-	-	2,375,565	202,982	294,689	-	2,873,236
Disposals	-	-	-	(3,100,200)	(204,073)	(297,848)	-	(3,602,121)
Transfers from projects under construction	-	33,984,189	96,598,074	-	-	5,202,934	(135,785,197)	-
Closing net book amount	120,908,260	436,912,639	718,720,328	80,946,273	34,429,360	28,994,230	462,466,196	1,883,377,286
At 30 September 2017								
Cost	120,908,260	526,599,833	946,239,211	162,500,317	83,641,992	80,627,431	462,466,196	2,382,983,240
Accumulated depreciation	-	(89,687,194)	(227,518,883)	(81,554,044)	(49,212,632)	(51,633,201)	-	(499,605,954)
Net book amount at 30 September 2017	120,908,260	436,912,639	718,720,328	80,946,273	34,429,360	28,994,230	462,466,196	1,883,377,286

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

Property, plant and equipment (continued)

During the period ended 30 September 2017, the Group has capitalized borrowings costs amounting to LE 25,750,709 (31 December 2016: LE 4,872,184) on qualified assets. The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the entity's general borrowings during the year is 17.5%.

	<u>30 September 2017</u>	<u>31 December 2016</u>
Allocation of the borrowing cost on Qualified Assets		
Projects under construction - Buildings	22,082,419	3,234,209
Projects under construction - Machinery	3,668,290	1,637,975
Total	<u><u>25,750,709</u></u>	<u><u>4,872,184</u></u>

6. Intangible assets

	<u>Net Book Value</u>	
	<u>30 September 2017</u>	<u>31 December 2016</u>
A- Trademark	131,480,647	131,480,647
B- Know how	31,430,995	31,430,995
Balance as of	<u><u>162,911,642</u></u>	<u><u>162,911,642</u></u>

A. Trademark

	<u>Trade Mark (HOHOS, Twinkies & Tiger Tail)</u>	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Cost		
Opening Balance	131,480,647	131,480,647
Balance as of	<u><u>131,480,647</u></u>	<u><u>131,480,647</u></u>

The intangible assets in the amount of ten million US Dollars equivalent to LE 68,618,658 paid against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) and the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine these rights do not have a definite life, and on the 16th of April 2015 the Group had signed a new contract for expanding the scope of the rights to the trademarks (Hohos, Twinkies, and Tiger Tail) to include Algeria, Bahrain,, Iraq,, Kuwait, , Lebanon, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, United Arab Emirates and this trademarks have indefinite useful lives, and this is against USD 8 Million equivalent to EGP 62,861,989.

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Intangible assets (continued)

B. Know how

	Know How	
	30 September 2017	31 December 2016
Cost		
Opening balance	31,430,995	31,430,995
Balance as of	31,430,995	31,430,995
	30 September 2017	31 December 2016
Accumulated amortization		
Opening Balance	-	(942,930)
Amortization expense during the period	-	942,930
Balance as of	-	-
Net book value for know how	31,430,995	31,430,995

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

Impact of change in accounting policy in 31 December 2016

- The accounting policy of intangible asset "Know how" have been changed during year 2016 from intangible assets have finite useful lives, amortized over the group life span (25 years) and measured at cost less amortization in the separate financial statements to become intangible assets have an indefinite useful live measured at cost in the separate financial statements, and impairment is tested on an annual basis.
- Intangible asset "Know how" have been recognized in the separate financial statements for the year ended 31 December 2015, as a finite useful live intangible assets, based on significant incompleteness of its related production lines and that these new products is considered to have new trade mark in the market and no actual marketing testing for these products took place at the separate financial statements date.
- Later during 2016, these production lines completed and genuine marketing for these products have been started. This provides the group's management with the ability to establish assumptions on developing the market in the future.
- For the purpose of uniting the accounting policy for all intangible assets and to provide reliable and more relevant information, the group's management changed the know how accounting policy from cost less amortisation based on finite useful live determined on 25 years to indefinite useful live measured at cost with impairment tested annually, considering the ability to establish reliable assumptions of future sales.

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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Intangible assets (continued)

- The retrospective application of change in accounting policy resulted with adjustment of EGP 942,930 represents the amortization of 31 December 2015 fiscal year. Management concluded to recognize such adjustment in statement of profit or loss for the year ended 31 December 2016, as the resulting adjustment from changing the accounting policy has an immaterial impact on 2016 retained earnings opening balance, net profit for the year, basic and diluted earnings per share.

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

Assumptions used by the Group when testing the impairment of intangible assets as of 31 December 2016 as follows:

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

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

Sensitivity of recoverable amounts

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

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

At 31 December 2016, if the gross profit 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.

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

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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

7. Inventories

	<u>30 September 2017</u>	<u>31 December 2016</u>
Raw and packaging materials	141,140,873	250,308,760
Spare parts	30,311,774	26,269,668
Finished goods	22,327,130	25,381,892
Consumables	12,676,021	9,849,632
Work in process	5,819,875	6,881,927
Total	212,275,673	318,691,879
Less: provision for slow moving and obsolete inventory	(1,039,884)	(263,320)
Net	211,235,789	318,428,559

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

During the period ended 30 September 2017, there has been a slow moving and obsolete inventory addition amounted to LE 1,107,250 (30 September 2016: LE 1,240,004) (Note 22) and utilized amounted to LE 330,686 (30 September 2016: LE 1,263,776).

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 1,137,830,408 during the period ended 30 September 2017 (30 September 2016: LE 816,995,304).

8. Trade and other receivables

	<u>30 September 2017</u>	<u>31 December 2016</u>
Trade receivables	19,524,304	30,718,968
Notes receivable	664,028	1,530,211
Total	20,188,332	32,249,179
Less: Provision for impairment of trade receivables	(20,556)	(20,556)
	20,167,776	32,228,623
Advances to suppliers	27,513,135	138,088,609
Tax authority – Corporate tax prepayments	24,870,696	-
Prepaid expenses	12,590,496	12,477,604
Deposits with others	9,667,420	5,678,541
Other debit balances	6,016,334	7,419,676
Letters of credit	354,243	581,818
Employee loans	179,542	128,524
Accrued revenues	-	65,079
Total	101,359,642	196,668,474

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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9. Treasury bills

	<u>30 September 2017</u>	<u>31 December 2016</u>
Treasury bills par value	190,850,000	198,000,000
Unearned interest	(16,917,648)	(8,425,680)
Amount of treasury bills paid	173,932,352	189,574,320
Interest income recognized to profit or loss	3,006,947	2,570,508
Treasury bills balance	<u>176,939,299</u>	<u>192,144,828</u>

The Group purchased Egyptian treasury bills on 4th of July 2017 with par value amounted LE 10,000,000 with an annual interest of 21%. These treasury bills are due in 3rd of October 2017. The total recognized interest income amounted to LE 481,099.

The Group purchased Egyptian treasury bills on 4th of July 2017 with par value amounted LE 10,000,000 with an annual interest of 21.05%. These treasury bills are due in 3rd of October 2017. The total recognized interest income amounted to LE 482,163.

The Group purchased Egyptian treasury bills on 4th of July 2017 with par value amounted LE 10,000,000 with an annual interest of 21.10%. These treasury bills are due in 3rd of October 2017. The total recognized interest income amounted to LE 483,323.

The Group purchased Egyptian treasury bills on 11th of July 2017 with par value amounted LE 16,850,000 with an annual interest of 22.10%. These treasury bills are due in 10th of October 2017. The total recognized interest income amounted to LE 783,214.

The Group purchased Egyptian treasury bills on 17th of September 2017 with par value amounted LE 90,000,000 with an annual interest of 18.55%. These treasury bills are due in 22nd of May 2018. The total recognized interest income amounted to LE 528,300.

The Group purchased Egyptian treasury bills on 20th of September 2017 with par value amounted LE 54,000,000 with an annual interest of 18.35%. These treasury bills are due in 20th of March 2018. The total recognized interest income amounted to LE 248,848.

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10. Cash and cash equivalents (excluding bank overdrafts)

	<u>30 September 2017</u>	<u>31 December 2016</u>
Bank deposits	60,840	59,960,840
Cash at banks and on hand	53,276,186	30,504,705
Cash and cash equivalents (excluding bank overdrafts)	<u>53,337,026</u>	<u>90,465,545</u>

The average interest rate on local currency time deposits during 2017 is 13.5% (2016: 12.5%).

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

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

	<u>30 September 2017</u>	<u>31 December 2016</u>
Cash and cash equivalents	53,337,026	90,465,545
Bank overdraft (Note 16)	(190,769,674)	(240,473,897)
Total	<u>(137,432,648)</u>	<u>(150,008,352)</u>

11. Loans

	<u>30 September 2017</u>			<u>31 December 2016</u>		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	164,188,182	585,706,622	749,894,804	146,232,334	527,825,757	674,058,091
	<u>164,188,182</u>	<u>585,706,622</u>	<u>749,894,804</u>	<u>146,232,334</u>	<u>527,825,757</u>	<u>674,058,091</u>

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

	<u>30 September 2017</u>	<u>31 December 2016</u>
Balance due within 1 year	151,641,307	130,936,262
Accrued interest	12,546,875	15,296,072
	<u>164,188,182</u>	<u>146,232,334</u>

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

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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

Loans (continued)

(1) Edita Food Industries Company

	30 September 2017			31 December 2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	18,422,943	8,749,985	27,172,928	20,464,972	26,250,000	46,714,972
Second loan	44,909,593	82,582,946	127,492,539	49,286,230	125,885,836	175,172,066
Third loan	25,792,875	63,000,000	88,792,875	21,486,364	72,000,000	93,486,364
Fourth loan	38,613,416	154,453,664	193,067,080	36,811,734	164,105,235	200,916,969
Fifth loan	27,330,017	273,300,158	300,630,175	237,842	130,829,986	131,067,828
Total	155,068,844	582,086,753	737,155,597	128,287,142	519,071,057	647,358,199

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

	30 September 2017	31 December 2016
Balance due within 1 year	142,734,906	113,929,860
Accrued interest	12,333,938	14,357,282
Total	155,068,844	128,287,142

- **First loan:**

This first loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 on 30 September 2017 in addition to accrued interest. The loan outstanding balance at 30 September 2017 after payment of due installments amounted to 26,249,985 in addition to accrued interests.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 26,249,985 on 3 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 February 2012 and the last on 22 February 2019.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Second loan:**

This second loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 86,857,057 plus 5,587,500 USD on 30 September 2017. The loan outstanding balance at 30 September 2017 after payment of due installments amounted to LE 57,904,704 and USD 3,724,998 in addition to accrued interests.

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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

Loans (continued)

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 57,904,704 on 6 equal semi-annual installments; each installment is amounted to LE 9,650,785 In addition. The company is obligated to pay 3,724,998 USD on 6 equal semi-annual installments; each installment is amounted to 620,834 USD.

The first installment is due on January 2018 and the last on July 2020. .

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Third loan:**

This third loan is provided by one of the Egyptian banks on April 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 90,000,000. The loan outstanding balance at 30 September 2017 amounted to LE 81,000,000 in addition to accrued interests.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 81,000,000 on 9 equal semi-annual installments; each installment is amounted to LE 9,000,000. The first installment is due on 9 October 2017 and the last on 9 October 2021.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 268,879,688 and the total withdrawal amount is LE 102,456,269 plus 4,930,194 Euro plus 3,471,361 USD plus 90,208 GBP on 30 September 2017 in addition to accrued interest. The loan outstanding balance at 30 September 2017 after payment of due installments amounted to LE 87,001,269 plus 2,035,595 Euro plus 3,471,361 USD plus 90,208 GBP in addition to accrued interests.

The bank committed to translate the foreign Currency to Egyptian pound as the company in not obligated to pay the loan back in foreign currency.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 193,067,088 on 10 equal semi-annual instalments; each instalment is amounted to LE 19,306,708 the first instalment is due on 19 October 2017 and the last on 19 April 2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

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Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2016 based on a cross guarantee issued from Digma Trading Company amounted to LE 220,000,000 and 6,000,000 Euro. The total withdrawal amount is LE 216,505,884 plus 4,034,390 Euro on 30 September 2017 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 220,000,000 and 6,000,000 Euro on 11 equal semi-annual instalments; each instalment is amounted to LE 15,454,500 and 545,455 Euro the first instalment is due on September 2018 and the last on September 2023.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(2) Digma for Trading Company

	30 September 2017			31 December 2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	3,601,575	-	3,601,575
Second loan	1,695,141	-	1,695,141	3,555,141	1,666,666	5,221,807
Third loan	7,424,197	3,619,869	11,044,066	7,453,134	7,088,034	14,541,168
Total	9,119,338	3,619,869	12,739,207	14,609,850	8,754,700	23,364,550

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

	30 September 2017	31 December 2016
Balance due within 1 year	8,906,401	13,906,402
Accrued interest	212,937	703,448
	9,119,338	14,609,850

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

Loans (continued)

- **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,

Terms of payments:

Digma Trading Company S.A.E. paid last installment on 15 July 2017 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Second loan**

The 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 Trading Company S.A.E. is obligated to pay the last instalment amounted to LE 1,666,667 on 20 February 2018 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Third loan**

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 10,859,603 on 3 equal semi-annual instalments, each instalment is amounted to LE 3,619,867 and the last instalment amounted to LE 3,619,869 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on October 2017 and the last on October 2018.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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Loans (continued)

(3) Edita Confectionery Industries Company

	30 September 2017			31 December 2016		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
loan	-	-	-	3,335,342	-	3,335,342
	-	-	-	3,335,342	-	3,335,342

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

	30 September 2017	31 December 2016
Balance due within 1 year	-	3,100,000
Accrued interest	-	235,342
	-	3,335,342

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 3,100,000 on 1 semi-annual instalment and the instalments come due after 6 months from the first withdrawal, the company paid the last instalment on 17 April 2017 in addition accrued interests

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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12. Deferred tax liability

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

	Fixed assets depreciation	Acquiring Digma Company for Trading	Unrealized foreign exchange loss	Carry forward taxable losses	Net deferred tax liabilities	
					30 September 2017	31 Decembe 2016
A. <u>Deferred tax assets</u>						
Balance at 1 January	-	-	33,608,041	-	33,608,041	-
Charged to statement of profit or loss	-	-	(9,418,653)	9,418,653	-	33,608,041
Ending balance as of	-	-	24,189,388	9,418,653	33,608,041	33,608,041
B. <u>Deferred tax liabilities</u>						
Balance at 1 January	(116,524,880)	(3,575,795)	-	-	(120,100,675)	(94,536,302)
Charged to statement of profit or loss	(14,640,677)	180,318	-	-	(14,460,359)	(25,564,373)
Ending balance as of	(131,165,557)	(3,395,477)	-	-	(134,561,034)	(120,100,675)
Net deferred tax liabilities	(131,165,557)	(3,395,477)	24,189,388	9,418,653	(100,952,993)	(86,492,634)
Balance at 1 January	(116,524,880)	(3,575,795)	33,608,041	-	(86,492,634)	(94,536,302)
Charged to statement of profit or loss	(14,640,677)	180,318	(9,418,653)	9,418,653	(14,460,359)	8,043,668
Ending Balance as of	(131,165,557)	(3,395,477)	24,189,388	9,418,653	(100,952,993)	(86,492,634)

According to the tax system in Egypt, the tax losses belong to Edita confectionary Industries company may be change during the tax inspection by the tax authority. Accordingly, the management did not recognize deferred tax assets except the tax losses recognized in the financial period ended as of 30 September 2017.

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13. Employee Benefit obligations

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

	<u>30 September 2017</u>	<u>31 December 2016</u>
Discount rate	14%	14%
Average salary increase rate	10%	10%
Turnover rate	25%	25%
Life table	49-52	49-52

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

	<u>30 September 2017</u>	<u>31 December 2016</u>
Present value of obligations	2,671,009	1,945,034
Liability at the statement of financial position	<u>2,671,009</u>	<u>1,945,034</u>

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

	<u>30 September 2017</u>	<u>31 December 2016</u>
Balance at beginning of the period/year	1,945,034	2,533,203
Charged during the period/year	750,000	-
Paid during the period/year	(24,025)	(588,169)
Balance at end of the period	<u>2,671,009</u>	<u>1,945,034</u>

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

	<u>30 September 2017</u>	<u>30 September 2016</u>
Present cost of the service		
Accrued service cost	750,000	-
Total	<u>750,000</u>	<u>-</u>

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

Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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

14. Trade and other payables

	<u>30 September 2017</u>	<u>31 December 2016</u>
Trade payables	185,968,255	126,406,928
Accrued expenses*	75,570,730	72,047,650
Notes payable	72,434,512	32,925,768
Other credit balances	33,907,255	14,199,584
Taxes payable	18,580,781	33,240,605
Advances from customers	7,136,486	2,360,845
Social insurance	4,800,263	75,118
Dividends payable	2,953,395	2,092,611
Total	<u>401,351,677</u>	<u>283,349,109</u>

Accrued expense includes a cumulative amount of EGP 22,995,460 relating to employees' profit sharing for years from 2011 to 2015 which was not recorded in the consolidated financial statements for these years. This amount has been adjusted against the opening retained earnings as at 1 January 2016.

The consolidated balance sheet as at 1 January 2016 has not been presented in these consolidated financial statements because the impact of the cumulative amount relating to 2015 and prior years was not considered to be material in the context of the consolidated balance sheet as at 31 December 2015.

15. Current income tax liabilities

	<u>30 September 2017</u>	<u>31 December 2016</u>
Balance at 1 January	1,233,553	24,281,519
Reversal of Income tax for prior period/year	(6,458,701)	-
Income tax paid during the period/year	(11,430,463)	(24,015,547)
Withholding tax receivable	-	(6,076,107)
Income tax for the period/year	16,655,611	52,932,503
Corporate income tax – advance payments	-	(42,965,000)
Accrued interest – advance payments	-	(2,923,815)
Balance at end of period / year	<u>-</u>	<u>1,233,553</u>

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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16. Bank overdraft

	<u>30 September 2017</u>	<u>31 December 2016</u>
Bank overdraft	190,769,674	240,473,897
Total	<u>190,769,674</u>	<u>240,473,897</u>

Bank overdraft is an integral part of the Company's cash management to finance its working capital. The effective interest rate for bank overdraft was 15.39% of 30 September 2017 (31 December 2016: 15.75%).

17. Provisions

	<u>Other provisions</u>	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Balance at 1 January	19,166,385	16,000,854
Additions during the period/year	8,250,005	5,800,730
Utilized during the period/year	(7,578,981)	(2,591,519)
Provision no longer required	-	(43,680)
Balance at end of period / year	<u>19,837,409</u>	<u>19,166,385</u>

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.

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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

18. Share capital

Authorized capital LE 360,000,000 (1,800,000,000 share, par value LE 0.2 per share).

The issued and paid up capital amounted to LE 72,536,290 after trading distributed on 362,681,450 shares (par value LE 0.2 per share) are distributed as follow:

<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 B.V.	54,402,233	10,880,447	15.000%
Others (Public stocks)	109,568,335	21,913,667	30.210%
	<u>362,681,450</u>	<u>72,536,290</u>	<u>100%</u>

On the 30th of March 2016 an extra ordinary general assembly meeting was held in which the shareholders approved the increase of issued and paid up capital from 72,536,290 EGP to be 145,072,580 EGP. An increase amounted to 72,536,290 EGP distributed on 362,681,450 shares with a par value of LE 0.2 per share in the form of free share for each original share. The increase was registerd in commercial register on 9 May 2016.

The issued capital amounted to LE 145,072,580 (par value LE 0.2 per share) is distributed as follows as of 30 September 2017:

<u>Shareholders</u>	<u>No. of shares</u>	<u>Shares value</u>	<u>Percentage of ownership</u>
Quantum Investment BV	239,369,757	47,873,951	33.000%
The Bank of New York Mellon "depository bank for shares traded in London Stock Exchange"	182,459,095	36,491,819	25.154%
Exoder Ltd.	94,769,464	18,953,893	13.065%
Berco Ltd.	63,938,543	12,787,709	8.815%
Others (Public stocks)	144,826,041	28,965,208	19.966%
	<u>725,362,900</u>	<u>145,072,580</u>	<u>100%</u>

19. Legal reserve

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

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20. Non-controlling interest

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	Total	
					30 September 2017	31 December 2016
Balance at 1 January	22,823,330	252,174	38,162	(8,129,898)	14,983,768	5,617,437
Non-controlling share in profit of subsidiaries	-	-	-	4,650,757	4,650,757	1,680,677
Foreign exchange (losses)	-	-	-	-	-	(2,610,049)
Total comprehensive income for the period /year	-	-	-	4,650,757	4,650,757	(929,372)
Non-controlling transactions						
Dividends distribution to non-controlling interests in subsidiaries	-	-	-	-	-	(256,627)
Non-controlling interest share in capital increase of subsidiary	-	-	-	-	-	10,552,330
Non-controlling transactions	-	-	-	-	-	10,295,703
Balance at	22,823,330	252,174	38,162	(3,479,141)	19,634,525	14,983,768

21. Other income

	30 September 2017	30 September 2016
Export subsidies	4,641,639	3,250,926
Gain from sale of production waste	4,084,357	3,539,661
Others	396,115	1,296,454
Net	9,122,111	8,087,041

22. Other (losses) / gains , net

	30 September 2017	30 September 2016
Provision for slow moving inventory	(1,107,250)	(1,240,004)
Other Provisions	(8,250,005)	(15,937,503)
Provision for employee benefit obligation	(750,000)	-
Total	(10,107,255)	(17,177,507)
Gain from sales of fixed assets	827,165	969,747
Net	(9,280,090)	(16,207,760)

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**Notes to the consolidated financial statements "IFRS"
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23. Finance cost - net

	<u>30 September 2017</u>	<u>30 September 2016</u>
Finance income		
Interest income	32,121,054	21,207,152
Interest income – corporate tax advance payment	694,312	500,200
	<u>32,815,366</u>	<u>21,707,352</u>
Finance cost		
Foreign exchange losses	(11,739,919)	(71,526,703)
Interest expense	(80,008,553)	(38,669,520)
Interest on land's instalments	-	(531,405)
	<u>(91,748,472)</u>	<u>(110,727,628)</u>
Finance cost - net	<u>(58,933,106)</u>	<u>(89,020,276)</u>

24. Income tax expense

The Company is subject to the corporate income tax according to tax law No. 91 of 2005 and its amendments No. 96 of 2015.

	<u>30 September 2017</u>	<u>30 September 2016</u>
Income tax for the period	16,655,611	28,840,551
Reversal of Income tax for prior period	(6,458,701)	-
Deferred tax expense	14,460,359	14,292,535
Total	<u>24,657,269</u>	<u>43,133,086</u>
Profit before tax	<u>130,056,654</u>	<u>162,649,478</u>
Tax calculated based on applicable tax rates	<u>29,262,747</u>	<u>36,596,133</u>
Tax effect of non-deductible expenses	7,167,453	8,252,439
Tax effect of non-taxable revenues	(11,772,931)	(1,715,486)
Income tax expense	<u>24,657,269</u>	<u>43,133,086</u>

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

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25. Earnings per share

Basic

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

	<u>30 September 2017</u>	<u>30 September 2016</u>
Profit attributed to owners of the Group	<u>105,399,385</u>	<u>119,516,392</u>
Weighted average number of ordinary shares in issue		
Ordinary shares	<u>725,362,900</u>	<u>725,362,900</u>
	<u>725,362,900</u>	<u>725,362,900</u>
Basic earnings per share	<u>0.145</u>	<u>0.165</u>

Diluted

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

26. Consolidated expenses by nature

	<u>30 September 2017</u>	<u>30 September 2016</u>
Cost of sales	1,441,706,474	1,071,745,728
Distribution cost	298,183,352	219,039,909
Administrative expenses	157,214,464	130,690,596
	<u>1,897,104,290</u>	<u>1,421,476,233</u>
Raw materials used	1,056,608,946	806,492,826
Salaries and wages	263,773,311	223,082,057
Advertising and marketing	138,655,022	82,733,051
Depreciation	80,433,490	71,633,455
Gas, oil, water and electricity	40,554,703	33,192,080
Other Expenses	42,039,871	34,693,084
Employee benefits	47,425,748	31,741,230
Rent	25,050,145	26,996,029
Profit share employee	23,605,343	19,500,000
Transportation expenses	20,030,572	14,540,775
Maintenance	15,821,349	14,149,785
Vehicle expense	20,851,822	13,944,899
Consumable materials	11,049,808	8,063,330
Collection commission	1,435,525	4,479,806
Purchases – goods for resale	81,221,462	10,502,478
Company share in social insurance	28,547,173	24,239,103
Royalty	-	1,492,245
	<u>1,897,104,290</u>	<u>1,421,476,233</u>

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27. Cash generated from operations

	<u>30 September 2017</u>	<u>30 September 2016</u>
Profit for the period before income tax	130,056,654	162,649,478
Adjustments for:		
Provisions	8,250,005	15,937,503
Provision for employee benefit obligation	750,000	-
Interest on lands' installments	-	531,405
Interest expense	80,008,553	38,669,520
Interest income	(32,121,054)	(21,207,152)
Interest income – corporate tax payment	(694,312)	(500,200)
Depreciation of property, plant and equipment	80,433,490	71,633,455
Amortization of Intangible assets	-	942,930
Provision for slow moving and obsolete inventory	1,107,250	1,240,004
Gain on disposal of property, plant and equipment	(827,165)	(969,747)
	<u>266,963,421</u>	<u>268,927,196</u>
Change in working capital		
Inventories	106,085,520	(17,322,853)
Trade and other receivables	120,179,528	(36,630,256)
Trade and other payables	139,037,489	(18,807,391)
Provisions used	(7,578,981)	(2,806,460)
Payments of employee benefit obligations	(24,025)	(430,540)
Cash generated from operations	<u>624,662,952</u>	<u>192,929,696</u>

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

	<u>30 September 2017</u>	<u>30 September 2016</u>
Net book amount	728,885	1,454,169
Profit of disposal of property, plant and equipment	827,165	969,747
Proceeds from disposal of property, plant and equipment	<u>1,556,050</u>	<u>2,423,916</u>

28. 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 during the period ended 30 September 2017 amounted to LE Nil due to contract termination (30 September 2016: LE 1,492,245) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 13.065% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the period ended 30 September 2017, the group paid an amount of LE 59,903,479 as salaries to the key management members (30 September 2016: LE 45,480,550).

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29. Contingent liabilities

a- Contingent Liabilities for banks

(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 55,029,285 as at 30 September 2017 (31 December 2016: LE 50,700,499).

(2) Digma for Trading Company

At 30 September 2017, 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 3,272,222 as at 30 September 2017 (31 December 2016 : LE 27,500).

(3) Edita Confectionary Industries Company

At 30 September 2017, the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business at 30 September 2017 amounted to LE 2,782,261 (31 December 2016: LE 2,237,901)

b- Tax Position

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

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 2010 and all due tax amounts were paid.
- For the years 2011-2012 the tax inspection was performed and the difference was sent to internal committee.
- For the years 2013-2016 the Company is submitted the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

b) Payroll tax

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

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Contingent liabilities (continued)

c) Sales tax

- The sales tax inspection was performed till 31 December 2015 and tax due was paid.
- For the years 2016-2017 the tax inspection has not been performed and the monthly tax return were submitted on due time.

d) Stamp duty tax

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

Digma for Trading Company

a) Corporate tax

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

- The tax inspection was performed by the Tax Authority for the year 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 the tax inspection was performed and the difference was sent to internal committee.
- For the year 2014, the tax inspection was performed and settled and paid to tax authority.
- For the years from 2015 and 2016 Company submits its tax returns on due dates according to law No, 91 for the year 2005.

b) Payroll tax

- The tax inspection was performed until 31 December 2012 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2013 to 2016 the Company submitted its quarter tax returns to Tax Authority on due dates.

c) Sales tax

- The tax inspection was performed until 31 December 2015 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2016-2017 the Company submits its monthly sales tax return on due date.

d) Stamp tax

- The tax inspection was performed for the year from the Company's inception until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The tax inspection was performed for the years from 2009 to 2014 and the difference were sent to internal committee to study.
- For the years from 2015 and 2016 the Company paid the tax due.

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Contingent liabilities (continued)

Edita Confectionary Industries Company

a) Corporate tax

- The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and adjustments.
- The corporate tax inspection was performed for the years from 2009 till 2014 and the company has not informed with any results yet.
- The company hasn't been inspected for the years 2015 & 2016, the Company submitted its tax returns to Tax Authority on due dates.

b) Payroll Tax

- The payroll tax inspection was performed for the years from 2009 till 2012 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year from 2013 till 2016.

c) Sales Tax

- The tax inspection was performed for the years from the Company's inception until 2015 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The company hasn't been inspected for the years 2016 and 2017 and the Company submits its monthly sales tax return on due date.

d) Stamp duty Tax

- The stamp tax inspection was performed from 2009 till 2012 and the tax due was paid to the Tax Authority.
- For the years 2013 and 2014 the tax inspection was performed and the difference was sent to internal committee.
- The Company hasn't been inspected for the year from 2015 till 2016.

30. Capital commitments

The Group has capital commitments as of 30 September 2017 amounted to LE 5,992,141 in respect of the construction of a new factory for Edita Food Industries.

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31. Financial instrument by category

	<u>30 September 2017</u>	
	<u>Loans & receivables</u>	<u>Total</u>
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	90,581,600	90,581,600
Cash and cash equivalents	53,337,026	53,337,026
Treasury bills	176,939,299	176,939,299
Total	<u>320,857,925</u>	<u>320,857,925</u>

	<u>30 September 2017</u>	
	<u>Other financial liabilities and amortised costs</u>	<u>Total</u>
Liabilities as per balance sheet		
Borrowings*	749,894,804	749,894,804
Trade and other payables (excluding non-financial liabilities)	370,834,147	370,834,147
Bank overdraft	190,769,674	190,769,674
Total	<u>1,311,498,625</u>	<u>1,311,498,625</u>

	<u>31 December 2016</u>	
	<u>Loans & receivables</u>	<u>Total</u>
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	184,190,870	184,190,870
Cash and cash equivalents	90,465,545	90,465,545
Treasury bills	192,144,828	192,144,828
Total	<u>466,801,243</u>	<u>466,801,243</u>

	<u>31 December 2016</u>	
	<u>Other financial liabilities at amortised costs</u>	<u>Total</u>
Liabilities as per balance sheet		
Borrowings*	674,058,091	674,058,091
Trade and other payables (excluding non-financial liabilities)	247,672,541	247,672,541
Bank overdraft	240,473,897	240,473,897
Total	<u>1,162,204,529</u>	<u>1,162,204,529</u>

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

Trade and other receivables presented above excludes prepaid expenses.

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

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32. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Friska		Mimix		Other		Total	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Revenue	1,117,214	840,851	582,417	584,814	152,113	117,704	120,571	62,903	110,919	68,918	3,018	6,077	2,086,252	1,681,267
Gross profit	383,947	340,647	141,966	190,014	37,223	33,874	43,596	25,126	36,767	17,859	1,047	2,001	644,546	609,521
Profit from operations.	156,348	173,359	20,361	70,026	(7,115)	(6,058)	2,444	7,545	16,396	5,834	555	964	188,989	251,670
Finance cost	(49,132)	(55,379)	(25,613)	(38,516)	(6,690)	(7,752)	(5,302)	(4,141)	(4,878)	(4,539)	(133)	(401)	(91,748)	(110,728)
Finance income	17,573	10,856	9,161	7,552	2,393	1,519	1,896	812	1,745	890	47	78	32,815	21,707
Income tax	(20,450)	(31,063)	(2,003)	(10,310)	-	-	(164)	(1,112)	(1,966)	(488)	(74)	(160)	(24,657)	(43,133)
Net profit	104,339	97,773	1,906	28,752	(11,412)	(12,291)	(1,126)	3,104	11,297	1,697	395	481	105,399	119,516

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

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Notes to the consolidated financial statements "IFRS" For the nine months period ended 30 September 2017

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33. Earnings before interest , taxes , depreciation & amortization

The information disclosed in the table below represents the earnings before interest , taxes , depreciation & amortization according to the internal reports prepared by the group's management , and the earnings before interest , taxes , depreciation & amortization for the periods 30 September 2017 & 30 September 2016 were as follows :

	<u>30 September 2017</u>	<u>30 September 2016</u>
Net profit for the period	105,399,385	119,516,392
Income tax	24,657,269	43,133,086
Debit interest (Land installments)	-	531,405
Debit interest	80,008,553	38,669,520
Credit interest	(32,815,366)	(21,707,352)
Gain on sale of property , plant and equipment	(827,165)	(969,747)
Foreign exchange losses	11,739,919	71,526,703
Donation	-	2,684,244
Tax provision addition	8,250,005	15,937,503
Depreciation of property , plant and equipment	80,433,490	71,633,455
Amortization of intangible assets	-	942,930
Total	<u>276,846,090</u>	<u>341,898,139</u>