

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

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

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

### **Interim consolidated financial statements - For the six months period ended 30 June 2015**

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## **Report on review of interim consolidated financial statements**

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

### **Introduction**

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

### **Scope of limited review**

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

### **Conclusion**

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



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

Without qualifying our conclusion, we draw attention to note (34) in the notes to the interim consolidated financial statements, the Group has not issued audited financial statements in accordance with Egyptian Standards on Auditing or conducted a limited review in accordance with Egyptian Standard on review engagement No.2410 "Review Of Interim Financial Statements performed by an independent Auditor of the Entity" for the six months period ended 30 June 2014 and accordingly the comparative figures for each of the consolidated statement of income, comprehensive income, changes in equity and cash flows for period from 1 January 2014 to 30 June 2014 are not audited or reviewed.

However, the comparative figures in the balance sheet represent the figures as of 31 December 2014 which were previously audited and issued an unqualified opinion dated 19 February 2015.

A handwritten signature in blue ink, appearing to read "Ahmed Gamal El-Atrees".

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

13 August 2015  
Cairo

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

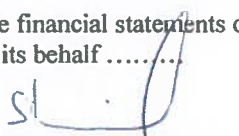
## Interim consolidated balance sheet - At 30 June 2015

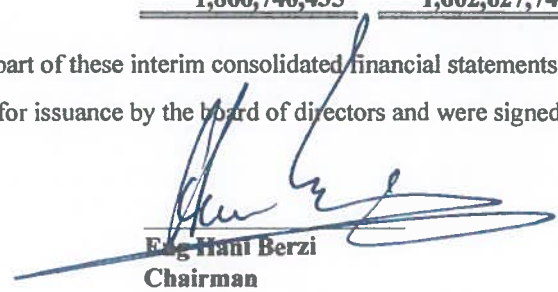
(All amounts in Egyptian Pounds)

|                                                                  | Note | 30 June<br>2015      | 31 December<br>2014  |
|------------------------------------------------------------------|------|----------------------|----------------------|
| <b>Assets</b>                                                    |      |                      |                      |
| <b>Non-current assets</b>                                        |      |                      |                      |
| Property, plant and equipment                                    | 5    | 1,151,261,581        | 1,015,869,650        |
| Intangible Assets                                                | 6    | 162,597,332          | 68,618,658           |
| <b>Total non-current assets</b>                                  |      | <b>1,313,858,913</b> | <b>1,084,488,308</b> |
| <b>Current assets</b>                                            |      |                      |                      |
| Inventories                                                      | 7    | 141,321,058          | 112,481,757          |
| Trade and other receivables                                      | 8    | 78,454,104           | 66,342,123           |
| Treasury bills                                                   | 9    | 105,120,837          | 106,014,124          |
| Cash and cash equivalents (excluding bank overdrafts)            | 10   | 227,985,523          | 233,301,434          |
| <b>Total current assets</b>                                      |      | <b>552,881,522</b>   | <b>518,139,438</b>   |
| <b>Total assets</b>                                              |      | <b>1,866,740,435</b> | <b>1,602,627,746</b> |
| <b>Equity and liabilities</b>                                    |      |                      |                      |
| Share capital                                                    | 11   | 72,536,290           | 72,536,290           |
| Legal reserve                                                    | 12   | 31,103,903           | 31,103,903           |
| Retained earnings                                                |      | 845,060,989          | 720,137,920          |
| <b>Capital and reserves attributable to owners of the parent</b> |      | <b>948,701,182</b>   | <b>823,778,113</b>   |
| Non-controlling interest                                         | 13   | 3,472,581            | 1,966,793            |
| <b>Total equity</b>                                              |      | <b>952,173,763</b>   | <b>825,744,906</b>   |
| <b>Liabilities</b>                                               |      |                      |                      |
| <b>Non-current liabilities</b>                                   |      |                      |                      |
| Long-term loans                                                  | 14   | 268,891,674          | 204,543,390          |
| Long-term notes payable                                          | 15   | 9,449,762            | 8,884,103            |
| Deferred income tax liabilities                                  | 16   | 91,649,586           | 79,424,174           |
| <b>Total non-current liabilities</b>                             |      | <b>369,991,022</b>   | <b>292,851,667</b>   |
| <b>Current liabilities</b>                                       |      |                      |                      |
| Trade and other payables                                         | 19   | 213,741,694          | 205,931,191          |
| Current income tax liabilities                                   | 20   | 31,184,717           | 81,588,139           |
| Current portion of long-term liabilities                         | 21   | 179,824,953          | 125,176,964          |
| Bank overdraft                                                   | 18   | 106,014,427          | 60,418,179           |
| Provisions                                                       | 17   | 13,809,859           | 10,916,700           |
| <b>Total current liabilities</b>                                 |      | <b>544,575,650</b>   | <b>484,031,173</b>   |
| <b>Total liabilities</b>                                         |      | <b>914,566,672</b>   | <b>776,882,840</b>   |
| <b>Total equity and liabilities</b>                              |      | <b>1,866,740,435</b> | <b>1,602,627,746</b> |

The accompanying notes on pages 8 - 46 form an integral part of these interim consolidated financial statements

The financial statements on pages 3 to 46 were authorised for issuance by the board of directors and were signed on its behalf .....

  
Mr Sherif Fathy  
Vice President - Finance

  
Eng Hani Berzi  
Chairman

Cairo, 12 August 2015  
Limited Review report attached 

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

## **Interim consolidated statement of income - For the Period ended 30 June 2015**

(All amounts in Egyptian Pounds)

|                                                         | Note | Six months period ended on 30 June |                     | Three months period ended on 30 June |                     |
|---------------------------------------------------------|------|------------------------------------|---------------------|--------------------------------------|---------------------|
|                                                         |      | 2015                               | Un reviewed<br>2014 | 2015                                 | Un reviewed<br>2014 |
| Revenue                                                 |      | 1,043,717,327                      | 905,949,279         | 514,815,652                          | 455,186,784         |
| Cost of sales                                           |      | (647,459,969)                      | (567,477,206)       | (321,111,551)                        | (281,674,681)       |
| <b>Gross profit</b>                                     |      | <b>396,257,358</b>                 | <b>338,472,073</b>  | <b>193,704,101</b>                   | <b>173,512,103</b>  |
| Distribution cost                                       |      | (133,681,634)                      | (95,924,777)        | (63,502,870)                         | (46,778,673)        |
| Administrative expenses                                 |      | (81,780,988)                       | (56,879,426)        | (36,048,200)                         | (27,489,633)        |
| Other income                                            | 22   | 3,487,361                          | 10,482,797          | 9,205,968                            | 8,140,163           |
| Other gains / (losses)-net                              | 23   | 4,989,708                          | (9,169,350)         | (1,739,092)                          | (3,860,220)         |
| <b>Operating profit</b>                                 |      | <b>189,271,805</b>                 | <b>186,981,317</b>  | <b>101,619,907</b>                   | <b>103,523,740</b>  |
| Finance income                                          | 24   | 12,879,544                         | 11,362,010          | -                                    | -                   |
| Finance cost                                            | 24   | (14,081,870)                       | (13,287,226)        | (7,551,370)                          | (1,317,744)         |
| <b>Profit before income tax</b>                         |      | <b>188,069,479</b>                 | <b>185,056,101</b>  | <b>94,068,537</b>                    | <b>102,205,996</b>  |
| Income tax expense                                      | 25   | (61,641,300)                       | (60,372,638)        | (27,105,030)                         | (35,157,824)        |
| <b>Net profit for the Period</b>                        |      | <b>126,428,179</b>                 | <b>124,683,463</b>  | <b>66,963,507</b>                    | <b>67,048,172</b>   |
| <b>Earnings per share (expressed in EGP per share):</b> |      |                                    |                     |                                      |                     |
| Basic earnings per share                                | 26   | 0.349                              | 0.344               | 0.185                                | 0.185               |
| Diluted earnings per share                              | 26   | 0.349                              | 0.344               | 0.185                                | 0.185               |
| <b>Distributed as following:</b>                        |      |                                    |                     |                                      |                     |
| Profit is attributable to owners of the parent          |      | 124,921,191                        | 124,749,557         |                                      |                     |
| Non-controlling interest                                |      | 1,506,988                          | (66,094)            |                                      |                     |
| <b>Net profit for the period</b>                        |      | <b>126,428,179</b>                 | <b>124,683,463</b>  |                                      |                     |

The accompanying notes on pages 8 - 46 form an integral part of these interim consolidated financial statements

**EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES****Interim consolidated statement of comprehensive income - For the Period ended 30 June 2015****(All amounts in Egyptian Pounds)**

|                                                              | <b>30 June<br/>2015</b>   | <b>Un reviewed<br/>30 June<br/>2014</b> |
|--------------------------------------------------------------|---------------------------|-----------------------------------------|
| <b>Profit for the period</b>                                 | 126,428,179               | 124,683,463                             |
| <b>Other comprehensive income for the Period, net of tax</b> | <b>1,878</b>              | <b>(1,059)</b>                          |
| <b>Total comprehensive income for the Period</b>             | <b><u>126,430,057</u></b> | <b><u>124,682,404</u></b>               |

The accompanying notes on pages 8 - 46 form an integral part of these interim consolidated financial statements

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

## **Interim consolidated statement of changes in equity - For the Period ended 30 June 2015**

(All amounts in Egyptian Pounds)

|                                                                                                      | Attributable to Owners of the parent |                   |                      |                            |                          | Total owners' equity |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------|----------------------|----------------------------|--------------------------|----------------------|
|                                                                                                      | Share capital                        | Legal reserve     | Retained earnings    | Total Owners of the parent | Non-controlling interest |                      |
| <b>Balance at 31 December 2013 and 1 January 2014</b>                                                | <b>72,536,290</b>                    | <b>16,407,621</b> | <b>618,746,353</b>   | <b>707,690,264</b>         | <b>2,261,950</b>         | <b>709,952,214</b>   |
| Net Profit for the Period                                                                            | -                                    | -                 | 124,749,557          | 124,749,557                | (66,094)                 | 124,683,463          |
| Foreign currency translation reserve                                                                 | -                                    | -                 | (1,059)              | (1,059)                    | -                        | (1,059)              |
| <b>Total comprehensive income for the Period</b>                                                     | <b>-</b>                             | <b>-</b>          | <b>124,748,498</b>   | <b>124,748,498</b>         | <b>(66,094)</b>          | <b>124,682,404</b>   |
| Dividends distribution for 2013                                                                      | -                                    | -                 | (150,000,000)        | (150,000,000)              | (89,173)                 | (150,089,173)        |
| <b>Total contribution by and distribution to owner's of the parent recognized directly in equity</b> | <b>-</b>                             | <b>-</b>          | <b>(150,000,000)</b> | <b>(150,000,000)</b>       | <b>(89,173)</b>          | <b>(150,089,173)</b> |
| Assets revaluation reserve                                                                           | -                                    | -                 | -                    | -                          | (1,200)                  | (1,200)              |
| <b>Balance at 30 June 2014 (un reviewed)</b>                                                         | <b>72,536,290</b>                    | <b>16,407,621</b> | <b>593,494,851</b>   | <b>682,438,762</b>         | <b>2,105,483</b>         | <b>684,544,245</b>   |
| <b>Balance at 31 December 2014 and 1 January 2015</b>                                                | <b>72,536,290</b>                    | <b>31,103,903</b> | <b>720,137,920</b>   | <b>823,778,113</b>         | <b>1,966,793</b>         | <b>825,744,906</b>   |
| Net Profit for the Period                                                                            | -                                    | -                 | 124,921,191          | 124,921,191                | 1,506,988                | 126,428,179          |
| Foreign currency translation reserve                                                                 | -                                    | -                 | 1,878                | 1,878                      | -                        | 1,878                |
| <b>Total comprehensive income for the Period</b>                                                     | <b>-</b>                             | <b>-</b>          | <b>124,923,069</b>   | <b>124,923,069</b>         | <b>1,506,988</b>         | <b>126,430,057</b>   |
| Assets revaluation reserve                                                                           | -                                    | -                 | -                    | -                          | (1,200)                  | (1,200)              |
| <b>Balance at 30 June 2015</b>                                                                       | <b>72,536,290</b>                    | <b>31,103,903</b> | <b>845,060,989</b>   | <b>948,701,182</b>         | <b>3,472,581</b>         | <b>952,173,763</b>   |

The accompanying notes on pages 8 - 46 form an integral part of these interim consolidated financial statements



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

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

(All amounts in Egyptian Pounds)

|                                                              | Notes | 30 June<br>2015      | Un reviewed<br>30 June<br>2014 |
|--------------------------------------------------------------|-------|----------------------|--------------------------------|
| Cash generated from operations                               | 28    | 190,819,026          | 191,522,579                    |
| Interest paid                                                |       | (13,516,211)         | (12,423,226)                   |
| Income tax paid                                              |       | (99,820,512)         | (64,415,060)                   |
| <b>Net cash inflow from operating activities</b>             |       | <b>77,482,303</b>    | <b>114,684,293</b>             |
| <b><u>Cash flows from investing activities</u></b>           |       |                      |                                |
| Purchase of property, plant and equipment                    | 5     | (172,168,956)        | (40,309,410)                   |
| Purchase of Intangible assets                                |       | (94,292,984)         | -                              |
| Proceeds from sale of property, plant and equipment          |       | 8,322,967            | 219,161                        |
| Interest received                                            |       | 12,879,544           | 11,362,010                     |
| Treasury bills                                               |       | 893,287              | 1,364,680                      |
| <b>Net cash (outflow) from investing activities</b>          |       | <b>(244,366,142)</b> | <b>(27,363,559)</b>            |
| <b><u>Cash flows from financing activities</u></b>           |       |                      |                                |
| Sales tax on machinery                                       |       | -                    | (25,296)                       |
| Dividends paid to Shareholders                               |       | -                    | (117,664,139)                  |
| Proceeds from borrowings                                     |       | 160,071,614          | 63,318,865                     |
| Repayments of borrowings                                     |       | (44,099,934)         | (55,752,159)                   |
| <b>Net cash inflow / (outflow) from financing activities</b> |       | <b>115,971,680</b>   | <b>(110,122,729)</b>           |
| <b>Net (decrease) in cash and cash equivalents</b>           |       | <b>(50,912,159)</b>  | <b>(22,801,995)</b>            |
| Cash and cash equivalents at beginning of the Period         |       | 172,883,255          | 157,866,465                    |
| <b>Cash and cash equivalents at end of the Period</b>        | 10    | <b>121,971,096</b>   | <b>135,064,470</b>             |

The accompanying notes on pages 8 - 46 form an integral part of these interim consolidated financial statements

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

### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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

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#### **1. General information**

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

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

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

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

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

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

The parent Company:

#### **Edita Food Industries:**

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

The group is composed of the following subsidiaries:

#### **Digma for Trading:**

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

#### **Edita Confectionery Industries:**

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

#### **Edita participation limited:**

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

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

### Notes to the interim consolidated financial statements For the six months period ended 30 June 2015

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

#### General information (continued)

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

#### Financial information about the subsidiaries of the group:

| Name of subsidiary          | Total Assets | Total Equity | Total Sales | Net Income/<br>(loss) |
|-----------------------------|--------------|--------------|-------------|-----------------------|
| Digma for trading           | 236,365,403  | 160,981,201  | 974,569,629 | 34,460,796            |
| Edita for confectionery     | 85,456,536   | 15,742,297   | 37,677,308  | 6,451,628             |
| Edita participation limited | 175,124      | (112,115)    | -           | (16,388)              |

## 2. Summary of significant accounting policies

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

### A. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations

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

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

#### Changes in accounting policy and disclosure

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

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

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

### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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

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#### **B. Basis of consolidation**

##### **1. Subsidiaries**

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

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

##### **2. Acquisitions**

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

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

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

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

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

##### **4. Disposal of subsidiaries**

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

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

### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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

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

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

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

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

##### **(2) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

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

##### **(3) Group companies**

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

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

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

#### **D. Property and equipment**

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

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



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

### Notes to the interim consolidated financial statements For the six months period ended 30 June 2015

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

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#### Property and equipment (continued)

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

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

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

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

#### F. Financial assets

##### (1) Classification

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

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

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

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### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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

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

##### **(b) Loans and receivables**

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

##### **(c) Available-for-sale financial assets**

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

#### **(2) Recognition and measurement**

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

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

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

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

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

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#### **G. Intangible assets**

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

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

#### **H. Impairment of financial assets**

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

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

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

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

#### **I. Inventories**

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



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### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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#### **J. Trade receivables**

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

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

#### **K. Cash and cash equivalents**

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

#### **L. Share capital**

Ordinary shares are classified as equity.

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

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

#### **M. Trade payables**

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

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

#### **N. Borrowings**

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

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

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

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#### **O. Borrowing costs**

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

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

#### **P. Current and deferred income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income and as per tax law, the income tax is calculated on the standalone level rather than the consolidation level. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

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

### Notes to the interim consolidated financial statements For the six months period ended 30 June 2015

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

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#### Current and deferred income tax (continued)

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

#### Q. Employee benefits

##### (1) Pension obligations

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

##### (2) Short-term obligations

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

##### (3) Dividends distribution

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

##### (4) Termination benefits

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

#### R. Provisions

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

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

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

### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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#### **S. Revenue recognition**

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

##### **(1) Sales of goods – whole sale**

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

##### **(2) Interest income**

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

##### **(3) Dividend income**

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

##### **(4) Government subsidy on export sales**

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

#### **T. Leases**

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

#### **U. Dividend distribution**

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



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

### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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

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#### **V. Legal reserve**

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

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

##### **(1) Basic**

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

##### **(2) Diluted**

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

#### **X. Segment Reporting**

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

#### **Y. Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period, we did not conduct limited review in accordance with Egyptian Standard on Review Engagements No. 2410 for the consolidated statements of income, changes in equity and cash flows for the six months period ended as of 30 June 2014.

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

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#### 3. Financial risk management

##### (1) Financial risk factors

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

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

##### (A) Market risk

###### (i) Foreign exchange risk

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

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

|                       | Assets     | Liabilities   | Net<br>30 June 2015 | Net<br>31 December<br>2014 |
|-----------------------|------------|---------------|---------------------|----------------------------|
| United States Dollars | 17,218,670 | (41,271,657)  | (24,052,987)        | (16,869,762)               |
| Euros                 | 28,578,549 | (107,730,883) | (79,152,334)        | (109,653,136)              |
| GBP                   | 680,234    | (2,044,906)   | (1,364,672)         | -                          |

At 30 June 2015, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the period would have been LE (2,405,299) (31 December 2014: LE 1,686,976) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

At 30 June 2015, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit for the period would have been LE (7,915,233) (31 December 2014: LE 10,965,314) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 30 June 2015, if the Egyptian Pounds had weakened / strengthened by 10% against the British Pound with all other variables held constant, post tax profit for the period would have been LE (364,672) (31 December 2014: LE NIL) higher / lower, mainly as a result of foreign exchange gains/losses on translation of British Pound denominated financial assets and liabilities.



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#### Financial risk management (continued)

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

At 30 June 2015, if interest rates on Egyptian pound -denominated borrowings had been 0.1% higher/lower with all other variables held constant, post-tax profit for the period would have been LE 564,181 (31 December 2014: LE 465,712) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowings at the balance sheet date with variable interest rate amounted to LE 448,716,627 (31 December 2014: LE 329,720,354).

Overdraft at the balance sheet date in 30 June 2015 amounted to LE 106,014,427 (31 December 2014: LE 60,418,179).

Financial assets exposed to variable interest rate amounted to LE 186,960,840 (31 December 2014: LE 210,960,840).

|                   | 30 June<br>2015    | 31 December<br>2014 |
|-------------------|--------------------|---------------------|
| Time deposit – LE | 186,960,840        | 210,960,840         |
|                   | <b>186,960,840</b> | <b>210,960,840</b>  |

#### (B) Credit risk

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

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

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

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

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#### Financial risk management (continued)

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

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

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

#### (C) Liquidity risk

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

| At 30 June 2015             | Less than<br>6 month | Between<br>6 month &<br>1 year | Between<br>1 & 2 years | Between<br>2 & 5 years |
|-----------------------------|----------------------|--------------------------------|------------------------|------------------------|
| Borrowings                  | 79,229,160           | 90,609,803                     | 84,251,593             | 184,640,081            |
| Trade and other<br>payables | 136,741,652          | -                              | -                      | -                      |
| Bank overdraft              | 106,014,427          | -                              | -                      | -                      |
| Notes payable               | 77,000,042           | 9,985,990                      | 9,449,762              | -                      |
| <b>Total</b>                | <b>398,985,281</b>   | <b>100,595,793</b>             | <b>93,701,355</b>      | <b>184,640,081</b>     |
| <b>At 31 December 2014</b>  |                      |                                |                        |                        |
| Borrowings                  | 52,849,934           | 62,341,040                     | 103,200,332            | 101,343,058            |
| Trade and other<br>payables | 165,213,420          | -                              | -                      | -                      |
| Bank overdraft              | 60,418,179           | -                              | -                      | -                      |
| Notes payable               | 40,717,771           | 9,985,990                      | 8,884,103              | -                      |
| <b>Total</b>                | <b>319,199,304</b>   | <b>72,327,030</b>              | <b>112,084,435</b>     | <b>101,343,058</b>     |

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

### Notes to the interim consolidated financial statements For the six months period ended 30 June 2015

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#### Financial risk management (continued)

##### (2) Capital management

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

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

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

|                                             | 30 June<br>2015      | 31 December<br>2014 |
|---------------------------------------------|----------------------|---------------------|
| Current and long-term liabilities and loans | 458,166,389          | 338,604,457         |
| Bank Over Draft                             | 106,014,427          | 60,418,179          |
| <b>Total liabilities and loans</b>          | <b>564,180,816</b>   | <b>399,022,636</b>  |
| Less: Cash and bank balances                | (227,985,523)        | (233,301,434)       |
| Treasury bills                              | (105,120,837)        | (106,014,124)       |
| <b>Net debt</b>                             | <b>231,074,456</b>   | <b>59,707,078</b>   |
| Total equity                                | 952,173,763          | 825,744,906         |
| <b>Total capital</b>                        | <b>1,183,248,219</b> | <b>885,451,984</b>  |
| <b>Gearing ratio</b>                        | <b>20%</b>           | <b>7%</b>           |

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

##### (3) Fair value estimation

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

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

### **Notes to the interim consolidated financial statements For the six months period ended 30 June 2015**

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

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

##### **1. Critical accounting estimates and assumptions**

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

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

##### **Intangible assets impairment (Trade Mark)**

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

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

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

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

## Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

### 5. Property, plant and equipment

|                                            | Land               | Buildings          | Machinery & equipment | Vehicles          | Tools & equipment | Furniture & office equipment | Projects under construction | Total                |
|--------------------------------------------|--------------------|--------------------|-----------------------|-------------------|-------------------|------------------------------|-----------------------------|----------------------|
| <b>At 31 December 2013</b>                 |                    |                    |                       |                   |                   |                              |                             |                      |
| Cost                                       | 62,226,931         | 338,886,497        | 453,977,153           | 115,151,844       | 32,512,878        | 35,874,070                   | 15,097,813                  | 1,053,727,186        |
| Accumulated depreciation                   | -                  | (29,611,451)       | (109,594,043)         | (53,350,864)      | (17,916,506)      | (16,807,790)                 | -                           | (227,280,654)        |
| <b>Net book value</b>                      | <b>62,226,931</b>  | <b>309,275,046</b> | <b>344,383,110</b>    | <b>61,800,980</b> | <b>14,596,372</b> | <b>19,066,280</b>            | <b>15,097,813</b>           | <b>826,446,532</b>   |
| <b>Year ended 31 December 2014</b>         |                    |                    |                       |                   |                   |                              |                             |                      |
| Opening net book value                     | 62,226,931         | 309,275,046        | 344,383,110           | 61,800,980        | 14,596,372        | 19,066,280                   | 15,097,813                  | 826,446,532          |
| Additions                                  | -                  | 2,833,108          | 11,979,837            | 20,434,335        | 6,948,313         | 10,575,822                   | 201,896,348                 | 254,667,763          |
| Depreciation charge                        | -                  | (12,961,342)       | (22,971,288)          | (14,391,308)      | (5,104,782)       | (8,422,327)                  | -                           | (63,851,047)         |
| Disposal Depreciation                      | -                  | 37,021             | 83,870                | 4,159,117         | 110,497           | 178,476                      | -                           | 4,568,981            |
| Disposals                                  | -                  | (458,265)          | (94,828)              | (5,071,562)       | (115,042)         | (222,882)                    | -                           | (5,962,579)          |
| Transfers from Projects under construction | -                  | 17,495,548         | 1,862,698             | -                 | -                 | 215,126                      | (19,573,372)                | -                    |
| <b>Balance at 31 December 2014</b>         | <b>62,226,931</b>  | <b>316,221,116</b> | <b>335,243,399</b>    | <b>66,931,562</b> | <b>16,435,358</b> | <b>21,390,495</b>            | <b>197,420,789</b>          | <b>1,015,869,650</b> |
| <b>At 31 December 2014</b>                 |                    |                    |                       |                   |                   |                              |                             |                      |
| Cost                                       | 62,226,931         | 358,756,888        | 467,724,860           | 130,514,617       | 39,346,149        | 46,442,136                   | 197,420,789                 | 1,302,432,370        |
| Accumulated depreciation                   | -                  | (42,535,772)       | (132,481,461)         | (63,583,055)      | (22,910,791)      | (25,051,641)                 | -                           | (286,562,720)        |
| <b>Net book value</b>                      | <b>62,226,931</b>  | <b>316,221,116</b> | <b>335,243,399</b>    | <b>66,931,562</b> | <b>16,435,358</b> | <b>21,390,495</b>            | <b>197,420,789</b>          | <b>1,015,869,650</b> |
| <b>Period ended 30 June 2015</b>           |                    |                    |                       |                   |                   |                              |                             |                      |
| Opening net book value                     | 62,226,931         | 316,221,116        | 335,243,399           | 66,931,562        | 16,435,358        | 21,390,495                   | 197,420,789                 | 1,015,869,650        |
| Additions                                  | 44,487,197         | 75,478             | 6,695,806             | 28,170,600        | 3,357,991         | 5,479,753                    | 83,902,131                  | 172,168,956          |
| Depreciation charge                        | -                  | (6,830,489)        | (13,347,173)          | (8,262,225)       | (3,323,538)       | (4,349,560)                  | -                           | (36,112,985)         |
| Disposal Depreciation                      | -                  | -                  | 45,737                | 18,325,767        | 100,443           | 64,831                       | -                           | 18,536,778           |
| Disposals                                  | -                  | -                  | (47,518)              | (18,979,596)      | (101,345)         | (72,359)                     | -                           | (19,200,818)         |
| Transfers from Projects under construction | -                  | 40,725             | 146,890,999           | -                 | 11,206,129        | 175,389                      | (158,313,242)               | -                    |
| <b>Balance at 30 June 2015</b>             | <b>106,714,128</b> | <b>309,506,830</b> | <b>475,481,250</b>    | <b>86,186,108</b> | <b>27,675,038</b> | <b>22,688,549</b>            | <b>123,009,678</b>          | <b>1,151,261,581</b> |
| <b>At 30 June 2015</b>                     |                    |                    |                       |                   |                   |                              |                             |                      |
| Cost                                       | 106,714,128        | 358,873,091        | 621,264,147           | 139,705,621       | 53,808,924        | 52,024,919                   | 123,009,678                 | 1,455,400,508        |
| Accumulated depreciation                   | -                  | (49,366,261)       | (145,782,897)         | (53,519,513)      | (26,133,886)      | (29,336,370)                 | -                           | (304,138,927)        |
| <b>Net book value</b>                      | <b>106,714,128</b> | <b>309,506,830</b> | <b>475,481,250</b>    | <b>86,186,108</b> | <b>27,675,038</b> | <b>22,688,549</b>            | <b>123,009,678</b>          | <b>1,151,261,581</b> |

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



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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

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

During the period, the Group has capitalized borrowings costs amounting to LE 6,047,986 (31 December 2014: LE 6,423,328) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

|                                               | 30 June<br>2015  | 31 December<br>2014 |
|-----------------------------------------------|------------------|---------------------|
| <b>Classification of the Qualified Assets</b> |                  |                     |
| Buildings                                     | 3,519,913        | 2,895,203           |
| Machinery                                     | 2,528,073        | 3,528,125           |
| <b>Total</b>                                  | <b>6,047,986</b> | <b>6,423,328</b>    |

#### 6. Intangible assets

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

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

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

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

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

|                      |      |
|----------------------|------|
| Average gross profit | 30 % |
| Discount rate        | 19 % |
| Growth rate          | 3 %  |

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

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### Intangible assets (continued)

##### B. Intangible assets which have finite useful lives – Know how

|                                             | <b>Know How</b>     |
|---------------------------------------------|---------------------|
| <b>Cost</b>                                 | <b>30 June 2015</b> |
| Additions during the period                 | 31,430,995          |
| <b>Balance as of</b>                        | <b>31,430,995</b>   |
| <b>Accumulated Amortization</b>             | <b>30 June 2015</b> |
| Amortization expense during the period      | 314,310             |
| <b>Balance as of</b>                        | <b>314,310</b>      |
| <b>Net book value for know how</b>          | <b>31,116,685</b>   |
| <b>Net book value for intangible assets</b> | <b>162,597,332</b>  |

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

#### 7. Inventories

|                                                        | <b>30 June<br/>2015</b> | <b>31 December<br/>2014</b> |
|--------------------------------------------------------|-------------------------|-----------------------------|
| Raw materials                                          | 102,233,732             | 78,624,516                  |
| Spare parts                                            | 25,423,674              | 21,637,869                  |
| Finished goods                                         | 10,320,897              | 8,197,309                   |
| Consumables                                            | 2,353,196               | 3,357,898                   |
| Work in process                                        | 1,768,559               | 1,443,165                   |
| <b>Total</b>                                           | <b>142,100,058</b>      | <b>113,260,757</b>          |
| Less: provision for slow moving and obsolete inventory | (779,000)               | (779,000)                   |
| <b>Net</b>                                             | <b>141,321,058</b>      | <b>112,481,757</b>          |

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 497,122,866 as of 30 June 2015.

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### 8. Trade and other receivables

|                                                     | 30 June<br>2015   | 31 December<br>2014 |
|-----------------------------------------------------|-------------------|---------------------|
| Trade receivables                                   | 9,230,678         | 10,514,126          |
| Notes receivable                                    | 722,218           | 1,011,121           |
| <b>Total</b>                                        | <b>9,952,896</b>  | <b>11,525,247</b>   |
| Less: Provision for impairment of trade receivables | (20,556)          | (138,785)           |
|                                                     | <b>9,932,340</b>  | <b>11,386,462</b>   |
| Advances to suppliers                               | 41,195,549        | 36,938,398          |
| Other debit balances                                | 13,352,891        | 12,320,587          |
| Prepaid expenses                                    | 11,597,901        | 4,316,961           |
| Deposits with others                                | 1,976,478         | 920,373             |
| Letters of credit                                   | 266,073           | 226,297             |
| Employee loans                                      | 111,525           | 181,994             |
| Accrued revenues                                    | 21,347            | 51,051              |
| <b>Total</b>                                        | <b>78,454,104</b> | <b>66,342,123</b>   |

#### 9. Treasury bills

|                               | 30 June<br>2015    | 31 December<br>2014 |
|-------------------------------|--------------------|---------------------|
| Treasury bills par value      | 106,925,000        | 106,325,000         |
| Net accrued interest income   | (1,804,163)        | (310,876)           |
| <b>Treasury bills balance</b> | <b>105,120,837</b> | <b>106,014,124</b>  |

The group purchased Egyptian treasury bills on 26<sup>st</sup> of May 2015 with par value of LE 35,000,000 with an annual interest of 9.25%. These treasury bills are due on 25<sup>th</sup> of Aug 2015. The total recognized interest income amounted to LE 303,423.

Also, the group purchased Egyptian treasury bills on 09<sup>st</sup> of June 2015 with par value amounted LE 20,000,000 with an annual interest of 9%. These treasury bills are due in 08<sup>th</sup> of Sep 2015. The total recognized interest income amounted to LE 101,308.

Also, the group purchased Egyptian treasury bills on 09<sup>st</sup> of June 2015 with par value amounted LE 31,925,000 with an annual interest of 11.83%. These treasury bills are due in 08<sup>th</sup> of Sep 2015. The total recognized interest income amounted to LE 211,073.

Also, the group purchased Egyptian treasury bills on 26<sup>st</sup> of May 2015 with par value of LE 20,000,000 with an annual interest of 10.35%. These treasury bills are due on 26<sup>th</sup> of Aug 2015. The total recognized interest income amounted to LE 173,385.

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

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

|                                                              | 30 June<br>2015    | 31 December<br>2014 |
|--------------------------------------------------------------|--------------------|---------------------|
| Bank deposits                                                | 186,960,840        | 210,960,840         |
| Cash at banks and on hand                                    | 41,024,683         | 22,340,594          |
| <b>Cash and cash equivalents (excluding bank overdrafts)</b> | <b>227,985,523</b> | <b>233,301,434</b>  |

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

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

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

|                           | 30 June<br>2015    | 31 December<br>2014 |
|---------------------------|--------------------|---------------------|
| Cash and cash equivalents | 227,985,523        | 233,301,434         |
| Bank overdraft (Note 18)  | (106,014,427)      | (60,418,179)        |
| <b>Total</b>              | <b>121,971,096</b> | <b>172,883,255</b>  |

#### 11. Share capital

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

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

|                          | No. of<br>shares   | Shares<br>value   | Percentage of<br>ownership |
|--------------------------|--------------------|-------------------|----------------------------|
| BERCO Ltd.               | 151,654,150        | 30,330,830        | 41.815%                    |
| EXODER Ltd.              | 101,458,950        | 20,291,790        | 27.975%                    |
| Africa Samba Corporative | 108,804,450        | 21,760,890        | 30.000%                    |
| Others                   | 763,900            | 152,780           | 0.210%                     |
|                          | <b>362,681,450</b> | <b>72,536,290</b> | <b>100%</b>                |

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

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### Share capital (Continued)

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

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

#### 12. Legal reserve

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

#### 13. Non-controlling interest

|                                               | Paid up capital | Legal reserves | Revaluation assets reserve | Accumulated losses | 30 June 2015 | Total<br>31 December 2014 |
|-----------------------------------------------|-----------------|----------------|----------------------------|--------------------|--------------|---------------------------|
| Balance at 1 January                          | 12,271,000      | 5,000          | 40,566                     | (10,349,773)       | 1,966,793    | 2,261,950                 |
| Dividend distribution (minority share)        | -               | -              | -                          | -                  | -            | (89,173)                  |
| Minority share in (gain) loss of subsidiaries | -               | -              | -                          | 1,506,988          | 1,506,988    | (203,579)                 |
| Assets revaluation reserve                    | -               | -              | (1,200)                    | -                  | (1,200)      | (2,405)                   |
| Balance at 30 June                            | 12,271,000      | 5,000          | 39,366                     | (8,842,785)        | 3,472,581    | 1,966,793                 |

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

## Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

### 14. Loans

|       | 30 June 2015          |                      |                    | 31 December 2014      |                      |                    |
|-------|-----------------------|----------------------|--------------------|-----------------------|----------------------|--------------------|
|       | Short-term<br>portion | Long-term<br>portion | Total              | Short-term<br>portion | Long-term<br>portion | Total              |
| Loans | 169,838,963           | 268,891,674          | 438,730,637        | 115,190,974           | 204,543,390          | 319,734,364        |
|       | <b>169,838,963</b>    | <b>268,891,674</b>   | <b>438,730,637</b> | <b>115,190,974</b>    | <b>204,543,390</b>   | <b>319,734,364</b> |

The loans due according to the following schedule:

|                           | 30 June<br>2015    | 31 December<br>2014 |
|---------------------------|--------------------|---------------------|
| Balance due within 1 year | 155,462,172        | 103,866,533         |
| Accrued interest          | 14,376,791         | 11,324,441          |
| Short-term portion        | <b>169,838,963</b> | <b>115,190,974</b>  |

#### (1) Edita Food Industries Company

|              | 30 June 2015          |                      |                    | 31 December 2014      |                      |                    |
|--------------|-----------------------|----------------------|--------------------|-----------------------|----------------------|--------------------|
|              | Short-term<br>portion | Long-term<br>portion | Total              | Short-term<br>portion | Long-term<br>portion | Total              |
| First loan   | 26,067,708            | -                    | 26,067,708         | 26,690,885            | 12,500,000           | 39,190,885         |
| Second loan  | 24,834,992            | -                    | 24,834,992         | 25,495,312            | 11,666,667           | 37,161,979         |
| Third loan   | 23,642,365            | -                    | 23,642,365         | 23,834,870            | 11,667,000           | 35,501,870         |
| Fourth loan  | 20,444,013            | 51,942,338           | 72,386,351         | 19,170,795            | 28,719,881           | 47,890,676         |
| Fifth loan   | 41,487,513            | 94,303,188           | 135,790,701        | 3,472,419             | 115,689,842          | 119,162,261        |
| Sixth Loan   | 11,438,125            | 81,000,000           | 92,438,125         | -                     | -                    | -                  |
| Seventh Loan | 57,482                | 12,617,935           | 12,675,417         | -                     | -                    | -                  |
|              | <b>147,972,198</b>    | <b>239,863,461</b>   | <b>387,835,659</b> | <b>98,664,281</b>     | <b>180,243,390</b>   | <b>278,907,671</b> |

The loans due according to the following schedule:

|                           | 30 June<br>2015    | 31 December<br>2014 |
|---------------------------|--------------------|---------------------|
| Balance due within 1 year | 135,166,933        | 89,166,533          |
| Accrued interest          | 12,805,265         | 9,497,748           |
| <b>Total</b>              | <b>147,972,198</b> | <b>98,664,281</b>   |

#### • First loan

This first loan is provided by one of the Egyptian banks in August 2011 based on a cross guarantee issued from Digma Trading Company with an amount of LE 100,000,000 and the total withdrawal amount is LE 100,000,000 in addition to accrued interest. The loan outstanding balance at 30 June 2015 after payment of due instalments amounted to 25,000,000 in addition accrued interests.

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

Edita Food Industrie.A.E. (borrower) is obligated to pay LE 25,000,000 on 2 equal semi-instalments annual amounting to LE 12,500,000 each. The first instalment is due on 1 August 2015 and the last on 1 February 2016 in addition to accrued interest.



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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

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#### Loans (continued)

**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.

- **Second loan:**

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

**Terms of payments:**

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

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

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **Third loan:**

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

**Terms of payments:**

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

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

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#### Loans (continued)

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 69,442,338 on 30 June 2015 in addition to accrued interest.

**Terms of payments:**

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 69,442,338 on 8 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first instalment is due on 22 July 2015 and the last on 22 January 2019.

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on June 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 46,919,282 plus 5,523,565 Euro on 30 June 2015 in addition to accrued interest. 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 185,000,000 on 10 equal semi-annual installments; each installment is amounted to LE 18,500,000. The first installment is due on 26 December 2015 and the last on 26 June 2020. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

- **Sixth loan:**

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

**Terms of payments:**

Edita Food Industries S.A.E. is obligated to Pay LE 90,000,000 on 10 equal semi-annual installments; each installment is amounted to LE 9,000,000. The first installment is due on 9 Apr 2016 and the last on 9 Oct 2020.

**Interest:**

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

**Fair value:**

Fair value is approximately equal to book value.

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### Loans (continued)

- **Seventh loan:**

This fifth loan is provided by one of the Egyptian banks on June 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and the total withdrawal amount is LE 12,617,935 in addition to accrued interest.

**Terms of payments:**

Edita Food Industries S.A.E. is obligated to Pay LE 170,000,000 on 11 equal semi-annual installments; each installment is amounted to LE 15,455,000. The first installment is due on 19 Apr 2017 and the last on 18 Apr 2022.

**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.

#### (2) Digma for Trading Company

|             | 30 June 2015          |                      |            | 31 December 2014      |                      |            |
|-------------|-----------------------|----------------------|------------|-----------------------|----------------------|------------|
|             | Short term<br>portion | Long term<br>portion | Total      | Short term<br>portion | Long term<br>portion | Total      |
| First loan  | -                     | -                    | -          | 3,656,620             | -                    | 3,656,620  |
| Second loan | 3,833,889             | 5,000,000            | 8,833,889  | 3,948,750             | 6,666,667            | 10,615,417 |
| Third loan  | 3,790,960             | 6,666,666            | 10,457,626 | 2,070,108             | 8,333,333            | 10,403,441 |
| Fourth loan | 7,555,604             | 11,161,547           | 18,717,151 | -                     | -                    | -          |
| Net         | 15,180,453            | 22,828,213           | 38,008,666 | 9,675,478             | 15,000,000           | 24,675,478 |

The loans due according to the following schedule:

|                           | 30 June<br>2015 | 31 December<br>2014 |
|---------------------------|-----------------|---------------------|
| Balance due within 1 year | 14,095,239      | 8,500,000           |
| Accrued interest          | 1,085,214       | 1,175,478           |
|                           | 15,180,453      | 9,675,478           |

**The First loan**

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

- **The Second loan**

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

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

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#### Loans (continued)

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

Digma Trading Company S.A.E. is obligated to pay LE 8,333,333 on 5 equal semi-annual instalment, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalments is due on 15<sup>th</sup> of July 2015 and the last on 15<sup>th</sup> of July 2017,

##### **Interest:**

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

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

Fair value is approximately equal to book value.

- **The Third loan**

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

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

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

##### **Interest:**

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

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

Fair value is approximately equal to book value.

- **The Fourth loan**

The forth loan is provided by one of the Egyptian banks on 07 June 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 18,590,119 in addition to accrued interest,

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

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

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### Loans (continued)

#### (3) Edita Confectionery Industries Company

|                | 30 June 2015          |                      |                   | 31 December 2014      |                      |                   |
|----------------|-----------------------|----------------------|-------------------|-----------------------|----------------------|-------------------|
|                | Short-term<br>portion | Long-term<br>portion | Total             | Short-term<br>portion | Long-term<br>portion | Total             |
| Long-term loan | 6,686,312             | 6,200,000            | 12,886,312        | 6,851,215             | 9,300,000            | 16,151,215        |
|                | <b>6,686,312</b>      | <b>6,200,000</b>     | <b>12,886,312</b> | <b>6,851,215</b>      | <b>9,300,000</b>     | <b>16,151,215</b> |

The loans due according to the following schedule:

|                           | 31 June<br>2015  | 31 December<br>2014 |
|---------------------------|------------------|---------------------|
| Balance due within 1 year | 6,200,000        | 6,200,000           |
| Accrued interest          | 486,312          | 651,215             |
|                           | <b>6,686,312</b> | <b>6,851,215</b>    |

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

#### Terms of payments:

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

#### Interest:

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

#### Fair value:

Fair value is approximately equal to book value.

#### 15. Long-term notes payable

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

Current portion of long-term notes payable:

|                              | 30 June 2015     |                  | 31 December 2014 |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | Notes<br>payable | Present<br>Value | Notes<br>payable | Present<br>Value |
| Less than one year (Note 21) | 9,985,990        | 9,985,990        | 9,985,990        | 9,985,990        |
|                              | <b>9,985,990</b> | <b>9,985,990</b> | <b>9,985,990</b> | <b>9,985,990</b> |



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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### Long-term notes payable (continued)

|                                                                | 30 June 2015      |                  | 31 December 2014  |                  |
|----------------------------------------------------------------|-------------------|------------------|-------------------|------------------|
|                                                                | Notes payable     | Present value    | Notes payable     | Present value    |
| Notes payable due for more than one year and less than 5 years | 10,546,825        | 9,449,762        | 10,546,825        | 8,884,103        |
| <b>Total long-term liabilities</b>                             | <b>10,546,825</b> | <b>9,449,762</b> | <b>10,546,825</b> | <b>8,884,103</b> |

The total accrued interest on the loan for the period ended of 30 June 2015 amounting to LE 565,659 (30 June 2014: LE 864,000) has been charged on the statement of income as a finance cost (Note 24).

#### 16. Deferred tax liability

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

|                                                       | Property, plant & equipment depreciation | Acquiring Digma for Trading Company | Total             |
|-------------------------------------------------------|------------------------------------------|-------------------------------------|-------------------|
| Balance at 1 January 2014                             | 66,120,010                               | 4,297,064                           | 70,417,074        |
| Charge to the statement of income                     | 9,247,523                                | (240,423)                           | 9,007,100         |
| <b>Balance at 31 December 2014 and 1 January 2015</b> | <b>75,367,533</b>                        | <b>4,056,641</b>                    | <b>79,424,174</b> |
| Charged to the statement of income                    | 12,345,624                               | (120,212)                           | 12,225,412        |
| <b>Balance at 30 June 2015</b>                        | <b>87,713,157</b>                        | <b>3,936,429</b>                    | <b>91,649,586</b> |

#### 17. Provisions

|                                    | Other provisions  |                   |
|------------------------------------|-------------------|-------------------|
|                                    | 30 June 2015      | 31 December 2014  |
| Balance at 1 January               | 10,916,700        | 9,034,968         |
| Additions during the period / year | 2,989,092         | 5,014,145         |
| Utilized during the period / year  | (95,933)          | (3,132,413)       |
| <b>Total</b>                       | <b>13,809,859</b> | <b>10,916,700</b> |

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.



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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### 18. Bank overdraft

|                          | 30 June<br>2015    | 31 December<br>2014 |
|--------------------------|--------------------|---------------------|
| Bank overdraft (Note 10) | 106,014,427        | 60,418,179          |
| <b>Total</b>             | <b>106,014,427</b> | <b>60,418,179</b>   |

Bank overdrafts are represented in credit facilities granted to the Group to open letters of credit and finance its working capital. Overdraft is secured against guarantees by Digma for trading company - subsidiary. The effective interest rate for bank overdraft was 11.25 % as of 30 June 2015 (2014: 11.25%).

#### 19. Trade and other payables

|                         | 30 June<br>2015    | 31 December<br>2014 |
|-------------------------|--------------------|---------------------|
| Notes payable           | 77,000,042         | 40,717,771          |
| Trade payables          | 76,414,968         | 108,621,906         |
| Accrued expenses        | 24,993,645         | 27,830,269          |
| Other credit balances   | 17,331,191         | 10,759,252          |
| Taxes payable           | 9,616,941          | 12,139,453          |
| Advances from customers | 4,516,883          | 4,715,426           |
| Social insurance        | 2,672,753          | 74,922              |
| Dividends payable       | 1,195,271          | 1,072,192           |
| <b>Total</b>            | <b>213,741,694</b> | <b>205,931,191</b>  |

#### 20. Current income tax liabilities

|                                          | 30 June<br>2015   | 31 December<br>2014 |
|------------------------------------------|-------------------|---------------------|
| Balance at 1 January                     | 81,588,139        | 52,015,132          |
| Income tax paid during the period / year | (80,972,318)      | (52,133,700)        |
| Withholding tax                          | (2,098,194)       | (2,836,383)         |
| Income tax for the period / year         | 49,415,888        | 117,623,404         |
| Corporate tax advance payment            | (16,750,000)      | (32,115,000)        |
| Accrued interest – advance payment       | -                 | (1,083,880)         |
| Tax adjustments                          | 1,202             | 118,566             |
| <b>Balance at end of period</b>          | <b>31,184,717</b> | <b>81,588,139</b>   |

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

## Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

### 21. Current portion of long-term liabilities

|                                                      | 30 June<br>2015    | 31 December<br>2014 |
|------------------------------------------------------|--------------------|---------------------|
| Short-term loans (Note 14)                           | 169,838,963        | 115,190,974         |
| Current portion at long-term notes payable (Note 15) | 9,985,990          | 9,985,990           |
| <b>Total</b>                                         | <b>179,824,953</b> | <b>125,176,964</b>  |

### 22. Other income

|                                    | 30 June<br>2015  | Un reviewed<br>30 June 2014 |
|------------------------------------|------------------|-----------------------------|
| Export subsidies                   | -                | 6,748,267                   |
| Gain from sale of production waste | 2,661,613        | 2,727,156                   |
| Others                             | 825,748          | 1,007,374                   |
| <b>Net</b>                         | <b>3,487,361</b> | <b>10,482,797</b>           |

### 23. Other gains / (losses) net

|                                     | 30 June<br>2015    | Un reviewed<br>30 June 2014 |
|-------------------------------------|--------------------|-----------------------------|
| Other Provisions                    | (2,500,000)        | (7,721,621)                 |
| Legal provision                     | (489,092)          | -                           |
| Provision for slow moving inventory | -                  | (57,259)                    |
| <b>Total</b>                        | <b>(2,989,092)</b> | <b>(7,778,880)</b>          |
| Gain from sales of fixed assets     | 7,658,927          | 113,866                     |
| Foreign exchange gains / (losses)   | 319,873            | (1,504,336)                 |
| <b>Total</b>                        | <b>4,989,708</b>   | <b>(9,169,350)</b>          |

### 24. Finance income / (cost)

|                                | 30 June<br>2015     | Un reviewed<br>30 June<br>2014 |
|--------------------------------|---------------------|--------------------------------|
| <b>Finance income</b>          |                     |                                |
| Interest income                | 12,879,544          | 11,362,010                     |
|                                | <b>12,879,544</b>   | <b>11,362,010</b>              |
| <b>Finance cost</b>            |                     |                                |
| Interest expense               | (13,516,211)        | (12,423,226)                   |
| Interest on land's instalments | (565,659)           | (864,000)                      |
|                                | <b>(14,081,870)</b> | <b>(13,287,226)</b>            |

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### 25. Income tax expense

|                                     | 30 June<br>2015   | Un reviewed<br>30 June<br>2014 |
|-------------------------------------|-------------------|--------------------------------|
| Income tax for the period           | 49,415,888        | 60,372,638                     |
| Deferred tax expense for the period | 12,225,412        | -                              |
| <b>Total</b>                        | <b>61,641,300</b> | <b>60,372,638</b>              |

#### 26. Earnings per share

##### Basic

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

|                                                            | 30 June<br>2015    | Un reviewed<br>30 June<br>2014 |
|------------------------------------------------------------|--------------------|--------------------------------|
| <b>Profit attributed to owners of the parent</b>           | <b>126,428,179</b> | <b>124,683,463</b>             |
| <b>Weighted average number of ordinary shares in issue</b> |                    |                                |
| Original shares                                            | 362,681,450        | 362,681,450                    |
|                                                            | <b>362,681,450</b> | <b>362,681,450</b>             |
| <b>Basic earnings per share</b>                            | <b>0.35</b>        | <b>0.34</b>                    |

##### Diluted

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

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### 27. Consolidated expenses by nature

|                                 | 30 June<br>2015    | Un reviewed<br>30 June<br>2014 |
|---------------------------------|--------------------|--------------------------------|
| Cost of sales                   | 647,459,969        | 567,477,206                    |
| Distribution cost               | 133,681,634        | 95,924,777                     |
| Administrative expenses         | 81,780,988         | 56,879,426                     |
|                                 | <b>862,922,591</b> | <b>720,281,409</b>             |
| Raw materials used              | 523,181,064        | 465,747,151                    |
| Salaries and wages              | 157,422,454        | 125,877,784                    |
| Advertising and marketing       | 47,590,149         | 28,399,422                     |
| Depreciation                    | 36,112,985         | 31,323,226                     |
| Profit share employee           | 21,830,671         | 17,474,796                     |
| Employee benefits               | 17,937,932         | 15,131,987                     |
| Rent                            | 14,161,836         | 7,508,918                      |
| Other Expenses                  | 16,686,284         | 8,657,160                      |
| Gas, oil, water and electricity | 16,409,871         | 9,477,476                      |
| Transportation expenses         | 10,219,913         | 8,948,343                      |
| Vehicle expense                 | 9,792,569          | 8,741,270                      |
| Maintenance                     | 9,128,035          | 5,269,099                      |
| Consumable materials            | 4,549,136          | 3,751,690                      |
| Purchases – goods for resale    | 2,694,721          | 1,226,610                      |
| Royalty                         | 1,263,169          | 1,332,141                      |
| Change In Inventory             | (26,058,198)       | (18,585,664)                   |
|                                 | <b>862,922,591</b> | <b>720,281,409</b>             |

#### 28. Cash generated from operations

|                                                   | 30 June 2015       | Un reviewed<br>30 June 2014 |
|---------------------------------------------------|--------------------|-----------------------------|
| Net profit for the period before tax              | 188,069,479        | 185,056,101                 |
| <b>Adjustments for:</b>                           |                    |                             |
| Additions to provision                            | 2,989,092          | 7,778,880                   |
| Interest on lands' installments                   | 565,659            | 864,000                     |
| Foreign currency translation reserve              | 1,880              | (1,059)                     |
| Interest expense                                  | 13,516,211         | 12,423,226                  |
| Interest income                                   | (12,879,544)       | (11,362,010)                |
| Depreciation of property, plant and equipment     | 36,112,985         | 31,323,226                  |
| Amortization of Intangible assets                 | 314,310            | -                           |
| Gain on disposal of property, plant and equipment | (7,658,927)        | (113,866)                   |
|                                                   | <b>221,031,145</b> | <b>225,968,498</b>          |
| <b>Change in working capital</b>                  |                    |                             |
| Inventories                                       | (28,839,301)       | (23,800,674)                |
| Trade and notes receivables                       | 1,572,351          | 1,138,322                   |
| Debtors and other debit balances                  | (13,566,103)       | (25,438,262)                |
| Trade and other payables                          | 10,835,096         | 15,419,686                  |
| Provisions used                                   | (214,162)          | (1,764,991)                 |
| <b>Cash inflow from operations</b>                | <b>190,819,026</b> | <b>191,522,579</b>          |

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### Cash generated from operations (continued)

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

|                                                                | 30 June 2015     | Un reviewed<br>30 June 2014 |
|----------------------------------------------------------------|------------------|-----------------------------|
| Net book amount                                                | 664,040          | 105,295                     |
| Profit of disposal of property, plant and equipment            | 7,658,927        | 113,866                     |
| <b>Proceeds from disposal of property, plant and equipment</b> | <b>8,322,967</b> | <b>219,161</b>              |

#### 29. Related party transactions

The following transactions were carried out with related parties:

##### 1. Chipita Participation Company

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

The royalty paid during the period ended 30 June 2015 amounted to LE 362,500 (June 2014: LE 320,216) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 12.975% of Edita Food Industries S.A.E. shares.

##### 2. Key management compensation

During the period ended 30 June 2015 the group paid an amount of LE 36,581,335 as salaries and benefits to the key management members (30 June 2014: LE 21,496,056).

#### 30. Tax position

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the group as at 30 June 2015.

#### Edita Food Industries Company

##### a. Corporate tax

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

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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

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#### **Tax position (continued)**

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

- The payroll tax inspection was performed till 31 December 2012 and company paid tax due.
- As for the years 2013 and 2014 the tax inspection has not been performed yet till the balance sheet date.
- The Company is submitting the tax quarterly return on due time to the Tax Authority.

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

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

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

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

#### **Digma for Trading Company**

##### **a) Corporate tax**

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

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

##### **b) Salaries tax**

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

##### **c) Stamp tax**

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

##### **d) Sales tax**

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



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

### Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

#### Tax position (continued)

##### Edita Confectionary Industries Company

##### Corporate tax

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

#### 31. Contingent Liabilities

##### (1) Edita Food Industries Company

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 14,562,708 as at 30 June 2015 (31 December 2014: LE 24,422,901).

##### (2) Digma for Trading Company

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

The Company had contingent liabilities in respect of letters of guarantee and other matters arising in the ordinary course of business of which no significant liabilities are expected to arise from them, The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 889,558 as at 30 June 2015 (31 December 2014: LE 453,934).

##### (3) Edita Confectionary Industries Company

The company had contingent liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business amounted to LE 2,127,429 as at 30 June 2015 (31 December 2014: LE 1,185,971).

#### 32. Financial instrument by category

|                                                                | 30 June 2015                                   |                    |
|----------------------------------------------------------------|------------------------------------------------|--------------------|
|                                                                | Loans & receivables                            | Total              |
| <b>Assets as per balance sheet</b>                             |                                                |                    |
| Trade and other receivables (excluding prepayments)*           | 66,856,203                                     | 66,856,203         |
| Cash and cash equivalents                                      | 227,985,523                                    | 227,985,523        |
| Treasury bills                                                 | 105,120,837                                    | 105,120,837        |
| <b>Total</b>                                                   | <b>399,962,563</b>                             | <b>399,962,563</b> |
|                                                                | 30 June 2015                                   |                    |
|                                                                | Other financial liabilities at amortised costs | Total              |
| <b>Liabilities as per balance sheet</b>                        |                                                |                    |
| Borrowings*                                                    | 448,716,627                                    | 448,716,627        |
| Trade and other payables (excluding non-financial liabilities) | 211,068,941                                    | 211,068,941        |
| Bank overdraft                                                 | 106,014,427                                    | 106,014,427        |
| <b>Total</b>                                                   | <b>765,799,995</b>                             | <b>765,799,995</b> |

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

## Notes to the interim consolidated financial statements For the three months period ended 30 June 2015

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

### Financial instrument by category (continued)

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

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

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

### 33. Credit quality of financial assets

#### Trade receivables

Counter parties without external credit rating:

|                | 30 June 2015     | 31 December 2014  |
|----------------|------------------|-------------------|
| Others parties | 9,230,678        | 10,514,126        |
| <b>Total</b>   | <b>9,230,678</b> | <b>10,514,126</b> |

Cash at bank and short-term bank deposits:

|              | 30 June 2015       | 31 December 2014   |
|--------------|--------------------|--------------------|
| AA           | 2,758,114          | 2,106,307          |
| A            | 64,743,448         | 97,129,463         |
| BBB          | 133,871,806        | 122,033,130        |
| B            | 5,728,714          | 560,045            |
| <b>Total</b> | <b>207,102,082</b> | <b>221,828,945</b> |

### 34. Comparative figures

The Group has not previously prepare interim financial statements as of 30 June 2014, and accordingly the comparative figures of consolidated statement of income, consolidated statement of comprehensive income, changes in equity and cash flows for the period from 1 January 2015 to 30 June 2015 have not been audited in accordance with Egyptian Standard on Auditing or conducted a limited review in accordance with Egyptian standard on Review engagement No. 2410 "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". The comparative figures in balance sheet represents 31 December 2014 balances that have been audited and unqualified audit report issued dated 19 February 2015.

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

## Notes to the interim consolidated financial statements For the six months period ended 30 June 2015

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

### 35. Segment reporting

(Amounts presented to the nearest thousands EGP)

|                        | Cake            |                                   | Croissant       |                                   | Bake            |                                   | Friska          |                                   | Mimix           |                                   | Other           |                                   | Total           |                                   |
|------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|
|                        | 30 June<br>2015 | Un<br>reviewed<br>30 June<br>2014 | 30 June<br>2015 | Un<br>reviewed<br>30 June<br>2014 | 30 June<br>2015 | Un<br>reviewed<br>30 June<br>2014 | 30 June<br>2015 | Un<br>reviewed<br>30 June<br>2014 | 30 June<br>2015 | Un<br>reviewed<br>30 June<br>2014 | 30 June<br>2015 | Un<br>reviewed<br>30 June<br>2014 | 30 June<br>2015 | Un<br>reviewed<br>30 June<br>2014 |
| Revenue                | 604,138         | 528,084                           | 302,810         | 280,343                           | 46,727          | 40,186                            | 46,751          | 30,663                            | 39,244          | 22,580                            | 4,047           | 4,093                             | 1,043,717       | 905,949                           |
| Gross Profit           | 233,029         | 204,091                           | 118,508         | 109,576                           | 13,249          | 9,775                             | 20,220          | 10,575                            | 9,240           | 2,674                             | 2,011           | 1,781                             | 396,257         | 338,472                           |
| Profit from operations | 120,546         | 117,627                           | 56,611          | 62,196                            | 1,550           | 3,232                             | 6,840           | 3,774                             | 2,365           | (1,038)                           | 1,360           | 1,190                             | 189,272         | 186,981                           |
| before forex           | (7,709)         | (7,169)                           | (3,864)         | (3,806)                           | (596)           | (546)                             | (597)           | (416)                             | (1,264)         | (1,295)                           | (52)            | (55)                              | (14,082)        | (13,287)                          |
| Debit Interest         | 7,455           | 6,623                             | 3,737           | 3,516                             | 577             | 504                               | 577             | 385                               | 483             | 283                               | 50              | 51                                | 12,879          | 11,362                            |
| Credit interest        | (38,865)        | (37,514)                          | (18,517)        | (19,883)                          | (823)           | (1,270)                           | (2,295)         | (1,341)                           | (727)           | -                                 | (414)           | (365)                             | (61,641)        | (60,373)                          |
| Income tax             | 81,427          | 79,567                            | 37,967          | 42,023                            | 708             | 1,920                             | 4,525           | 2,402                             | 857             | (2,050)                           | 944             | 821                               | 126,428         | 124,683                           |
| Net profit             |                 |                                   |                 |                                   |                 |                                   |                 |                                   |                 |                                   |                 |                                   |                 |                                   |

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