

This document relating to Edita Food Industries S.A.E. (the “**Company**”) comprises a prospectus (the “**Prospectus**”) for the purposes of Article 5 of EU Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). This document has been approved as a Prospectus by the Financial Conduct Authority (the “**FCA**”) under section 87A of the Financial Services and Markets Act 2000 (the “**FSMA**”). Prospective GDR holders should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA or paragraph 3.4 of the Prospectus Rules made under section 73A of the FSMA, the publication of this document does not, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.



Edita Food Industries S.A.E.

(a joint stock company incorporated under the laws of the Arab Republic of Egypt with limited liability)

LISTING AND ADMISSION TO THE OFFICIAL LIST AND TO TRADING ON THE LONDON STOCK EXCHANGE OF UP TO 121,000,000 ADDITIONAL GLOBAL DEPOSITARY RECEIPTS

There are currently admitted to listing on the official list (the “**Official List**”) of the UK Financial Conduct Authority (the “**FCA**”) and to trading on the London Stock Exchange plc’s (the “**London Stock Exchange**”) regulated market for listed securities (the “**Regulated Market**”), which is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive) 23, 936, 975 Global Depositary Shares (the “**Existing GDRs**”) and, together with the Additional GDRs (as defined below), the “**GDRs**”) representing interests in ordinary shares of the Company (“**Shares**”) and, together with the GDRs, the “**Securities**”). One GDR represents five Shares. This Prospectus relates only to an application (the “**Application**”) to list on the Official List and to admit to trading on the regulated market of the London Stock Exchange up to 121,000,000 additional GDRs (the “**Additional GDRs**”). The Existing GDRs are, and the Additional GDRs shall be, evidenced by global depositary receipts (“**GDRs**”).

Application will be made (1) to the FCA, in its capacity as competent authority under FSMA, for up to 121,000,000 Additional GDRs, to be issued from time-to-time against the deposit of Shares (to the extent permitted by law) with a custodian acting on behalf of The Bank of New York Mellon, as depositary (the “**Depositary**”), to be admitted to the Official List, bringing the total number of GDRs listed by the Company up to 144,936,975 GDRs; and (2) to the London Stock Exchange for the Additional GDRs to be admitted to trading on the Regulated Market. The Existing GDRs are currently, and the Additional GDRs upon approval by the UK Listing Authority (the “**UKLA**”) and the London Stock Exchange will be, admitted to trading under the symbol “EFID”.

Admission of the Additional GDRs to the Official List and to trading on the London Stock Exchange (“**Admission**”) is expected to take place on or about 17 June 2016.

This Prospectus relates only to the Application and does not constitute an offer of, or the solicitation of an offer to subscribe for, any GDRs or other Securities to any person in any jurisdiction. The Company is not offering any GDRs or other Securities in connection with Admission.

Additional GDRs will be issued pursuant to the Deposit Agreement (defined below). The Deposit Agreement provides for the issuance of GDRs outside the United States to certain persons in offshore transaction in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and for the issuance of GDRs in the United States to qualified institutional buyers (“**QIBs**”) as defined in Rule 144A under the Securities Act. Neither the GDRs nor the Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.

The GDRs involve certain risks. See “Risk Factors” beginning on page 12.

The GDRs may be delivered through the facilities of The Depositary Trust Company (the “**DTC**”), Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* on or about 17 June 2016.

The date of this prospectus is 14 June 2016.

TABLE OF CONTENTS

Summary	1
Risk Factors	12
Important Information	26
Responsibility Statement	27
Enforcement of Arbitral Decisions and Civil Liabilities	28
Forward Looking Statements.....	29
Available Information	30
Presentation of Financial and Other Information	31
Dividend Policy	32
Capitalization and Indebtedness	34
Selected Consolidated Financial Information.....	35
Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Business	53
Management	66
Regulatory and Environmental Matters	72
Securities Market Information.....	76
Principal Shareholders.....	78
Related Party Transactions	79
Material Contracts	81
Description of Share Capital and Applicable Egyptian Law	90
Terms and Conditions of the Global Depositary Receipts.....	95
Summary of the Provisions Relating to the Global Depositary Receipts whilst in Master Form.....	110
Description of Arrangements to Safeguard the Rights of the Holders of the Global Depositary Receipts	116
Taxation.....	120
Transfer Restrictions	129
Settlement and Transfer.....	132
Information Relating to the Depositary	135
Independent Auditors	136
General Information	137
Definitions	138
Index to Financial Statements.....	141

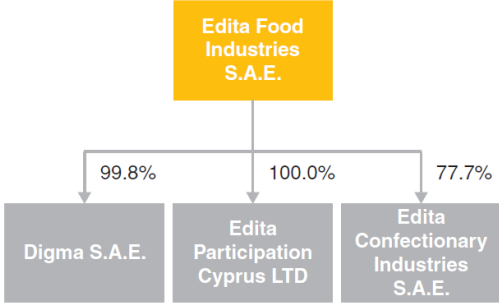
SUMMARY

The summaries below are made up of disclosure requirements known as “*Elements*”. These Elements are numbered in Sections A to E (A.1 to E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable”.

<i>Section A—Introduction and warnings</i>		
A.1	<i>Warning</i>	This summary should be read as an introduction to the prospectus (the “ prospectus ”).
		Any decision to invest in the securities should be based on consideration of this prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA member states, have to bear the costs of translating the prospectus before legal proceedings are initiated.
		Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or if inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in securities.
A.2	<i>Consent by the issuer for drawing up and use of the prospectus</i>	Not applicable. We have not consented to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries.

<i>Section B—Company</i>		
B.1	<i>The legal and commercial name</i>	Edita Food Industries S.A.E. (the “ Company ”). In this Summary, references to “we”, “us”, and “our”, refer to the Company and its subsidiaries.
B.2	<i>Legal form/country of incorporation/domicile</i>	The Company is a joint stock company incorporated under the laws of Egypt.
B.3	<i>Key factors relating to current operations, principal activities and main services offered</i>	We were founded in 1996 and are headquartered in Giza, Egypt. According to the AC Nielsen Retail Audit, we are a leader in the growing Egyptian packaged snack food market that was estimated at EGP 17.5 billion in 2015. We manufacture, market and distribute a range of branded baked snack products including packaged cakes, croissants and rusks (baked wheat snacks), wafers as well as selected confectionary/candy products. Our local brand portfolio includes household names such as <i>Molto</i>, <i>Todo</i>, <i>Bake Rolz</i>, <i>Bake Stix</i>, <i>Freska</i> and <i>MiMiX</i>, and we also have exclusive ownership of selected international brands including <i>Twinkies</i>, <i>HoHos</i> and <i>Tiger Tail</i> in Egypt, Libya, Jordan and Palestine, as well as in Algeria, Tunisia, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria and the United Arab Emirates (“HTT Brands”). In 2015, we derived the vast majority of our revenue from Egypt, with the balance from over 16 regional export markets. We operate four well-invested factories in Egypt with 26 production lines. We have an extensive in-house sales and distribution network in Egypt that includes 20 distribution centres, a fleet of 544 distribution vehicles combined with a salesforce of 1,003. We sold approximately 3.28 billion packs in 2015 to a growing base of over 64,500 retail and wholesale customers. We have a leading in-house research and development department that has been instrumental in creating new concepts and brands, including facilitating our entry into the packaged savoury croissants, cakes, wafers and rusks segments in Egypt. In 2015, we achieved revenue of EGP 2,225.4 million.

B.4a	<i>Significant recent trends</i>	Our revenue and results of operations are affected by macroeconomic conditions and the political environment in Egypt, our primary market. Selected macroeconomic indicators including growth or decline in absolute GDP, GDP per capita and inflation (amongst others) that have an impact on consumer demand and sentiment can have a direct or indirect impact on demand for our products. The Egyptian economy is the largest economy within the MENA region benefitting from economic diversification (exposure to services, agriculture, tourism, oil and gas), a cost- competitive workforce, and the largest population base in the MENA region. As such, the Egyptian economy has historically exhibited robust GDP growth. However, the recent political transitions in Egypt which started in January 2011 and continued into mid-2014 did have a negative impact on the Egyptian economy with GDP growth slowing from historical levels. In 2014 Egypt's economy started showing signs of a recovery with GDP growth in 2014 and 2015. In 2015, our raw materials expenses, which include packaging materials, represented 47.1% of our revenue and 77% of our cost of goods sold. Our raw materials expenses may vary based on production volumes and the prices of our raw materials. Raw materials prices globally as well as in Egypt can be volatile and are influenced by multiple factors beyond our control. The diversity of our raw material requirements, which includes more than 100 different inputs (including variants of the product categories), has historically reduced the effect of price increases. However, we remain subject to longer-term price fluctuations of our raw materials, particularly with respect to our main ingredients, which include sugar, flour, cocoa, oil and fats, milk powder, eggs and packaging materials.
B.4b	<i>Known trends</i>	Our business has been impacted by several factors in recent years, including (i) the increased scale of our business generally over those periods combined with the strong demand growth in the market (including increased sales of the existing products as well as introduction of new SKUs; higher utilities cost and higher labor costs due to the higher number of overtime shifts to address the strong demand growth); (ii) our acquisition of the HTT brands and the introduction of our own brand Todo as well as variations of our existing product range; (iii) increases in our utilities costs driven by the Government reduction in utilities subsidies starting July 2014; and, (iv) our opening new headquarters (higher depreciation and operating costs relating to opening of our new headquarter in 2013).

B.5	<i>Group</i>	Below is a diagram of our corporate structure.  <pre> graph TD A[Edita Food Industries S.A.E.] -- 99.8% --> B[Digma S.A.E.] A -- 100.0% --> C[Edita Participation Cyprus LTD] A -- 77.7% --> D[Edita Confectionary Industries S.A.E.] </pre> • Edita Food Industries S.A.E., the Company, directly conducts all of our industrial operations, other than candy manufacturing that is done by Edita Confectionary Industries S.A.E. • Digma Trading S.A.E. is our distribution company, responsible for the sale of Edita Food Industries products and imported products. The remaining 0.2% of Digma is owned by Messrs. Hani and Samir Berzi. • Edita Participation Cyprus Ltd. was incorporated as a vehicle through which we may in the future make international investments in other companies and other countries. Although this entity used to own shares, it is currently dormant and has no activities. • Edita Confectionary Industries S.A.E. conducts our candy production operations. It is a joint venture with Confindel Cyprus, the investment vehicle of the Lavdas Company, a Greek company with expertise in candy manufacturing. The remaining 22.3% of Edita Confectionary is owned by Confindel Cyprus and 0.02% is owned by Messrs. Hani and Samir Berzi. Our headquarters are located at the Edita Group Building, Plot No. 13 Central Pivot, El Sheikh Zayed, 6th of October City, Giza, Egypt 12588.
B.6	<i>Shareholders and voting rights</i>	The following table sets out certain information with respect to the ownership of the Company's outstanding Shares (as defined below), as at the date of this prospectus.

	Number of Ordinary Shares	Percentage of outstanding Shares ⁽¹⁾
Berco Limited ⁽²⁾	303,308,300	41.8%
Africa Samba ⁽³⁾	54,402,234	7.5%
Exoder Limited ⁽⁴⁾	94,113,464	13.0%
Other	273,538,902	37.7%
Total	725,362,900	100%

Notes:

- (1) Percentage rounded down to nearest 0.1% in order to better illustrate shareholder voting power.
- (2) Berco Limited is an SPV that is indirectly wholly-owned by the Berzi family.
- (3) Africa Samba B.V. is a company that is an indirect subsidiary of funds managed by pan-emerging markets private equity firm Actis.
- (4) Exoder Limited is an SPV that is indirectly wholly owned by Chipita, a Greek snack food manufacturer.

B.7 *Selected historical key financial information*

None of the Company's shareholders have voting rights different from any other holders of Shares. The financial data set forth below as of December 31, 2015, 2014 and 2013 and for the years then ended have been extracted without material adjustment from the Financial Statements. The Financial Statements have been prepared in accordance with IFRS. The company's functional and presentation currency is the Egyptian Pound.

Section B—Company

Selected Consolidated Statement of Comprehensive Income data

	For the year ended December 31,			For the three months ended March 31,	
	2013	2014	2015	2015	2016
STATEMENT OF INCOME DATA					
	(EGP millions)				
Revenue.....	1,647.5	1,918.6	2,225.4	528.9	518.1
Cost of goods sold.....	(1,028.3)	(1,197.8)	(1,357.9)	(326.3)	(312.4)
Gross profit.....	619.2	720.8	867.5	202.6	205.7
Distribution and marketing.....	(188.2)	(211.2)	(282.3)	(70.2)	(74.9)
Administrative expenses.....	(88.9)	(123.6)	(157.3)	(45.7)	(43.5)
Other income.....	21.2	16.4	15.4	1.8	4.1
Other (losses)/gains—net.....	1.4	(8.0)	5.8	3.6	(46.3)
Profit from operations.....	364.8	394.4	448.9	92.0	45.1
Finance income.....	6.8	23.3	29.5	6.6	8.4
Finance cost.....	(26.0)	(25.2)	(33.5)	(4.6)	(10.6)
Finance (cost) income, net profit.....	(19.2)	(2.0)	(4.0)	2.0	(2.2)
Profit before income tax.....	345.6	392.5	444.9	94.0	42.9
Income tax expense.....	(94.2)	(126.6)	(95.8)	(34.5)	(10.2)
Net profit.....	251.4	265.9	349.1	59.5	32.7

	For the year ended December 31,			For the three months ended March 31,	
	2013	2014	2015	2015	2016
CASH FLOW DATA					
	(EGP millions)				
Net cash flows generated from operating activities.....	333.7	339.9	375.5	41.5	(22.9)
Net cash flows used in investment activities.....	(268.3)	(231.1)	(457.6)	(64.8)	(40.5)
Net cash flows used in financing activities.....	(117.8)	(93.8)	148.9	3.3	3.9
Increase in cash and cash equivalents.....	(52.3)	15.0	66.8	(20.0)	(59.4)
Cash and cash equivalents at beginning of period.....	210.2	157.8	239.6	172.9	239.6
Cash and cash equivalents at end of period.....	157.8	172.9	375.5	152.9	180.2

	As at December 31,			As at March 31,	
	2013	2014	2015	2015	2016
BALANCE SHEET DATA					
	(EGP millions)				
Total non-current assets.....	895.1	1,084.5	1,461.5	1,461.5	1,487.4
Total current assets.....	451.2	518.1	671.1	671.1	627.7
Total assets.....	1,346.3	1,602.6	2,132.6	2,132.6	2,115.1
Total equity.....	710.0	825.7	1,174.8	1,174.8	1,126.4
Total non-current liabilities.....	221.7	292.9	443.3	443.3	459.7
Total current liabilities.....	414.6	484.0	514.5	514.5	529.0
Total liabilities.....	636.3	776.9	957.8	957.8	988.7
Total equity and liabilities.....	1,346.3	1,602.6	2,132.6	2,132.6	2,115.1

From 2013 to 2015, our revenue and net profit have increased significantly as a result of the growth in the Egyptian snack food market, increases in our production and distribution capabilities and our introduction of new products. Otherwise, there has been no significant change in the financial condition or operating results of the Company and its consolidated subsidiaries since March 31, 2016, the end of the last financial period for which financial information has been published.

B.9	<i>Profit forecast</i>	Not applicable. The prospectus does not include a profit forecast or estimate.
B.10	<i>Qualifications in audit report</i>	Not applicable. There are no qualifications in the reporting accountants' report on the historical financial information.

B.11/32	<i>Name/legal form/domicile of the issuer of the depositary receipts</i>	The Depositary is an entity established in the State of New York, and is a state chartered New York banking corporation and a member of the United States Federal Reserve Board and the New York State Department of Financial Services. The Bank of New York Mellon was constituted in 1784 in the State of New York. It is a wholly owned subsidiary of the Bank of New York Mellon Corporation, a Delaware bank holding company. The Depositary's principal executive office is 225 Liberty Street, New York, New York 10286 and its principal administrative offices are located at 101 Barclay Street, 22 Floor, New York, New York 10286. A copy of the Depositary's Articles of Association, as amended, is available for inspection at the offices of The Bank of New York Mellon, London branch, at One Canada Square, London, E14 5AL, United Kingdom.
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Section C—Securities		
C.1	<i>Type and the class of the securities and security identification number</i>	The GDRs offered and sold in the United States (the “Rule 144A GDRs”) are evidenced by a master Rule 144A global depositary receipt (the “Rule 144A Master GDR”) and the GDRs offered and sold outside the United States (the “Regulation S GDRs”) are evidenced by a master Regulation S global depositary receipt (the “Regulation S Master GDR”) each issued pursuant to the Deposit Agreement. The Existing GDRs are traded on the London Stock Exchange through its International Order Book. The security identification numbers for the GDRs are as follows: Regulation S GDRs: ISIN: US 28106T2096 Common Code: 120426079 CUSIP: 28106T209 SEDOL: BVFZKG2 The London Stock Exchange trading symbol for the GDRs is EFID.
C.2	<i>Currency</i>	The currency of the Shares is the Egyptian Pound. The GDRs are denominated in US Dollars.
C.3	<i>Issued share capital</i>	As at the date of this prospectus, the issued share capital of the Company is EGP 145,072,580, consisting of 725,362,900 Shares, each with a nominal value of EGP 0.2, all of which are fully paid.

C.4	<i>Description of the rights attached to securities</i>	A holder of the Shares has the right: - to subscribe for Shares, pro rata to its shareholding, with respect to any increase of the Company's share capital or the issuance of any new Shares (unless waived by 75% of the voting shares present at an Extraordinary General Meeting); - to attend and vote personally or through proxy at the General Meeting of Shareholders; - to inspect the Company's financial statements and annual accounts; - to receive dividends paid in accordance with the Company's dividend policy and as approved at an Ordinary General Meeting of Shareholders; and - to receive a pro rata share of the Company's assets (following repayment of creditors) in the event of the Company's liquidation. Each GDR represents an interest in five Shares on deposit with Commercial International Bank (Egypt S.A.E.), as custodian (the "Custodian") for the Depositary (the "Deposited Shares"). A holder of GDRs (each, a "Holder") will have the rights set out in the terms and conditions of the GDRs (as endorsed on each GDR certificate) and the Regulation S Master GDR and a Rule 144A Master GDR (together, the "Master GDRs"), which may be summarised as: - the right to withdraw the Deposited Shares and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares; - the right to receive payment in US Dollars from the Depositary of an amount equal to cash dividends or other cash distributions received by the Depositary from the Company in respect of the Deposited Shares; - the right to receive from the Depositary additional GDRs representing additional Shares received by the Depositary from the Company by way of dividend or free distribution (or if the issue of additional GDRs is deemed by the Depositary not to be reasonably practicable or to be unlawful, the net proceeds in US Dollars of the sale of such Shares); - the right to receive from the Depositary any dividend or distribution in the form of cash or free shares other than Shares or cash received by the Depositary from the Company (or if such distribution is deemed by the GDR Depositary not to be reasonably practicable or to be unlawful, the net proceeds in US Dollars of the sale of such Shares); - the right to request the Depositary to exercise subscription or similar rights made available by the Company to holders of Shares (or if such process is deemed by the Depositary not to be lawful and reasonably practicable, the right to receive the net proceeds in US Dollars of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights); - the right to instruct the Depositary regarding the exercise of any voting rights notified by the Company to the Depositary subject to conditions; and - the right that the Depositary will make available copies received by it of notices provided by the Company to holders of Shares or other material information, in each case subject to applicable law, and the detailed terms set out in the terms and conditions of the GDRs (as endorsed on each GDR certificate) and the Master GDRs.
C.5	<i>Restrictions on transferability</i>	The GDRs are freely transferable (subject to the clearing and settlement rules of The Depositary Trust Company (in the case of the GDRs represented from time to time by the Rule 144A Master GDR) and Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, <i>société anonyme</i> ("Clearstream") (in the case of the GDRs represented from time to time by the Regulation S Master GDR), as applicable and the terms and conditions of the GDRs), subject to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee, including the United States, the United Kingdom, the European Economic Area (the "EEA") and Egypt and also subject to statutory and contractual lock-up arrangements applicable to the Company and the other Shareholders of the Company.

C.6	<i>Admission to trading on a regulated market</i>	Application is being made (1) to the FCA, in its capacity as competent authority (the U.K. Listing Authority, or “UKLA”) under the FSMA, for a listing of 121,000,000 additional GDRs to be issued from time to time on or about 17 June 2016 (the “ Closing Date ”) to be admitted to the official list of the FCA (the “ Official List ”) and (2) to the London Stock Exchange plc (the “ London Stock Exchange ”), for such GDRs to be admitted to trading on the London Stock Exchange’s regulated market for listed securities (the “ Regulated Market ”) through its International Order Book, which is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). The Shares have been listed on the EGX.
C.7	<i>Dividend policy</i>	The Company’s policy is to pay dividends when permitted by law and subject to consideration of its capital expenditure requirements, financial condition, including our level of indebtedness, debt covenants and liquidity requirements, and our results of operations at the relevant time. Dividends have been declared by the Ordinary General Meeting dated March 30, 2016, part in cash and part in-kind in the form of free shares, based on the Company’s 2015 financial results. Management expects the dividend payout ratio to be approximately 35% to 50% of IFRS net income in the coming years, subject to legal restrictions and if warranted by our results of operations. The Company’s articles of association provide that dividends are paid annually based on the generated profits according to the Company’s audited financial statements prepared in accordance with EAS. Pursuant to the Egyptian Companies Law and the Company’s articles of association, the Company must convene an Ordinary General Meeting not later than three months after the end of the fiscal year to determine, <i>inter alia</i>, the dividends, if any, to be distributed. Dividends declared by resolution of the shareholders at an Ordinary General Meeting must be distributed within one month of the dates of the Ordinary General Meeting. Shareholders are entitled to their dividends, upon issuance of the relevant resolution of the Ordinary General Meeting. The Shareholders may also approve the distribution of profits quarterly based on the relevant financial statements and the auditor’s report.
C.13	<i>Information about the underlying shares</i>	Please see C.1, C.2, C.3, C.4, C.5, C.6 and C.7.

C.14	<i>Information about the depositary receipts</i>	Please see C.1, C.2, C.4, and C.5. The Terms and Conditions of the GDRs set out the provisions relating to the exercise of and benefit from the rights attaching to the Shares. The following summarises relevant provisions of the Terms and Conditions of the GDRs relating to the exercise of and benefit from rights attaching to the underlying shares <i>Voting rights</i> The rights of Holders regarding voting rights arising in respect of the shares represented by GDRs may be summarised as follows: Each Holder, following receipt from the Depositary of copies of the information provided by the Company (including notice and agenda for a meeting of shareholders of the Company) has the right to instruct the Depositary with regard to the exercise of voting rights with respect to the Deposited Shares and is entitled to give instructions to the Depositary to vote for or against each and any resolution specified in the agenda for the meeting. Each voting instruction from a Holder must be in the form required by the Depositary. Exercise of voting rights from Holders will be subject in each case to Egyptian law and the Depositary's determination of what is reasonably practicable, which may mean that in some cases the Depositary can only procure the exercise of the number of votes representing the net positive difference between total votes in favour of a resolution and total votes opposed to such resolution, or cannot procure the exercise of any votes. <i>Rights issues</i> The rights of Holders regarding subscription or similar rights arising in respect of the shares represented by GDRs may be summarised as follows: Each Holder is entitled, subject in each case to applicable law and to the provision by the Holder of relevant information required by the Depositary and relevant payments (including fees, taxes, duties, charges, costs and expenses required under the Deposit Agreement), and to the extent determined lawful and reasonably practicable by the Depositary, either: (i) to request the Depositary to exercise rights to subscribe for or to acquire Shares, securities or other assets where such rights are made available by the Company to Holders (and where applicable, to subscribe for additional rights not subscribed by other Holders); or (ii) to receive a distribution of such rights or the net proceeds of any sale thereof. The Company has agreed it will, unless prohibited by applicable law or regulation, give its consent to and if requested use all reasonable endeavours to facilitate, any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to the terms and conditions of the GDRs. <i>Payment entitlements</i> The only cash amounts to which a Holder is entitled are: • a United States dollar amount equal to: (i) the amount of any cash dividend or other cash distribution on or in respect of the shares represented by the Holder's GDRs (including any amounts received in the liquidation of the Company); or
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		• otherwise in connection with such shares received by the Depositary; or (ii) the net proceeds of sale of any shares received by the Depositary from the Company by way of dividend or free distribution where issuance of GDRs representing such shares is deemed by the Depositary not to be lawful or reasonably practicable; or (iii) the net proceeds of sale of assets (other than shares or cash) received by the Depositary from the Company where distribution of such assets to GDR Holders is deemed by the Depositary to be unlawful or reasonably practicable; or (iv) the net proceeds of sale of subscription or other rights made available to the Depositary as a holder of shares by the Company (or the sale of the assets resulting from the exercise of such rights) where the exercise of such rights by the GDR Holders is deemed not to be lawful or reasonably practicable; and • on cancellation of GDRs or termination of the Deposit Agreement, amounts equal to the cash amounts held by the Depositary for the Holder of each cancelled GDR or GDR in issue at the time of termination of the Deposit Agreement; in each case subject to applicable law, and the detailed terms set out in the terms and conditions of the GDRs and the Master GDRs.
	<i>Guarantee</i>	Not applicable; there are no bank or other guarantees attached to the GDRs.

Section D—Risks		
D.2/4	<i>Key information on the key risks of the issuer</i>	1. Our expansion and product strategies are based on our belief that the market will continue to grow and there will be a continued trend towards increased consumption of higher-quality and higher-priced products. However, if the Egyptian market does not develop in line with our expectations, we could have excess capacity and reduced profitability. Conversely, if demand exceeds our investment in new production capacity, we could lose market share. We may also be unable to successfully implement our expansion projects as planned. 2. We may not be able to predict or react in a timely manner to changes in consumer demand, which may be influenced by a range of dietary, cultural, demographic and economic trends. Any such failure could result in the loss of market share or failure to recover our development, production and marketing costs. 3. An increase in the price of raw materials, labor, utilities and other operating expenses. Because of the need to price our products at affordable levels, and the lack of small denomination coins in circulation, our ability to pass on cost increases to consumers may be limited. As a result, sustained increases in our operating expenses could reduce our margins and profitability. 4. The distribution of our products may be subject to temporary or longer-term disruptions due to a number of factors beyond our control, including road closures, strikes, lockouts, and natural disasters. If we are unable to make timely deliveries of our products, our reputation and business may suffer. 5. The vast majority of our products are sold to consumers through small, independent retailers, which mainly operate kiosks and small stores. These retailers may give higher priority to competing products of, or form alliances with, our competitors. In addition, if these retailers improperly store and damage our products, our reputation may be harmed. 6. We are subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer claims, product tampering, and the potential cost and disruption of product recalls. We believe that the emphasis on quality underpins our brand image. Our business could be harmed in the event of adverse publicity resulting from actual or alleged contamination or deterioration of our products or those of our competitors. 7. Berco Limited, our principal shareholder, has a significant shareholding and its interests may differ from those of other shareholders.

		8. Foreign exchange movements have had an effect of on results of operations due to transaction and translation currency effects. We generate revenues almost entirely in Egyptian Pounds but incur some costs, primarily for raw materials, in other currencies, primarily US Dollars and Euros. As a result, the strengthening of these other currencies against the Egyptian Pound increases our cost of sales. We may also, from time to time, be unable to access sufficient funds in US Dollars in order to satisfy our US Dollar-denominated debt obligations. We may also be affected by changes in interest rates as we have floating rate indebtedness.
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Section D—Risks		
		9. Our operations are located in Egypt and we export to a number of other emerging markets. Investing in emerging markets generally involves a higher degree of risk. Egypt and other countries in the region have recently experienced, or are currently experiencing, political, social and economic instability and, in some cases, extremism and terror attacks. Political, economic and military conditions in the region could affect the availability and consumption of snack food, which could adversely affect our business, results of operations and financial condition.
D.3/5	<i>Key information on key risks of the depositary receipts</i>	• The value of the Securities may be volatile and influenced by many factors outside of our control. An active and liquid market for the Securities may not develop, which may make it more difficult to buy or sell Securities in the future. • The sale or availability for sale of substantial amounts of Securities could adversely affect the price of the Securities or prevent us from raising additional capital through offerings of equity securities. • The Company may decide not to pay dividends in the future, and holders of Securities may be subject to limitations or delays in repatriating distributions. • The terms of the Deposit Agreement and Egyptian law could result in practical limitations upon the ability of the holders of the GDRs to exercise their voting rights. • Securities holders may not be able to exercise their pre-emptive rights in certain jurisdictions. • Investors may face difficulties enforcing foreign judgements and arbitral awards in Egypt. • Holders may be subject to Egyptian capital gains taxes on the disposition of Shares and possibly, GDRs. Additionally, a 10% Egyptian withholding tax may apply to the payment of dividends on the Securities.

Section E—Offer		
E.1	<i>Total net proceeds and estimate of the total expenses of the issue/offer</i>	Not applicable - there is no offering of GDRs.
E.2a	<i>Reasons for the offer, use of proceeds, estimated net amount of the proceeds</i>	Not applicable.
E.3	<i>Terms and conditions of the offer</i>	Not applicable.
E.4	<i>Material interests in the offer</i>	Not applicable.

E.5	<i>Name of entity offering to sell the security and lock-up agreements/details</i>	Not applicable.
E.6	<i>Dilution resulting from offer</i>	Not applicable.
E.7	<i>Estimated expenses</i>	Not applicable.

RISK FACTORS

Prospective investors should carefully consider the following risks, as well as other information contained in this prospectus before deciding to purchase any of our securities. If any of the following risks actually occurs, the value and trading price of the Shares or the GDRs could decline, and investors could lose all or part of their investment. Below are the risks and uncertainties we believe are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those we currently are not aware of or deem immaterial, may also harm our business.

All businesses operating in Egypt and the surrounding region are exposed to significant political, social and economic risks. For a description of these risks, see “Risks Relating to Egypt and the MENA Region” below.

Risks Relating to our Business

If we do not expand our production and distribution capabilities in line with market growth, we could lose market share

The Egyptian snack food market has experienced rapid growth in recent years, and our expansion and product strategies are based on our belief that the market will continue to grow and there will be a continued trend towards increased consumption of higher-quality and higher-priced products. Our factories currently operate at levels close to their peak capacities, and we are expanding our production capacity and plan to expand our distribution capabilities to meet this expected increasing consumer demand. However, Egyptian market growth will depend on a number of factors affecting demographic trends and discretionary consumer spending. These include the general condition of the economy, as well as current trends of increasing inflation, tighter fiscal policies and unemployment. Accordingly, the market may not develop in line with our expectations. Lower than expected market growth could result in excess capacity and lower our profitability. Conversely, if demand exceeds our investment in new production capacity, we could lose market share. For example, in 2011, we had to limit production of our *Molto* croissants due to capacity constraints while the market continued to expand. As a result, *Molto* lost market share, which was only partially recovered after we increased production capacity. Any loss of market share could weaken our brand and competitive position, reduce our bargaining power with suppliers and customers and ultimately reduce our revenues and profitability.

In addition, we may not be able to successfully implement our expansion plans. The installation of new production lines is subject to a number of risks, including the potential for delays, defects in design or construction or cost overruns. We may not be able to procure the necessary equipment or governmental permits, may not be able to secure adequate financing or foreign currencies and may face delays in obtaining connections to public utilities and other infrastructure or have difficulty in finding a sufficient number of qualified workers due to potential labor shortages. In addition, there is significant demand for land suitable for industrial use within Cairo and in other areas of Egypt, and we may not be able to purchase new land for industrial expansion on acceptable terms.

We may not be able to effectively anticipate, identify or react to changes in consumer demand

The Egyptian snack food industry is evolving and, to compete successfully, we must continually enhance our product portfolio to cater to changing consumer tastes and preferences. Although we regularly conduct market research and test potential new products, we may not be able to predict or react in a timely manner to changes in consumer demand, which may be influenced by a range of dietary, cultural, demographic and economic trends. For instance, in many Western countries there has been a recent trend toward diets that restrict carbohydrates, trans fats, sugar and processed wheat, among other ingredients. Although this trend has not been adopted in Egypt, Egyptians' diets may evolve to discourage the consumption of snack food. We may incur significant costs related to developing and marketing new products or expanding our existing product segments in anticipation of changes in consumer preference or increases in demand. If we do not anticipate changes in consumer demand correctly, or otherwise fail to maintain a portfolio of affordable products that appeal to consumer tastes and preferences, the demand for our products may decrease. Any such decrease could result in the loss of market share or failure to recover our development, production and marketing costs.

An increase in the price of raw or packaging materials or other operating expenses could reduce our margins and profitability

In 2015, raw materials, which include products, packaging and other raw materials, represented 77% of our cost of goods sold. We purchase most of our raw materials within Egypt, although we also source materials internationally, primarily from Europe, the UAE, the United States and Malaysia. Although it is our policy to have at least two approved suppliers for almost all of our direct materials, and we seek to maintain close and on-going relationships with our most significant suppliers, in line with common practice in the Egyptian food industry, we do not generally enter into long-term contracts for the supply of direct materials. Our agreements generally have terms of three months to one year.

Where we do enter into longer-term contracts, these do not typically specify fixed or maximum prices for the materials supplied. In addition, we do not hedge against increases in the price of direct materials. Prices for the vast majority of our raw materials are set with reference to international market prices, (which are mainly denominated in US Dollars and Euro) and we do not directly benefit from local agricultural subsidies. Although the number and diversity of our raw material and packaging requirements, which exceed 100 different items, has historically reduced the impact of short-term price increases for any particular item, we remain subject to longer-term price fluctuations, particularly with respect to our main ingredients, which include sugar, flour, cocoa, oil and fats, milk powder and eggs.

The prices for our raw materials are impacted by trends and factors such as cyclicalities, seasonality, periodic shortages due to demand peaks, freight costs, speculation by brokers, supply and demand for crops, weather conditions at the location of production, energy prices and agricultural policies. Prices may also be affected by disruptions in the supply of raw materials, which might be caused by a number of factors including poor harvests, natural disasters, political instability or war in the countries of our suppliers, contamination or deterioration of supplies and regulatory changes. For instance, in 2014 cold weather in Turkey caused poor harvests of hazelnuts which resulted in a more than doubling of prices that affected our production costs.

Our business may also be negatively affected by rising utility and other operating costs. Prices have risen sharply in recent years and are expected to continue to rise further as the Egyptian Government is withdrawing subsidies to allow domestic fuel and utility prices to move toward international market prices. We do not hedge these costs and remain subject to the risk of future price increases. In addition to the withdrawal of government subsidies, fuel and utility prices may also increase due to further currency devaluation, ongoing fuel shortages in Egypt or other economic factors beyond our control.

Labor represents a significant portion of our production costs. Wages generally have been rising in Egypt in the past three years, and the Egyptian Government has indicated that it will increase the mandated national minimum wage. One of the ways in which we seek to remain an attractive employer is to pay above-market wages. Accordingly, changes to the minimum wage do not directly affect us. However, we typically review and adjust our salary rates each year based on inflation and market conditions, and our labor costs may increase in the future.

We may not be able to pass any significant increases in our operating costs through to our customers. Although we can migrate our products to a higher price range, adjust our production to reduce our unit costs by changing the ingredients used and reducing product size or the number of pieces per package over the longer term, we may face significant challenges in raising prices in the short-term. Our strategy of targeting the mass market segment requires our products to be affordable and perceived as good value by our target consumers. If we increase our product prices our sales could decline, which might reduce our market share and lead to excess production capacity. In addition, because small denomination coins are not in wide circulation within Egypt, price increases can only effectively be made in increments of EGP 0.50. This represents a significant increase over our average product price point which ranges from EGP 0.74 to EGP 2.18 which limits our ability to increase product prices proportionately to production costs. If we are unable to pass any significant increases in our operating costs through to our customers, our margins and profitability could decline and our business may be otherwise harmed.

Disruptions affecting our product distribution may materially and adversely affect our business and financial results

The distribution of our products may be subject to temporary or longer-term disruptions due to a number of factors beyond our control, including road closures, strikes, lockouts, and natural disasters. We plan to continue to expand our distribution network and, although additional distribution centers are expected to decrease the average delivery distance travelled by our vans, increasing the scope of our distribution activities may intensify the risks we face relating to disruption of transportation services. If we are unable to make timely deliveries of our products, our reputation and business may suffer.

We rely on a large number of small retailers and if they perform poorly or give preference to competing products, our financial performance could be negatively affected

The vast majority of our products are sold to consumers through small, independent retailers. This includes our direct sales to “traditional trade” retailers, which are mainly kiosks and small independent stores, and traditional trade retailers supplied by our wholesale customers. These retailers usually carry products that directly compete with our products for retail space and consumer purchases. There is a risk that traditional trade may give higher priority to competing products of, or form alliances with, our competitors. In addition, although there has been no such practice in Egypt to date, these retailers might form alliances to enhance their bargaining power with suppliers like us, which could reduce our sales if we do not reduce our prices. In addition, we rely on these retailers to sell our products effectively. Retailers may improperly or ineffectively display our products, which could harm our competitiveness and brand. A large number of our products must be stored within certain temperatures in order to retain their flavor and nutritional value and to avoid contamination or deterioration. They may also improperly store our products, which could damage the products,

create a health risk to consumers and harm our reputation. If any of these events occur, our sales, financial results and reputation may be harmed.

Contamination or reduction in the quality of our products could hurt our reputation and depress our revenues

We are subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer claims, product tampering, and the potential cost and disruption of product recalls. The risk of contamination or deterioration exists at each stage of the production cycle, including:

- the production and delivery of raw materials and packaging to our facilities;
- baking and production;
- packaging;
- delivery of products to wholesalers and retailers; and
- storage or shelving of our products by wholesalers and retailers.

We use equipment and procedures to ensure the quality of our products, but we cannot guarantee that our quality control measures will be effective in preventing product contamination or deterioration. We also have no control over the conditions in which our products are stored by wholesalers and retailers before being sold.

We believe that the emphasis on quality underpins our brand image. Our business could be harmed in the event of adverse publicity resulting from actual or alleged contamination or deterioration of our products. If the consumption of any of our products were to cause, or is alleged to have caused, illness, injury or death, we may be required to conduct product recalls or face regulatory action. In addition, although the concept of product liability is not well developed in Egypt, we could face such claims in the future based on the Egyptian commercial law which contains provisions holding producers and distributors jointly and severally liable with regards to defective products. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity around any assertion that our products caused illness, injury or death could adversely affect our reputation with existing and potential customers and our corporate and brand image. In line with common practice in Egypt, we do not maintain product liability insurance. Should any material contamination or deterioration occur, whether or not it occurs at our facilities, it may harm our reputation, competitiveness and revenues. Moreover, any publicity relating to incidents of this kind, even involving competitors' products, could also harm our business.

Our operations may be interrupted due to unforeseen events

Our success depends on the continuing, efficient operations of our manufacturing and distribution facilities, infrastructure and systems. Our operations could be interrupted by a number of occurrences, such as strikes, power or water outages, fuel or labor shortages, failure of critical machinery, supply interruptions or political instability. For instance, Egypt's political upheavals and economic slowdown that began in 2011 led to worker unrest and strikes in some parts of the country, but which were concentrated in the manufacturing region where one of our factories is located. In June 2013, several employees went on strike at our 10th Ramadan factory without complying with notice procedures in breach of Egyptian labor law. After a Management announcement, the workers halted production and occupied the premises for a short period of time. Work soon resumed at the factory and the workers restarted production and withdrew their demands. Although we believe our employee relations are good, we may be subject to additional labor-related disruptions.

In recent years Egypt has suffered from severe shortages in the supply of natural gas and electricity. These shortages have led to business interruptions at many factories throughout the country, including those we operate.

Although we have taken steps to minimize the effects of interruptions in the supply of utilities, including using downtime for maintenance and temporarily shifting production to unaffected facilities, there can be no assurance that the necessary utilities will be readily available to us or that other events will not disrupt our operations. Any disruption of our operations could adversely impact the quality of our products, customer relationships, sales and profitability.

In addition, we rely on sophisticated information technology systems and infrastructure to support our business, including process control technology and our network of hand held sales devices. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures and similar events. The failure of any of our information technology systems may disrupt our operations, which could reduce our sales and profitability. We

have business continuity plans in place to reduce the effects of information technology system failures or disruptions, but we cannot assure you that we will not experience failures or disruptions in the future.

The snack food industry is competitive, and we may not be able to compete effectively

There is significant competition in the Egyptian snack food industry based on product quality, brand name loyalty, price, production capacity and marketing. Increased competition within any segment of the snack food market can negatively affect other product segments. For example, trade promotions that lead to higher sales of competing products in a particular segment may lead to trade customers spending less on other types of snack food. To compete effectively, we need to provide high quality products that appeal to consumers' tastes and preferences at affordable prices. We compete with international, national, regional and local producers across all of our product categories. Competition from international companies may grow as Egypt is seen as an increasingly attractive consumer market. Further, global food and beverage companies have announced their plans for additional investment in Egypt. Some of our competitors have greater brand recognition, distribution capabilities, production capacity or financial or operational resources. Competitors may also adapt more quickly to evolving industry trends, changing market requirements or changing consumer tastes. They may also improve their competitive position by introducing new products, or products that can be substituted for ours, improving their manufacturing processes or expanding the capacity of their manufacturing facilities.

Current and potential new competitors may increase their advertising expenditures and promotional activities or engage in irrational or predatory pricing behavior in an effort to gain market share. In particular, from time to time, we experience price pressure in certain of our markets from promotional pricing, which typically arises from smaller local competitors. Such price pressures may restrict our ability to increase prices in response to raw material and other cost increases.

In addition, albeit limited, some domestic competitors have used names and packaging that are similar to ours. In such circumstances, where appropriate, we took legal action to protect our brands. See “—*Our trademarks and other intellectual property rights may not adequately protect our products and brand, and our intellectual property rights may be challenged by third parties*”.

We may not be able to compete effectively in the future. New entrants to, or other changes in the competitive environment within our markets, could reduce our sales or margins, slow our growth or reduce our market share, any of which could materially adversely affect our business.

Our key brands or overall reputation could be damaged

Maintaining our strong brand and popular reputation is critical to our success as all of our products are branded. Our ability to do this depends on the success of our marketing and continuing to provide our customers with high- quality and appealing products. In addition, if we fail, or appear to fail, to deal with issues that may give rise to reputational risk, such as consumer claims or negative press coverage, we could harm our business prospects. We have no control over the former Hostess brands (*HoHos*, *Tiger Tail* and *Twinkies*, which we acquired in 2013 and previously produced under license) outside Egypt, Libya, Jordan and Palestine, and in 2015 expanded to include Algeria, Tunisia, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria and the United Arab Emirates being the countries in which we own these brands. However, these are dominant cake brands in our markets, and any reputational damage suffered by these brands in other countries in the future, even though unrelated to our operations, may have an effect on our sales of *HoHos*, *Tiger Tail* and *Twinkies* in Egypt and other markets to which we export. In the event that our brand or reputation is damaged, this could adversely impact our sales and profitability, which could harm our business.

We rely on our Management team, and our success also depends on maintaining a qualified and motivated workforce

We rely on the abilities and experience of our executive officers and other key personnel. In particular, we depend upon the significant industry expertise and experience of our founder, Chairman and Managing Director, Mr. Hani Berzi, in setting our strategic direction and policies. We do not maintain key man insurance, which is not available in Egypt. We may not be able to retain the services of our key managers or attract and retain replacements or additional qualified managers, as and when needed. Our failure to do so could adversely negatively affect our operations. In addition, our business depends on our ability to attract, train and maintain an adequate workforce. The Egyptian market for blue-collar employees is generally characterized by high turnover and a lack of skilled workers. We face strong competition from other manufacturers for skilled workers, and we have experienced labor shortages in the past. The challenge of maintaining a sufficient workforce will increase as our business grows.

Our trademarks and other intellectual property rights may not adequately protect our products and brand, and our intellectual property rights may be challenged by third parties

Our business will be harmed if we are unable to maintain and protect our trademarks and other intellectual property, such as trade secrets. Our competitive position depends on our ability to continue to utilize our products' trademarks where they are sold. Currently our trademarks are in force in all the countries in which we operate. However, if our existing trademarks are amended or expire, or if any of our pending or future applications for the registration of trademarks are unsuccessful, delayed or granted subject to limitations, this could significantly affect our ability to compete in the relevant markets.

Our business also depends on our ability to protect our intellectual property from infringement. Egyptian intellectual property law is not well-developed, which makes enforcement difficult. We have discovered several cases where smaller retail producers have sold products under brand names that are similar to ours. Although these cases have involved small quantities of products and were relatively unsophisticated attempts to create products similar to ours, this has led to some consumer confusion. While we continue to seek to protect our trademarks and other intellectual property against infringement by third parties, our actions may not be adequate in every case. There can be no assurance that illegal use of our brands or other infringement will not increase in the future, which could reduce our sales, damage our reputation, weaken our brands and may affect our ability to maintain our intellectual property.

Our international operations subject us to additional country-specific risks, and we may be unable to successfully expand our exports into new markets

We currently export our products to 16 countries, which are primarily emerging markets in North Africa and the Middle East. Export sales represented 6.4% of our total sales in 2015, and a key part of our strategy is to increase exports in part by entering new markets in North Africa and the Middle East. Our exports may be disrupted by a number of factors that are outside of our control, including:

- political or social instability, including the deteriorating security situation in some of our export markets;
- economic changes that reduce consumer demand or purchasing power;
- unexpected changes in government policies and regulations, including the imposition of trade barriers, exchange controls and new laws regarding product safety;
- the imposition of or increases in duties and withholding and other taxes on remittances; and
- increased distribution costs, disruptions in shipping or reduced availability of freight transportation.

Our sales outside of Egypt also potentially subject us to the legislative and regulatory requirements of our export jurisdictions, including tax rules and food and safety legislation. We may incur liabilities under these jurisdictions. Any disruption in our export activities or restrictions or liabilities imposed in any of these jurisdictions could harm our business.

The export risks described above will apply to any new export markets, and these risks may be higher for markets that are less developed than our current markets. In addition, when we enter a new market we will be less familiar with its dynamics, legal requirements and market conditions, and we may be unable to build a significant market share or achieve a desired return on our investments in new markets. Moreover, we may not have the resources for continued expansion.

Covenants in our facility agreements may restrict our ability to pay dividends

Our credit facilities may restrict our ability to pay dividends. For example, some of our current facility agreements contain covenants that prohibit the payment of dividends during any period in which we are in default under our obligations to pay instalments of principal and interest. As we currently comply with these covenants, and expect to continue to comply with them in the future, we do not expect our facility agreements will prohibit us from paying dividends. However, events beyond our control could prevent us from complying with the covenants, and the breach of our obligations under the facility agreements may restrict our ability to pay dividends to shareholders.

We are subject to currency exchange and interest rate risks

Fluctuations between the value of the Egyptian pound and other currencies may have an adverse effect on our financial results. As of January 26, 2016, the Egyptian pound had depreciated by 34.8%, 25% and 9.7% against the US

dollar. Furthermore, in March 2016, the CBE announced that it had devalued the Egyptian pound to EGP 8.85 per 1.00 US dollar as an average bid price.

Foreign exchange movements have had an effect on our results of operations due to transaction and translation currency effects. We generate revenues almost entirely in Egyptian pounds, but incur some costs in other currencies, primarily US Dollars and Euros. As a result, the strengthening of these other currencies against the Egyptian Pound increases our cost of sales. Conversely, the weakening of the other currencies against the Egyptian Pound reduces our cost of sales.

We receive non-EGP revenue from the export of our products, and we primarily receive payment in US Dollars and Euro. We also use foreign currencies (principally the US Dollar and the Euro), to purchase certain raw materials, primarily packaging supplies). The match between our foreign currency revenues and expenses has provided a partial hedge which has limited the impact of foreign currency fluctuations against the Egyptian Pound. The Egyptian Pound has depreciated against the US Dollar and other foreign currencies since 2012, which has had the effect of increasing our borrowing costs. We do not hedge against our exposure to foreign currencies and further depreciation of the Egyptian Pound against foreign currencies could have a material adverse effect on our results of operations.

Our results of operations may also be affected by foreign currency fluctuations as a result of our method of accounting for our debt. We translate all non-EGP monetary assets and liabilities into Egyptian Pounds at the exchange rate at each subsequent reporting period end date. We recognize the resulting exchange rate difference between the date such assets or liabilities were originally recorded and the subsequent reporting period end date as foreign currency losses or gains in profit or loss. We borrow in foreign currencies, primarily in US Dollars and Euro.

We may also, from time to time, be unable to access sufficient funds in US Dollars in order to satisfy our US Dollar-denominated debt obligations. The availability of US Dollars in Egypt over the last three years has been inconsistent and unreliable, and the CBE had been placing conditions on access to US Dollars over the past years. While the CBE has cancelled certain of the special conditions to deposit the US Dollars at banks after changing the CBE governor for only the manufacturing entities and importers of stable goods in Egypt, it remains uncertain whether and for how long these monetary policies will continue. At the moment, the CBE and after the new regulations mentioned we may have better opportunity to get the remaining foreign currency needed from the licensed exchange bureaus. This resulted obtaining the US Dollars outside of our preferred channels (Banks) at a less favorable exchange rate and a higher cost

Despite the new restrictions, our Foreign Currency bank loans are partially affected since we service them with part of our export proceeds in USD. Our export proceeds cover part of our importation requirements of direct materials. While historically we have been able to procure foreign currency, if we are unable to procure foreign currency at favorable rates or at all, we may be unable to pay our suppliers in a timely manner or at all and may otherwise face risks to our operations, which could materially and adversely affect our business, financial condition, results of operations, expansions and prospects.

We may also be affected by changes in interest rates. All of our outstanding loans have variable rates of interest, which were primarily set with reference to the mid- corridor rate of the CBE. Increases in interest rates increase our interest expenses relating to variable rate indebtedness and increase the costs of refinancing existing indebtedness and of issuing new debt. In addition, increases in interest rates could adversely affect cash flow and our ability to service our debt. We do not hedge against our interest rate exposure.

Although we monitor and assess trends in foreign currency exchange rates and interest rates on an ongoing basis, we may not be able to adequately manage such risks in the future.

Our licenses and permits are subject to periodic renewal

We must maintain various licenses and permits in order to operate our business. These include licenses issued by the New Urban Communities Authority to operate commercial storage facilities, industrial registry certificates issued by the Ministry of Trade and Industry for the operation of manufacturing facilities and a license to import goods, import and export permits issued by the General Authority for Investment and Free Zones (“GAFI”) and municipal operating permits. Within the next 12 months we will be required to renew a handful of our material licences and permits, including our operating licences to produce and distribute food products and licences to operate power generating equipment. All of these licenses and permits are material to our business. Although we expect to be able to renew our licences and permits, there can be no assurance in this regard. The renewals may not be granted, or may be granted with restrictions. In addition, there are often administrative delays in Egypt, which might result in new licenses and permits being issued after existing licenses and permits have expired. In the past, we have experienced short gaps during the renewal process in which we did not hold valid licenses or permits for certain parts of our business, although all of these

licences were ultimately renewed. Although the authorities have not raised any objections to date, and we believe this is common practice in Egypt, we may be found in breach of applicable regulations if this situation occurs in the future. Any failure to obtain and retain all necessary valid licenses and permits or other approvals required to operate our business could delay or prevent us from meeting current product demand, introducing new products, operating existing facilities or building new facilities and could otherwise adversely affect our operating results.

Additionally, any non-compliance with applicable licensing laws and regulations, particularly with respect to food safety, could subject us to civil liability, including fines, injunctions or recalls, as well as potential criminal sanctions, any of which could have an adverse effect on our financial results.

Environmental laws and regulations may impact our operations

Our operations are subject to extensive national and regional environmental laws and regulations with respect to water and air quality and solid waste disposal. Applicable requirements include certain international conventions on environmental protection, to which Egypt is a party. From time to time we have discovered instances in which we have not been fully compliant with applicable regulations. For instance, we are remediating non-compliance in the waste disposal facilities of our Polaris Industrial Zone. To date, such non-compliance has been immaterial. Non-compliance with the applicable laws and regulations could result in significant fines and penalties, which could include criminal sanctions and private party claims. We may become subject to increasingly stringent environmental standards in the future. Changes in environmental laws or regulations or complying with existing environmental laws and regulations or enforcement actions brought under such environmental laws and regulations might increase the cost of operating our facilities or require significant capital investment. Any such changes or compliance costs could reduce our profitability.

In addition, if we find contamination at our production facilities, we may be liable for remediating the contamination even if we did not cause it. We are not aware of any material existing environmental liabilities, claims, investigations or proceedings. However, we could be exposed to substantial environmental costs and liabilities in the future.

We are subject to uninsured risks, and we may not have or we may be unable to obtain sufficient insurance to protect ourselves from business risks and liabilities

We maintain insurance in accordance with normal commercial and manufacturing practice in Egypt. Our insurance policies cover certain fire and theft risks that may occur on or to our properties, and in respect of our assets, assets under construction, fraud, cash transfer and vehicles. Our insurance policies do not cover, or insurance is not commercially available to cover, all potential risks to which we may be exposed, such as product liability insurance, key man insurance and management liability insurance. Our lack of insurance for all or certain business related risks may expose us to substantial losses, which could adversely affect our business, results of operations and financial condition.

Our Principal Shareholders can exercise significant influence

Our Principal Shareholders hold a significant portion of the Securities. For instance, Berco Limited, our main shareholder, owned by the Berzi family, owns 41.8% of the Company's ordinary shares and it will therefore exercise substantial influence over our business and affairs. The interests of our Principal Shareholders may differ from those of other shareholders and the Principal Shareholders may vote their shares or take other actions that favor their interests over those of other shareholders.

Extraordinary decisions regarding our business must be approved by shareholders. The Principal Shareholders could collectively secure a majority at shareholders meetings or they could block certain proposals, delay and could defer or prevent a change in control. It could also impede a merger, consolidation, takeover or other business combination or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control, which in turn could have an adverse effect on the trading price of our shares.

We and some of our shareholders, partners, affiliates and/or associates may have operations in, or render services to, countries that are currently subject to trade restrictions and may be affiliated with persons or countries as identified on the "Specially Designated Nationals and Blocked Persons List" of the Office of Foreign Assets Control of the United States Treasury ("OFAC")

We and some of our shareholders, partners, affiliates and/or associates may have operations in, or render services to, countries, entities, and persons that are currently subject to international sanctions issued by the U.S. government, including OFAC (the Office of Foreign Assets Control), and similar bodies of the United Kingdom and the European Union ("**Sanctions**"), which prohibit individuals and entities that are subject to such Sanctions from engaging in commercial, financial, or trade transactions with certain persons, entities, and countries, including Russia, Cuba,

Myanmar, Iran, North Korea, Sudan, and Syria, sanctioned by the United States, the United Kingdom, or the European Union (“**Sanctioned Countries**”).

We export products to countries subject to Sanctions, including Syria. In 2015, sales to Syria generated approximately EGP 21 million, representing less than 1% of our 2015 net sales. We believe that we currently comply with the Sanctions and expect to continue to so comply in the future. Despite our best endeavours, in the future, we may conduct transactions with persons, entities, and countries subject to Sanctions. Further, we cannot assure you that the Sanctioned Countries, persons, and entities with which we conduct transactions will not be subject to more restrictive Sanctions or that the appropriate bodies of the United States, the United Kingdom, or the European Union will not impose Sanctions on other persons, entities, and countries with whom we are or would like to do business.

If any of our dealings violate the Sanctions, we could be subject to civil or criminal penalties, including the Company being subject to Sanctions. This could harm our reputation and brands and could have a material adverse effect on our business, financial condition and results of operations. Also, any imposition of Sanctions from the above-mentioned authorities against us may result in U.S., European, or any persons governed by Sanctions who may own Shares, being unable to realize the value of any interest they have in the Company and being subject to civil or criminal penalties for future dealings with us.

Risks Relating to Egypt and the MENA Region

All businesses operating in Egypt and the MENA region are exposed to significant political, social and economic risks

Investing in securities involving emerging market countries generally involves a higher degree of risk than investments in securities of issuers from more developed countries. These higher risks include, rapid and significant changes in the political, social and economic environment, higher volatility and limited liquidity. Some countries and regions in the Middle East and North Africa (“**MENA**”), including Syria, Iraq, Yemen, Tunisia, Algeria and Libya, have experienced in the recent past, or are currently experiencing, political, social and economic instability and, in some cases, extremism and terror attacks. Political, economic and military conditions in the MENA region could affect the availability and consumption of snack food, which could adversely affect our business, results of operations and financial condition.

All of our assets and operations are located in Egypt and in 2015 we derived 94% of our revenues in Egypt. As a result, our operating results are, and will continue to be, affected in general by economic developments affecting Egypt. Egypt has recently experienced a period of political and social upheaval, which has increased the country’s political, social and economic risks.

Egypt has experienced political instability and transition

Egypt has been subject to political instability and multiple changes of government in the last four years. Popular unrest, leading to a revolution in January 2011, resulted in the stepping down of long-standing President Hosni Mubarak, the suspension of the constitution and the handover of power to the Supreme Council of the Armed Forces. Demonstrations and protests continued throughout 2011 in response to the perceived slow pace of political change, and Egypt experienced continued political uncertainty and instability over the course of 2012 and 2013. Following a popular uprising which led to the downfall of the previous government, Presidential elections were held in May 2014 and Abdel Fattah Al Sisi was sworn in as President of Egypt on 8 June 2014, winning 96.1% of the vote. The political and economic disturbances that occurred in Egypt following popular uprisings in 2011 and 2013 resulted in worker strikes, unsecured roads between cities, international delivery delays, replacement of governmental officials, fires, fluctuations in currency prices and reduced foreign currency reserves. As part of a general Egyptian Government policy for economic reform, it has been lifting subsidies on fuel which have resulted in increased fuel costs. These circumstances have had and may continue to have an adverse effect on Egyptian businesses.

The policies of the current government are subject to uncertainties, as is the reaction of the various political parties to the policies of the current government. The current government is likely to continue to face socio-economic challenges and risks of instability that often accompany political transition. These challenges, together with past incidents of social and political unrest and violence, have had a significant adverse effect on the Egyptian economy. There can be no assurance that further incidents of political or social instability, protests or violence will not directly or indirectly affect Egypt and its economy, which, in turn, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Egypt faces significant economic challenges

Egypt is our primary market and, consequently our results will continue to be impacted by macroeconomic and demographic changes in Egypt. In 2014, Standard & Poor's and Fitch upgraded Egypt's credit rating to reflect the country's improved stability, however, Egypt continued to experience economic challenges. The global economic crisis, combined with the significant political instability and transition beginning in January 2011, negatively affected the Egyptian economy. Egypt's real GDP growth increased only by 2.0% on average from 2011 to 2013. Total net foreign direct investment went from an inflow of US\$6.4 billion in 2010 to an outflow of US\$482.7 million in 2011, and it has increased to an inflow of US\$5.6 billion in 2013, according to the World Bank. Egypt's budget deficit increased from 9.8% of GDP in 2011 to 12% of GDP in 2014. The stabilization and slight decrease in the budget deficit has been due in large part to substantial grants and other budgetary support from Gulf Cooperation Council member states. In May 2016, Standard & Poor's revised Egypt's credit outlook downward from stable to negative, which is generally based on its expectation that Egypt will continue to suffer from foreign exchange shortages due to weaker exports, lower tourism receipts and anticipated less support from Gulf Cooperation Council member states.

Net international reserves of the CBE have been decreasing. Furthermore, tourism revenues have decreased sharply since 2011, although there has been recent recovery. In the absence of robust tourism revenue, Egypt's net international reserves have been heavily supported by supplies of energy on concessionary terms and new deposits with the CBE by Gulf Cooperation Council member states. Recently, the Egyptian Government has commenced a program to remove these energy concessions.

Furthermore, the Egyptian economy, similar to many emerging markets, has been generally characterized by significant Government involvement through direct ownership of companies and extensive regulation, including with respect to foreign investment, foreign trade and financial services. Despite a period of deregulation, trade liberalization and privatization, which began in the 1990s, the Egyptian Government continues to exercise a significant influence over many aspects of the Egyptian economy. There can be no assurance that private capital inflows will remain at recent levels, or that the Government will not have to increase interest rates or tighten the monetary supply in order to improve Egypt's trade imbalances.

Egypt may continue to experience further political, social and economic difficulties and may fail to adequately address these difficulties and stabilize or improve the political and macroeconomic environment. In particular, significant failures to address Egypt's fiscal and current account deficits may lead to a challenging macroeconomic environment that could lead to some fiscal or balance of payments difficulties. There can be no assurance that Egypt will continue to benefit from fiscal or foreign exchange support from member states of the Gulf Cooperation Council. Any reduction or termination of this support may lead to deterioration in the macroeconomic environment in Egypt.

Moreover, international investors' reactions to events occurring in one emerging market country or region may sometimes demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by such investors. Political instability in the region may also materially and adversely affect the region's capital markets and the value of securities issued by companies in the region. If such a contagion occurs, Egypt could be adversely affected by negative developments in other countries in the region. Any deterioration of economic conditions in Egypt or the MENA region may have a material adverse effect on our business, financial condition, results of operations and prospects.

The Egyptian economy is subject to further risk of increasing inflation due to the devaluation of the Egyptian pound since 2011 and an expected recovery in GDP growth rates as economic reforms are implemented. A failure to control inflation could have a material adverse effect on the investment climate in Egypt, and accordingly on our business, operations, cash flows and prospects.

Egypt is subject to social instability

Egypt continues to experience a high level of unemployment, a problem compounded by the Egyptian Government's economic reform program, which requires employment in the public sector to be reduced. In past years, most recently in 2013, price increases led to popular discontent in Egypt. While inflation, as measured by the Egyptian consumer price index, decreased in 2014 and 2015, inflation remains relatively high compared to the global average.

There is a risk that inflation will increase due to the devaluation of the Egyptian Pound and the country's expected continued economic recovery, which may drive up asset prices. In past years, most recently in 2013, price increases led to isolated disturbances in Egypt. Although price stability is at the center of the CBE's monetary policy, there can be no guarantee that the CBE will be able to achieve or maintain price stability and thus control inflation. Increases in unemployment and inflation or other deterioration of the Egyptian economy could contribute to social and political instability, which could significantly harm our business, results of operations and financial condition.

Egypt has experienced, and continues to experience, terrorist incidents and occasional civil disorder

Egypt has experienced, and continues to experience terrorist attacks and occasional civil disorder. Terrorist attacks have largely targeted security and military personnel, religious minorities and political figures. There have been terrorist campaigns in Sinai by an affiliate of the Islamic State since 2011 that have claimed the lives of Egyptians, including security and military personnel. Pipeline disruptions to natural gas exports from Egypt have occurred in the past. Cities in Egypt's Nile valley and delta have experienced terrorist incidents involving improvised explosive devices, which have resulted in limited damage. In December 2014, the British and Canadian embassies in Cairo were temporarily closed for security enhancements with the creation of "no- approach" zones around their perimeters. Given the challenges occurring in North Africa and the Middle East, there can be no assurance that extremists or terrorist groups will not escalate or continue violent activities in Egypt or expand their operations to include more targets, particularly given the social and political upheaval Egypt has experienced in recent years.

Since 2011, Egypt has also experienced incidents of civil disorder such as demonstrations, protests and sit-ins. Recent examples include demonstrations by banned political groups, football-related violence and sit-ins by opposition parties. Many of these events have resulted in violence and, in many cases, loss of life. Any continuation or escalation of these events may discourage tourists from visiting Egypt and deter investments in Egypt, which would lead to a deterioration of the macroeconomic climate, creating further strain on net international reserves and, in turn, a worsening of the political and social environment. The effects of any such terrorist activities could have a material adverse effect on our business, prospects, financial conditions or results of operations as well as investor confidence in investing in Egypt.

The Egyptian tax and legal system and new legislation and executive regulations can create an uncertain environment for investment and business activity.

The Egyptian legal and tax system is still developing the framework to support a market economy. As a result of the rapid evolution of the Egyptian legal and tax system, it is subject to ambiguities, inconsistencies and anomalies in the laws and judicial practice that may not exist in countries with more developed market economies. These weaknesses may affect our ability to protect our rights under our contracts, or to defend ourselves against claims by others, including challenges by regulatory and governmental authorities in relation to our compliance with applicable laws and regulations and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Foreign Exchange Controls

The Egyptian Government had at various times imposed foreign exchange controls limiting the ability of companies to obtain foreign currency. During these times, Egyptian companies experienced difficulties in converting Egyptian Pounds to foreign currencies (with a significant waitlist since 2011). Currently approximately 54.3% of our direct material importation requirements derive from our export proceeds. As a result of foreign currency shortages in the country, the Egyptian Government has imposed foreign currency exchange controls to restrict access to non-Egyptian currency in accordance with CBE directives. The remittance of foreign currency abroad is also reviewed and (if necessary) verified by the CBE. If the Egyptian Government imposes additional foreign currency exchange controls, we may be unable to service our foreign currency- denominated payment obligations under certain of our commercial contracts or to obtain working capital to purchase foreign currency-denominated raw materials or new machinery, which could have a material adverse effect on our business, results of operations, expansion plans and financial condition. See "Exchange Rate Information".

Disclosure Obligations, Financial Controls and Corporate Governance

Our corporate affairs are primarily governed by the Egyptian Companies Law No. 159 of 1981 (the "**Egyptian Companies Law**"), as well as the Egyptian Capital Market Law No. 95 of 1992 (the "**Egyptian Capital Market Law**"), the EGX Listing Rules and our articles of association. The rights of our shareholders and the responsibilities of our board members under Egyptian law is different in certain respects from those applicable to corporations organized in the United States, the United Kingdom and other jurisdictions. In particular, Egyptian law significantly limits the circumstances under which shareholders of an Egyptian company may bring shareholder derivative actions. Under Egyptian law, the ability for shareholders to bring such legal actions are very limited. Regulations governing the Egyptian securities market are not as extensive as those in other major securities markets. Notwithstanding the foregoing, this risk factor should not be taken as implying that the Company will be unable to comply with its obligations as a company with securities admitted to the Official List.

Although Egyptian law imposes restrictions and penalties on insider trading and price manipulation, the Egyptian securities market is not as highly regulated or supervised as more established securities markets. Moreover, many provisions of Egypt's securities laws have not yet received sufficient judicial or regulatory interpretation or review. Additionally, in recent years, the corporate governance and accounting, financial and other disclosure standards

applicable to Egyptian companies and listed companies in particular, have been subject to significant updates, and the interpretation and application of these recently introduced rules are still evolving. The EGX Listing Rules for example, which had been in place for several years, have been entirely reissued in February 2014, with subsequent amendments introduced in 2014, 2015 and 2016. Accordingly, many aspects of laws and regulations in Egypt relating to publicly traded companies remain subject to uncertainties relating to their application and enforcement.

In addition, as part of our strengthening of corporate governance we are currently reviewing our anti-bribery, anti-corruption and anti-money laundering policies and procedures to determine whether these reflect best practices for a listed company. Our current procedures and policies may not sufficiently mitigate the risk of employees, contractors or agents violating such laws and regulations or our policies.

Risks Relating to the Shares and GDRs

Future sales of Shares could have an adverse effect on the market trading price of the Shares

Sales of substantial numbers of Shares on the EGX or any other public market on which the Shares may be listed in the future, and whether such sales are made voluntarily or pursuant to the enforcement of any security over such shares, or even the perception that such sales could occur, following the termination of or subject to one of the exceptions to the restrictions in the lock-up arrangements applicable to other shareholders of the Company, could have an adverse effect on the market trading price of the Shares or could affect our ability to obtain further capital through an offering of equity securities.

The market price of the Shares may fluctuate significantly

As with all tradable securities, the market price of the Shares may be volatile and subject to wider fluctuations as a result of a variety of factors, including but not limited to those referred to in the risk factors described in this prospectus as well as period-to-period variations in our operating results or changes in sales or profit estimates by us, industry participants or financial analysts. The market price could also be affected by developments unrelated to our operating performance such as the operating and share price performance of other companies that investors may consider comparable to us, speculation about us in the media or the investment community, strategic actions by competitors, such as acquisitions and restructurings, and changes in market conditions and regulatory requirements.

Economic and political conditions in other emerging market countries may from time to time affect the securities markets in Egypt. There can be no assurance that economic and political conditions in other emerging market countries will not have a material adverse effect on the capital markets in Egypt generally, or our business, results of operations and financial condition or the price of the Shares.

The Egyptian securities market is less liquid than major world equity securities markets

The Egyptian equity securities market is less liquid than major world equity securities markets and, therefore, prices of Egyptian securities have tended to be more volatile than in such other securities markets. In addition, a small number of stocks represent a disproportionately large percentage of the aggregate market capitalization and trading volume of the EGX. The limited market capitalization and liquidity of the EGX may impair the ability of holders of Shares to sell the Shares or impair the price realized from such a sale.

Although the EGX has a book-entry system for trading dematerialized shares, settlement procedures in Egypt remain less developed than those in more established securities markets. Accordingly, while the official settlement period for trades effected on the EGX is up to two business days, settlement delays and administrative problems may occur.

The Company may not pay dividends to holders of Shares or declare dividends in the future

Listed companies in Egypt are required to distribute dividends in accordance with the law, their constitutional documents, and subject to a Shareholders resolution at a duly convened General Meeting. Subject to mandatory legal requirements relating to legal reserves and employee profit sharing, publicly listed companies may, in their discretion, distribute dividends to their Shareholders out of retained earnings or realised profits in the form of cash and/or bonus shares, or retain the realised profits. Our financing agreements also contain standard restrictions on dividends unless we continue to make timely payment of outstanding amounts under those agreements. Accordingly, the shareholders have the full right to decide on the distribution of profits unless the distribution will affect the Company's ability to pay its future liabilities. In such circumstances, the report would need to be confirmed by the Company's independent auditors to the effect that there can be no assurance that holders of the Shares will receive dividends in the future. Our ability to pay dividends is contingent on achieving adequate profits and the timing and amount of any future dividend payments will depend on our existing and future financial condition, results of operations, liquidity needs, any restrictions on payment

of dividends in our financing agreements and other matters that we may consider relevant from time to time, including, without limitation, capital expenditures, financial performance and equity market conditions. Even if we generate significant profits, we may not pay dividends if the Board believes, and the General Meeting approves, that shareholder value may be increased more effectively by using the profit for other purposes, for example through re-investment or in acquisitions. Please see “*Dividend Policy*”.

Under Egyptian law, companies are required to make profit-sharing distributions to their employees if they pay cash dividends to their shareholders. The amount of the employee distribution is set by law and the Company’s constitutional documents at 10% of the profits distributed. The General Meeting approves the distribution and enables it to be paid to the shareholders even in the form of bonus shares (the profit available to distribution is the current year net profit less 5% deductions as a legal reserve in addition the retained earning opening balance). Such distributions are also capped to the aggregate of the Company’s total salaries and wages paid in the relevant period.

There is Egyptian withholding tax on dividends payable on the Shares and ultimately the GDRs, and there is also a capital gains tax on the disposition of Shares and possibly GDRs, however the capital gains tax imposed on the gains realized from the sale of listed shares has been suspended for a period of two years commencing on May 17, 2015.

Under Egyptian law, a withholding tax is imposed on dividends distributed to resident and non-resident shareholders of Egyptian companies at rate of 10%, which is potentially reduced to 5% if the shareholder holds more than 25% of the capital or the voting rights of the company for at least two years. In addition, an Egyptian capital gains tax was levied on the sale of listed Shares, however such capital gains tax has been suspended for a period of two years starting May 17, 2015, in accordance with Law No. 96 of 2015 amending the tax law. The capital gains treatment of GDRs is uncertain, and capital gains tax could be levied on GDRs.

The application of tax to investments within Egypt is also still developing. In 2014, Law No. 53 was issued amending the then existing tax law to, among other things, introduce taxation on dividend distributions. To date there has been limited interpretive guidance from the tax authorities regarding Law No. 53 and the corresponding executive regulations. As a result, there is significant uncertainty regarding the proper application and calculation of tax with respect to securities, in particular GDRs. There can be no assurance as to the interpretations of Law No. 53 that will be adopted by the tax authorities or that the executive regulations will not materially change the application of taxes on the Securities. See “*Taxation—Egyptian Tax Considerations*”.

Non-Egyptian holders of Shares may experience delays in repatriating dividends or sale proceeds in Egypt

Under current Egyptian law, Egyptian Pounds may not be transferred abroad. To repatriate Egyptian Pound dividends or sale proceeds, a Non-Egyptian holder of Shares must first convert the Egyptian pounds into a foreign currency. The conversion of Egyptian pounds into a foreign currency must be effected through an entity that is licenced or regulated by the CBE. The licenced entity must effect the conversion of the CBE-permitted exchange rate. If there is a shortage of foreign currency, the CBE may impose rules prioritizing foreign exchange for strategically important purposes, such as the purchase of key raw materials, food products or pharmaceuticals, as well as contractually required obligations, including loan repayments.

Foreign investors have experienced, and non-Egyptian holders of Shares may experience, delays in the conversion of Egyptian Pound dividends into foreign currency. The current practice suggests that individuals may transfer abroad a maximum amount annually without the need for any documentary support or justification. This amount has been set at US\$100,000 per year and the current practice suggests that it has been increased to US\$200,000 per year. Corporations, including institutional investors, are not subject to a limitation on transfers of foreign currency, but they may need to establish that the transfer is for a valid or genuine business transaction, such as the repatriation of dividends of share proceeds. The remitter must submit documentation to the licenced transfer agent to demonstrate the source of funds. This process may take at least two weeks to complete.

A holder of the Shares may have limited recourse against the Company’s assets and its Directors and executive officers because the Company conducts its operations in Egypt

Our presence outside the United States and the United Kingdom may limit the legal recourse of a holder of Shares and/or GDRs against the Company and its Management and Directors. The Company is incorporated under the laws of Egypt, and all of the executive members of the Board and the Company’s executive officers reside in Egypt. A substantial portion of the Company’s assets and the assets of the executive Directors and executive officers are located outside the United States and the United Kingdom, principally in Egypt. As a result, investors may not be able to serve process within the United States and the United Kingdom on the Company or the executive Directors and executive officers or to enforce United States and United Kingdom court judgments obtained against the Company or its executive

Directors and executive officers in jurisdictions outside the United States and the United Kingdom. Please see “*Enforcement of Arbitral Decisions and Civil Liabilities*”.

Shareholders in the United States may be unable to participate in future rights offerings

If we were to grant rights to participate in future equity offerings to shareholders, US holders may not be entitled to exercise these rights unless the rights and related securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. We intend to evaluate, at the time of any rights offering, the costs and potential liabilities associated with registering the rights and related securities or qualifying for an exemption under the Securities Act, as well as the indirect benefits to us of enabling its US holders to exercise such rights, and any other factors that we consider appropriate at the time, prior to making a decision whether to register such rights or qualify for an exemption. No assurance can be given that we will choose to register any such rights and related securities or that an exemption from the registration requirements of the Securities Act will be available to enable such US holders to exercise such rights or, if available, that we will utilize any such exemption.

A description of pre-emptive rights relating to the Company’s share capital is set forth under the heading “*Description of Share Capital and Applicable Egyptian Law*”.

Holders of Shares may not be able to deposit the Shares in the Company’s GDR facility in order to receive GDRs, and changes in Egyptian regulatory policy with respect to the placement and circulation of the Shares outside Egypt in the form of GDRs or otherwise may negatively affect the market for the Securities being offered

Whenever the Depositary believes that the Shares deposited with it against issuance of GDRs represent (or, upon accepting any additional Shares for deposit, would represent) a percentage exceeding any limit established by any applicable law, directive, regulation or permit, or trigger any condition for the making of any filing, application, notification or registration or for obtaining any approval, license or permit under any applicable law, directive or regulation, or for taking any other action, the Depositary may (i) close its books to deposits of additional Shares to prevent such thresholds or limits being exceeded or conditions being satisfied or (ii) take such steps as are, in its opinion, necessary or desirable to remedy the consequences of such thresholds or limits being exceeded or conditions being satisfied and to comply with any such law, directive or regulation, including, without limitation, causing the pro rata cancellation of GDRs and the withdrawal of the Shares from the Company’s GDR facility to the extent necessary or desirable to so comply.

As a result of a legal requirement, no more than 33% of the total number of the outstanding Shares of the Company may be circulated in the form of GDRs. On March 8, 2015, we received permission from the EFSA for up to 119,684,878 of our shares to be circulated outside Egypt through GDRs. The GDR program currently accounts for 18.0% of our share capital. Under Egyptian securities laws, the total percentage of GDRs that has been approved by the EFSA cannot be increased or decreased by way of a further rights issue, capital increase or capital decrease, and any remaining capacity may be used by existing shareholders, including the Principal Shareholders (who are not restricted by the terms of their respective lock-up agreements from depositing their Shares into the GDR facility). As a result, once this threshold has been reached, it may not be possible to deposit the Shares with the Depositary under the Company’s GDR facility to receive GDRs and under certain circumstances, such as where the Depositary receives governmental or regulatory notice that the Company’s GDR facility violates Egyptian law, an investor may be required to withdraw Shares from the Company’s GDR facility, which may in either case affect the liquidity and the value of the Securities. The Depositary and the Custodian will put in place systems and procedures to monitor the number of Shares represented by outstanding GDRs, including for the purposes of ensuring that no more than 119,684,878 of our Shares are represented by outstanding GDRs at any time. In the unlikely event that these systems and procedures fail and more than 119,684,878 of our Shares are represented by outstanding GDRs, an investor may be required to withdraw Shares from the Company’s GDR facility.

The aforementioned restrictions were introduced in 2013 and may be subject to changes at any time in the future by the Egyptian regulatory authorities, and there can be no assurance that changes by the authorities will not adversely affect the legality and/or size of the Company’s GDR facility, which could adversely affect the price of the Securities.

The issue of additional Shares may dilute all other shareholdings

Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially and adversely affect the price of the Shares. Subject to our obtaining shareholder approval, we may issue additional equity or securities convertible into the Shares through directed offerings without pre-emptive rights for existing holders in connection with future acquisitions, any share incentive or share option plan or otherwise. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share.

Fluctuations in the value of the EGP could significantly affect the value of an investment in the GDRs in US Dollars terms and any dividends we pay in relation to the Securities if converted into US Dollars

The quoted price of the Shares will be in Egyptian Pounds. In addition any dividends that we pay in relation to the Shares will be paid in Egyptian Pounds. As a result, fluctuations in the value of the Egyptian Pound in relation to other currencies, including the US Dollar, can affect the value of the GDRs and dividend payments on conversion into those other currencies for investors outside Egypt. Please see “*Dividend Policy*”.

Holders of GDRs will have no legal interest in the underlying shares

Holders of GDRs acquire the beneficial, and not the legal, interest in the underlying Shares, which the Depositary holds on trust for them, under the Deposit Agreement. The intended effect of the trust is to ring-fence the shares in the hands of the Depositary by conferring a property interest on GDR holders as beneficiaries.

The interest of the holders of GDRs as beneficiaries in trust assets (the Shares held by the Depositary) is indirect, in the sense that in the normal course, they do not have any direct recourse to the Shares of the Company nor do they have any direct right of action against the Company or direct voting rights in respect of the Shares. The Company has however entered into a deed poll in favor of GDR holders. The deed poll provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any holder of GDRs may enforce the relevant provisions of the Deposit Agreement as if it were a party.

Foreign Account Tax Compliance Act

A 30.0% withholding tax may be imposed on all or some of the payments on the Securities after 31 December 2016 to holders and non-US financial institutions receiving payments on behalf of holders that, in each case, fail to comply with information reporting, certification and related requirements. Under current guidance, the amount subject to withholding (i.e. foreign pass-thru payments) is not defined, and it is not yet clear whether or to what extent payments on the Shares and/or the GDRs may be subject to this withholding tax. Investors should seek individual tax advice.

This withholding tax, if it applies, could apply to any payment made with respect to the Securities. Moreover, withholding may be imposed at any point in a chain of payments if a non-US payee fails to comply with US information reporting, certification and related requirements. Accordingly, Shares and/or GDRs held through a non-compliant institution may be subject to withholding even if the holder otherwise would not be subject to withholding.

If Foreign Account Tax Compliance Act (“**FATCA**”) withholding is required, the Company will not be required to pay any additional amounts with respect to any amounts withheld. Certain beneficial owners of Securities that are not foreign financial institutions generally will be entitled to refunds of any amounts withheld under FATCA, but this may entail significant administrative burden. US and non-US holders are urged to consult their tax advisors regarding the application of FATCA to their ownership of the Shares and/or GDRs.

IMPORTANT INFORMATION

In this prospectus, “we”, “our”, “ourselves”, “us”, the “Company”, “Edita” and “Edita Group” refer to Edita Food Industries S.A.E. together with its subsidiaries, unless the context requires otherwise.

No person may reproduce or distribute this Prospectus, in whole or in part, or disclose any of its contents or use any information herein for any purpose other than the Application.

The distribution of this Prospectus and the transfer of GDRs in certain jurisdictions may be restricted by law. The Company requires persons into delivery and whose possession this prospectus comes to inform themselves about and to observe any such restrictions. This prospectus does not constitute an offer of, or an invitation to purchase, GDRs in any jurisdiction. No one has taken any action that would permit a public offering to occur in any jurisdiction.

The GDRs have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States at any time, other than in accordance with Regulation S, Rule 144A or another available exemption under the Securities Act. Neither the U.S. Securities and Exchange Commission, nor any state securities commission nor any other regulatory authority, has approved or disapproved the Securities or passed upon or endorsed the merits of the Company’s GDR Program or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States.

The contents of our website do not form any part of this prospectus.

RESPONSIBILITY STATEMENT

The Company accepts responsibility for the information contained in this prospectus and, having taken all reasonable care to ensure that such is the case, the information contained in this prospectus is, to the best of the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

ENFORCEMENT OF ARBITRAL DECISIONS AND CIVIL LIABILITIES

Each of the United Kingdom, the United States and Egypt is a party to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the “**New York Convention**”). Egypt acceded to the New York Convention on February 2, 1959 through Presidential Decree No. 171/1959.

Consequently, Egyptian courts should recognize and enforce in Egypt a valid arbitral award made in the United Kingdom or the United States, on the basis of the rules of the New York Convention, subject to qualifications provided for in the New York Convention and compliance with Egyptian procedural regulations and arbitration law. However, in practice, it may be difficult to enforce arbitral awards in Egypt due to:

- (a) the relatively limited precedents brought before Egyptian courts with regards to enforcement of international commercial arbitral awards;
- (b) the Egyptian courts’ inability or unwillingness to enforce such awards; or
- (c) legal grounds (for example, the concept of “**public order**”) and/or technical grounds (for example, the lack of capacity of the parties, the lack of notice given to defendants or the invalidity of an arbitration clause).

Egyptian law also provides for a procedure of annulment of arbitration awards, including in case of an absence or nullity of an arbitration agreement, denial of justice or due process or failure to observe the latter as well as in case the tribunal has not applied the law applicable to a dispute. Furthermore, an enforcement of an arbitration award requires a filing with an ad hoc department of the Ministry of Justice, which is authorized to reject its enforcement.

In addition, the Company is an Egyptian joint stock company and the shareholders’ liability therein is limited to their capital contributions. The majority of our executive officers and the majority of our directors are residents of Egypt. All of our assets are located outside the United States and the United Kingdom. It may not be possible for investors to effect service of process within the United States and the United Kingdom upon us or such persons or to enforce against any of us or them judgments obtained in the courts of the United States or the United Kingdom predicated upon the civil liability provisions of the securities laws of the United States and the United Kingdom, respectively.

Enforcement of foreign judgments in Egypt is subject to bilateral and multilateral treaties, and generally the following conditions:

- (a) the foreign courts rendering the relevant judgment offer reciprocal treatment to judgments obtained in the courts of Egypt. If such reciprocal treatment is not offered by the court where judgment is obtained, then the Egyptian courts will re-examine the merits of the case in the same manner as that adopted by such courts;
- (b) the courts of Egypt are not exclusively competent to hear the dispute which constituted the object of the foreign judgment while the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- (c) the parties to the dispute were duly notified and properly represented in the proceedings;
- (d) the foreign judgment is final and conclusive in accordance with the relevant law; and
- (e) the foreign judgment does not conflict with a prior Egyptian judgment in the same case and is not contrary to public order or morality in Egypt.

Judgments of the courts of the United States or the United Kingdom may not be enforceable in Egypt because there are no bilateral treaties between Egypt and the United States or the United Kingdom on the enforcement of judgments and the courts of the United States and the United Kingdom may be deemed not to offer reciprocal treatment to judgments obtained in the courts of Egypt. See “*Risk Factors—Risks Relating to Egypt and the MENA Region—Enforceability of Foreign Judgments*”.

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our Management’s current views of future events, which are based on our Management’s assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus.

Accordingly, investors should not rely on the forward-looking statements in this prospectus and investors are strongly advised to read the following sections of this prospectus: “*Summary*”, “*Risk Factors*”, “*Use of Proceeds*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Business*” and “*Egyptian Snack Food Industry*”. These sections include more detailed descriptions of factors that might have an impact on our business, financial condition and the industry in which we operate. None of us or our Management gives any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments. After the date of this prospectus, we do not assume, and we expressly disclaim, any obligation to update any forward-looking statements or to conform these forward-looking statements to our actual results, except as we may be required to do so by law and the disclosure requirements of the EGX, the London Stock Exchange, the Prospectus Rules, Listing Rules and the Disclosure and Transparency Rules of the FSA, as appropriate.

AVAILABLE INFORMATION

We have agreed that, so long as any of the Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act (“**Restricted Securities**”), in order to permit holders of Securities to effect resales under Rule 144A, we will, during any period in which we are neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon written request, to any holder of Securities, or any prospective purchaser designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

Unless otherwise indicated, financial information set forth herein relating to us has been derived from the Company's audited consolidated financial statements for the years ended December 31, 2015, 2014 and 2013 prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the unaudited consolidated interim Financial Statements for the three month period ended 31 March 2016 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (the "Financial Statements"). The Financial Statements are included in this prospectus beginning on page F-2.

The Financial Statements were audited in accordance with International Standards on Auditing ("ISA") by Mansour & Co. PricewaterhouseCoopers ("PwC"), independent auditors.

Rounding adjustments have been made in calculating some of the financial information and percentages included in this prospectus. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Operating data

All data relating to our production and operations, such as volumes of production and certain sales information presented by sector, geography and product, cited in "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", and elsewhere in this prospectus, were derived from management accounts and information, which were not reviewed or audited by PwC, our independent auditors.

Definition of Snack Food Market

According to IPSOS MORI ("IPSOS") and the Nielsen Corporation, formerly known as AC Nielsen ("Nielsen"), "snack food" are defined to comprise foods within the following categories: cakes; candy; chocolates, biscuits and gum; packaged croissants; salty snacks; wafers; and ice cream.

Third-Party Statistical and Other Information

We have derived certain information and statistics in this prospectus, including certain information and statistics concerning the Egyptian and international economy, our competitors, the Egyptian securities market, demographics and the international and Egyptian snack food industry from IPSOS, Nielsen, AC Nielsen Retail Audit and publicly available information, including principally annual reports, industry publications, market research, press releases, filings under various securities laws and official data published by certain Egyptian Government agencies. The main sources are the Central Bank of Egypt ("CBE"), the Egyptian Ministry of Finance, the Egyptian Ministry of Investment, the Egyptian Ministry of Tourism, the Central Agency for Public Mobilization and Statistics ("CAPMAS"), the Economic Intelligence Unit ("EIU"), the Population Division of the United Nations Department of Economic and Social Affairs (the "**UN Population Division**"), the World Bank, the US Census Bureau, the EGX, Bloomberg, the Middle East Marketing Research Bureau ("**MEMRB**"), the International Monetary Fund ("**IMF**"), the National Council for Production and Economic Affairs ("**NCPEA**"), Nielsen and IPSOS.

Third party information is contained in this prospectus under the captions "*Presentation of Financial and Other Information*", "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Selected Consolidated Financial Information*", and "*Business*". Such information and statistics may be approximations or estimates or use rounded numbers. In addition, in some cases Management has made rounding adjustments to some of this information for consistency of presentation. Similar information may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. Where third-party information is set out, it has been sourced. The Company confirms that such information, data and statistics have been accurately reproduced and, as far as the Company is aware and can ascertain from relevant publicly available information published by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading.

DIVIDEND POLICY

Our policy is to pay dividends when permitted by law and subject to consideration of our capital expenditure requirements, financial condition, including our level of indebtedness, debt covenants and liquidity requirements, and our results of operations at the relevant time. Management currently envisages to pay dividends beginning in 2016 based on the Company's 2015 financial results.

There can be no assurance that any dividends will be paid in the future or as to the level of any such dividends. The declaration, amount and payment of dividends is determined, subject to the limitations set forth above, by the simple majority vote of the shareholders (i.e., 50% plus one vote of the attending and represented shareholders) at an Ordinary General Meeting. Future dividends will depend on our results of operations, financial position, cash requirements, legal reserve and minimum capital requirements, future prospects and other factors deemed relevant by the Board and shareholders.

We are party to several loan and finance agreements. Certain of these contain a restriction on the declaration and distribution of dividends. See *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness”* and *“Material Contracts—Credit and financing arrangements”*.

Payment of Dividends and Legal Reserve

The Company's articles of association provide that dividends are paid annually based on the generated profits according to our audited financial statements prepared in accordance with EAS. Using these EAS financial statements our after-tax earnings in each fiscal year are increased or reduced, as the case may be, by any profit or loss carried forward from prior years, and the amount available for distribution in accordance with the requirements of Egyptian law and our articles of association is determined as follows:

1. An amount equal to 5.0% of the profits shall be dedicated to form a legal reserve (the **“Legal Reserve”**). Once the Legal Reserve reaches 50% of the Company's issued capital, such deductions cease. If the amount of the Legal Reserve falls below the 50% threshold, the deductions resume. As at December 31, 2015 the balance of the Company's Legal Reserve was EGP 38,947,275 representing 53.66% of the Company's issued share capital as of such date.
2. After funding the Legal Reserve, if required as described above, the balance of the Company's after-tax earnings (the **“Distributable Profits”**), may be distributed, pursuant to shareholders' resolution at an Ordinary General Meeting as follows:
 - The Company is legally required to distribute 10% of the profits approved for distribution in cash to employees in accordance with the rules approved by the Board of Directors from time to time, subject to a ceiling which is the amount of the aggregate annual salaries of its employees in the relevant year (the **“Employee Distribution”**). Following the deductions for the Legal Reserve and the Employee Distribution, 10.0% of the Distributable Profits are then subject to approval at an Ordinary General Meeting, available for distribution as a preliminary dividend to Shareholders *pari passu* and by reference to the extent to which their respective Shares are paid up. However, if the level of Distributable Profits following deductions for the Legal Reserve and Employee Distribution in any one year are not sufficient for such a distribution to be made, Shareholders may not claim such amounts in subsequent years;
 - Following the above deductions and distributions, to the extent that there are Distributable Profits remaining, a maximum of 10% of such remaining amounts shall, to the extent approved by the Shareholders in an Ordinary General Meeting, be distributed to the members of the Board. Finally, any remaining Distributable Profits are either (i) then distributed to Shareholders *pro rata* to their respective holdings of Shares; or (ii) carried forward to the following year as retained earnings; or (iii) allocated to fund a special reserve to be used as determined by resolution of the Shareholders at an Ordinary General Meeting, on the recommendation of the Board of Directors.

The Shares are registered with MCDR and therefore payment of dividends is made to the shareholder, through MCDR, based on a statement of account from a registered bookkeeper. Dividends not claimed within five years of the date of payment become barred by the statute of limitations and are remitted to the State Treasury. Shareholders may decide at an Ordinary General Meeting to distribute all or part of the dividends included in the Company's financial statements accompanied by a report from the Company's independent auditor.

Pursuant to the Egyptian Companies Law and the Company's articles of association, the Company must convene an Ordinary General Meeting not later than three months after the end of the fiscal year to approve the annual

financial statements, and determine the dividends, if any, to be distributed. Dividends declared by resolution of the shareholders at an Ordinary General Meeting must be distributed within one month of the dates of the Ordinary General Meeting. Shareholders are entitled to their dividends, upon issuance of the resolution of the Ordinary General Meeting declaring same. The Shareholders may also approve the distribution of profits quarterly based on the relevant financial statements and the auditor's report.

Withholding Tax

Under Egyptian law a withholding tax is imposed on the dividends distributed to resident and non-resident shareholders of Egyptian companies at a rate of 10%, which is reduced to 5% if the shareholder holds more than 25% of the capital or the voting rights of the company for at least two years. See *“Risk Factors—Risks Relating to the Shares and GDRs—There is Egyptian withholding tax on dividends payable on the Shares and ultimately the GDRs, and there is also a capital gains tax on the disposition of Shares and possibly GDRs”* and *“Taxation—Egyptian Tax Considerations”*.

CAPITALIZATION AND INDEBTEDNESS

The following table shows our consolidated cash and cash equivalents and capitalization as at December 31, 2015. This information should be read in conjunction with “Selected Consolidated Financial Information”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Financial Statements included elsewhere in this prospectus.

	As at March 31, 2016 (EGP millions)
Cash and cash equivalents	257.5
Total long-term debt	362.2
Equity:	
Share capital	145.0
Legal reserve	38.9
Retained earnings	935.7
Equity attributable to the owners of the Company	1,119.7
Non-controlling interest	6.8
Total Equity	1,126.4
Total Capitalization⁽³⁾	1,746.1

Notes:

- (1) Senior long-term debt represents borrowings and customer accounts that fall due after more than one year from March 31, 2016 (based on remaining undiscounted contractual obligations) and are not subordinated.
- (2) Subordinated long-term debt is the proportion of subordinated debt which falls due after more than one year from March 31, 2016 (based on remaining undiscounted contractual obligations).
- (3) Total capitalization is the sum of total long-term debt and total equity.

There has been no significant change in the financial condition or operating results of the Company and its consolidated subsidiaries since March 31, 2016, the end of the last financial period for which financial information has been published.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read together with the other information contained in this prospectus, including “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the Financial Statements and related notes included elsewhere in this prospectus. This financial information is historical and not necessarily indicative of results to be expected in any future period.

The following selected financial information, and the Financial Statements included in this prospectus from which it is derived, have been prepared in accordance with IFRS, in effect at the time of preparing the relevant financial statements. For more information on the content and interpretation of this information, see “*Presentation of Financial and Other Information—Financial Information*”.

	For the year ended December 31,			For the three months ended March 31,	
	2013	2014	2015	2015	2016
STATEMENT OF INCOME DATA					
	(EGP millions)				
Revenue	1,647.5	1,918.6	2,225.4	528.9	518.1
Cost of goods sold	(1,028.3)	(1,197.8)	(1,357.9)	(326.3)	(312.4)
Gross profit	619.2	720.8	867.5	202.6	205.7
Distribution and marketing	(188.2)	(211.2)	(282.3)	(70.2)	(74.9)
Administrative expenses	(88.9)	(123.6)	(157.3)	(45.7)	(43.5)
Other income	21.2	16.4	15.4	1.8	4.1
Other (losses)/gains—net	1.4	(8.0)	5.8	3.6	(46.3)
Profit from operations	364.8	394.4	448.9	92.0	45.1
Finance income	6.8	23.3	29.5	6.6	8.4
Finance cost	(26.0)	(25.2)	(33.5)	(4.6)	(10.6)
Finance (cost) income, net profit	(19.2)	(2.0)	(4.0)	2.0	(2.2)
Profit before income tax	345.6	392.5	444.9	94.0	42.9
Income tax expense	(94.2)	(126.6)	(95.8)	(34.5)	(10.2)
Net profit	251.4	265.9	349.1	59.5	32.7

	For the year ended December 31,			For the three months ended March 31,	
	2013	2014	2015	2015	2016
CASH FLOW DATA					
	(EGP millions)				
Net cash flows generated from operating activities	333.7	339.9	375.5	41.5	(22.9)
Net cash flows used in investment activities	(268.3)	(231.1)	(457.6)	(64.8)	(40.5)
Net cash flows used in financing activities	(117.8)	(93.8)	148.9	3.3	3.9
Increase in cash and cash equivalents	(52.3)	15.0	66.8	(20.0)	(59.4)
Cash and cash equivalents at beginning of period	210.2	157.8	239.6	172.9	239.6
Cash and cash equivalents at end of period	157.8	172.9	375.5	152.9	180.2

	As at December 31,			As at March 31,	
	2013	2014	2015	2015	2016
BALANCE SHEET DATA					
	(EGP millions)				
Total non-current assets	895.1	1,084.5	1,461.5	1,461.5	1,487.4
Total current assets	451.2	518.1	671.1	671.1	627.7
Total assets	1,346.3	1,602.6	2,132.6	2,132.6	2,115.1
Total equity	710.0	825.7	1,174.8	1,174.8	1,126.4
Total non-current liabilities	221.7	292.9	443.3	443.3	459.7
Total current liabilities	414.6	484.0	514.5	514.5	529.0
Total liabilities	636.3	776.9	957.8	957.8	988.7
Total equity and liabilities	1,346.3	1,602.6	2,132.6	2,132.6	2,115.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in our results of operations and financial condition. Historical results may not indicate future performance. The forward-looking statements contained in this review are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. See "Presentation of Financial and Other Information", "Forward-Looking Statements" and "Risk Factors".

Overview

We are a leading Egyptian packaged snack food company founded in 1996 and headquartered in Cairo, Egypt. We have historically focused on branded baked snack products, including cakes, croissants and rusks (baked wheat) and recently expanded into the wafers and candy segments. Our brands are some of the most recognized in Egypt and we hold #1 market positions in our core cakes and croissants segments, a #2 market position in rusks and growing market positions in the wafers and candy segments.

Factors Affecting our Operations and Results

Macroeconomic conditions and political environment in Egypt

Our revenue and results of operations are affected by macroeconomic conditions and the political environment in Egypt, where in 2015 we derived more than 90% of our revenue. Selected macroeconomic indicators including growth or decline in absolute GDP, GDP per capita and inflation (amongst others) that have an impact on consumer demand and sentiment can have a direct or indirect impact on demand for our products.

The Egyptian economy is one of the largest economies within the MENA region benefitting from economic diversification (exposure to services, agriculture, tourism, oil and gas), a cost-competitive workforce, and the largest population base in the MENA region. As such, the Egyptian economy has historically exhibited robust GDP growth and shown greater economic resilience than many countries in the region especially following the global economic crisis of 2008 and 2009.

However, the recent political transitions in Egypt which started in January 2011 and continued into mid-2014 did have a negative impact on the Egyptian economy with GDP growth slowing from historical levels. Although we consider the snack food industry to be less sensitive to economic cycles than other industries, as evidenced by the Company achieving revenue growth in 2011 (first year of political instability) and in 2013 (third year of political instability), we believe that our results may be impacted by the overall macroeconomic and political climate in Egypt. See "Risk Factors—Risks Relating to Egypt and the MENA Region—All businesses operating in Egypt and the MENA region are exposed to significant political, social and economic risks".

Growth in consumption of packaged snack food in Egypt

Management believes that growth in consumption of packaged snack food is driven by a combination of positive demographic factors as well as evolving consumer lifestyle and consumption trends in Egypt and the surrounding regions.

Favorable demographic trends that support consumption of snack food include a large and growing population and a young population relative to other countries. Changing lifestyle and consumption trends have also contributed to high growth in the snack food market. These trends include increased time spent out of the home with longer commuting times, increasing number of females joining the workforce, a growing culture of snacking between meals and snacks as a meal replacements well as an overall preference for convenience in consumption. Egyptians also have a preference for strong flavors and high sugar content favoring packaged snack food consumption. The table below shows population growth and snack food expenditure over the last five years in Egypt as well as a breakdown of population by age group and expenditure bracket.

Growth in our production and sales and distribution capabilities

Since inception, we have had to grow our production facilities and add production lines to support growth in the snack food market as well as entry into new product segments. The Company has gone from one production facility and

one production line in 1997 to at the end of 2015 having four production facilities and 24 production lines with a total production capacity of 137,000 tons per year including the Rusks line installed end of year. Currently we operate 26 production lines and expect to be operating 27 lines by year end 2016 increasing our production capacity to 147,000 tons per year by the end of 2016. We have also expanded our sales and distribution capabilities and infrastructure since inception to support our growth and to allow us to cover a broader percentage of the Egyptian population and land mass.

The table below highlights the growth in our production facilities and sales and distribution over the last three years.

	As at and for the year ended December 31,		
	2013	2014	2015
Revenue (EGP millions)	1,647.5	1,918.6	2,225.4
Expansion of production and sales and distribution:			
Number of factories.....	4	4	4
Number of production lines ⁽¹⁾	21	21	24
Production capacity (tons).....	101,100	101,100	133,000
Factory utilization (%) ⁽¹⁾	87.5%	100.1%	88%
Cakes.....	91.6%	100.3%	79%
Croissants.....	82.9%	103.5%	98%
Rusks.....	100.5%	98.0%	98%
Wafers.....	91.0%	92.3%	84%
Candy.....	24.8%	73.8%	83%
Employees (at period end).....	4,895	5,159	5,097
Distribution centers (at period end).....	15	16	20
Distribution vehicles (at period end).....	425	515	544
Total sales force.....	909	1,098	901

(1) Our weighted average factory utilization is calculated on a maximum capacity of 298 days of production per year at three shifts of eight hours per day (representing production ²⁴/7 except during Fridays and public holidays). Factory utilization higher than 100% means our production facilities operated more than 298 days per year to meet the demand Also capacity calculations varies based on product mix and factoring in ramp up of new lines.

As shown in the above table, as at the end of 2015 our 24 production facilities operated at close to full capacity (or in some cases beyond full capacity) with 2015 average factory utilization of 88%. As such, we anticipate continuing to add production facilities, production lines and expanding our sales and distribution infrastructure to support our future growth. The inability to grow our production and sales and distribution infrastructure may hinder our ability to capture future growth in the market and a resulting loss in market share.

Changes in raw material prices as well as employee and energy/utility costs

In 2015, our raw materials expenses, which include packaging materials, represented 47.1% of our revenue and 77.5% of our cost of goods sold. Our raw materials expenses may vary based on production volumes and the prices of our raw materials. Raw materials prices globally as well as in Egypt can be volatile and are influenced by multiple factors beyond our control.

In 2015 we sourced approximately 75% of our raw materials locally in Egypt and 25% from international markets. We maintain a maximum of one month supply of locally sourced raw materials and three months maximum supply of imported raw materials. Additionally, we generally work on short to medium contracts ranging from one month to a maximum of one year. We do not hedge any of our raw material costs, however, the export proceeds provide indirect hedging by covering nearly 54.3% of our imported raw materials. Accordingly, our sourced raw material prices may fluctuate over time.

The diversity of our raw material requirements, which includes more than 100 different inputs (including variants of the product categories), has historically reduced the effect of price increases. However, we remain subject to longer-term price fluctuations of our raw materials, particularly with respect to our main ingredients, which include sugar, flour, cocoa, oils and fats, milk powder, eggs and packaging materials.

Our raw material costs as a percent of sales have decreased from 50.6% in 2013 to 47.1% in 2015 driven predominantly by a change in product mix, some moderation of commodity prices, as well as our increasing scale and bargaining position. As a result of our diversified mix of inputs, none of our raw materials expenses accounted for more than 7% of our revenue in 2015, except for our total packaging expenses.

In line with the expansion of our operations, our total number of employees increased from 4,895 at the end of 2013 to 5,097 at the end of 2015. Wages have generally been rising in Egypt in the past three years driven by inflation as well as demand for blue and white collar workers. We seek to remain an attractive employer and typically review and adjust our salary rates each year based on inflation and market and competitive conditions.

Our utilities costs, which represented 2.0% of our total revenue in 2015, include electricity, natural gas and water used in our factories and diesel used by our distribution vehicles. Our utilities costs have continued to increase due to price increases, especially during the second half of 2015. We expect future price increases as the Egyptian Government is withdrawing subsidies to allow domestic fuel and utility prices to gradually move toward international market prices. See *“Risk Factors—Risks Relating to our Business—An increase in the price of raw or packaging materials or other operating expenses could reduce our margins and profitability”*.

Change in Product Mix

The table below shows our revenue and selected operational metrics by segment from 2013 to 2015.

	For the year ended December 31,		
	2013	2014	2015
Total for All Segments:			
Sales (tons)	88,418	101,194	114,635
Average price per ton (EGP)	18,636	18,953	19,413
Cakes Segment:			
Sales (tons)	58,489	64,025	65,098
Average price per ton (EGP)	17,689	17,838	18,514
Total segment revenue (EGP millions).....	1,034.6	1,142.1	1,205.2
Gross profit (EGP millions).....	391.7	439.9	475.9
Gross profit margin (%).....	37.9%	38.5%	39.5%
Croissants Segment:			
Sales (tons)	23,090	28,857	38,882
Average price per ton (EGP)	19,484	19,545	19,255
Total segment revenue (EGP millions).....	450.1	564.0	748.7
Gross profit (EGP millions).....	180.8	226.0	303.8
Gross profit margin (%).....	40.2%	40.1%	40.6%
Rusks Segment:			
Sales (tons)	3,715	3,623	3,863
Average price per ton (EGP)	21,012	24,442	24,372
Total segment revenue (EGP millions).....	78.1	88.6	94.2
Gross profit (EGP millions).....	20.9	22.1	26.7
Gross profit margin (%).....	26.8%	25.0%	28.4%
Candy Segment:			
Sales (tons)	779	2,320	3,662
Average price per ton (EGP)	24,737	22,638	23,015
Total segment revenue (EGP millions).....	19.3	52.5	84.3
Gross profit (EGP millions).....	(2.0)	6.3	21.6
Gross profit margin (%).....	(10.5)%	11.9%	25.6%
Wafers Segment:			
Sales (tons)	2,335	2,369	3,131
Average price per ton (EGP)	24,943	26,942	27,210
Total segment revenue (EGP millions).....	58.3	63.8	85.2
Gross profit (EGP millions).....	24.6	23.2	35.9
Gross profit margin (%).....	42.2%	36.3%	42.1%

Our results are impacted by changes in our product and segment mix as products have different price points and gross profit margin.

Our core cakes and croissants segments had a gross profit margin of 39.5% and 40.6% in 2015, respectively. Our wafer segment, which was launched in late 2012, had a relatively similar gross profit margin of 42.1%. The rusks and candy segments had lower gross profit margins of 28.4% and 25.6%, respectively. Strong growth in croissants has had a positive impact on our margin over the historical years. Our overall gross profit margin can vary based on relative growth rates within our various segments. In the first quarter of 2016 the greatest contributors to revenue continued to be weighed towards the cake and croissant segments at 50.5% and 33.0%, respectively, compared to 58.4% and 28.3% in the first quarter of 2015.

We have also focused on increasing sales of higher value and higher margin SKUs, which include larger serving sizes. We plan to continue to introduce new products in our existing segments and gradually move our product portfolio toward higher average price points and higher margins through introduction of premium products within the portfolio and larger package sizes.

Foreign exchange and interest rate fluctuations

The Egyptian Pound (EGP) is the presentation currency of our financial statements and our results of operations may be affected by foreign currency fluctuations as a result of accounting for our debt and, to a lesser extent, revenue and expenses in currencies other than EGP. In 2015, we sourced 93.6% of our revenue in Egyptian Pound.

We receive non-EGP revenue from the export of our products, and we primarily receive payment in US Dollars and Euro. In 2015, non-EGP revenue represented 6.4% of our total revenue. We also use foreign currencies (principally the US Dollar and the Euro, to purchase certain raw materials, primarily packaging supplies) representing 19.3% of our 2015 cost of goods sold. The match between our foreign currency revenues and expenses has provided a partial hedge which has limited the impact of foreign currency fluctuations against the Egyptian Pound. However, we do not hedge against our exposure to foreign currencies, and depreciation of the Egyptian Pound against foreign currencies could increase our costs and have a material adverse effect on our results of operations.

We have acquired, and continue to acquire, production equipment from international manufacturers using foreign currencies, primarily Euro and US Dollars. We finance these purchases with medium-term debt that is denominated in Egyptian Pounds. Any depreciation of the Egyptian Pound against the currencies we use to acquire production equipment will increase our capital expenditure cost.

We may also be affected by changes in interest rates. As at the Q1.2016, all of our outstanding loans had variable rates of interest, which most were primarily set with reference to the mid- corridor rate of the CBE and few of the loans are referenced to lending rate plus margin. Increases in interest rates increase our interest expenses relating to variable rate indebtedness and increase the costs of refinancing existing indebtedness and of issuing new debt. In addition, increases in interest rates could adversely affect cash flow and our ability to service our debt. We do not hedge against our interest rate exposure. We expect that our business will become more leveraged in the future, which will likely increase the effect of interest rate changes on our finance costs. See “*Risk Factors—Risks Relating to our Business—We are subject to currency exchange and interest rate risks*”.

Taxation

The general applicable tax rate on all Egyptian corporations is 22.5% as of year 2015 (as reduced from 25% by virtue of Law 96 of 2015 dated August 20, 2015). There existed an additional temporary tax of 5% applied to revenues in excess of EGP 1 million, which was abolished by virtue of Law No. 96 of 2015, bringing it to an end as of 2015).

Income Statement Items

Below is a description of each of the line items appearing in our income statement.

Revenue comprises the value of products sold during the year less sales tax and duties as well as price and trade discounts. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably and the amount of revenue can be measured reliably.

Cost of goods sold includes primarily the costs of raw materials such as sugar, flour, cocoa, eggs, oils and fats and packaging costs, as well as other production (including utilities, maintenance, salaries, consumables and transportation) and the depreciation of fixed assets related to production, including machinery, tools and buildings.

Distribution and Marketing includes the salaries paid to distribution employees, sales commissions, transportation costs, the cost of maintaining distribution centers and vehicles (including for fuel, oil, vehicle depreciation, tires and licenses), marketing expenses (including the cost of advertising on television, radio, magazines and online and for outdoor displays). It also includes royalty payments to Chipita in connection with our manufacture of *Molto* and, prior to April 2013, royalty payments to Hostess in connection with our production and sale of HTT products.

Administrative expenses include salaries paid to administration employees and to our directors; consultancy, auditor, legal expenses and banking services expenses (excluding interest expense), as well as depreciation and repairs of non-manufacturing or distribution equipment.

Other income includes income from the short-term investment of cash, export subsidies, which are paid by the Egyptian Government to exporters to promote Egyptian manufacturing, and income from the sale in the ordinary course of business of manufacturing scraps for use as animal feed, and from the sale of fully depreciated distribution vehicles. Beginning in 2014, we stopped using the Osoul Fund (a money market fund) and have invested excess cash in time deposits and in treasury securities, the interest from which is included in Finance (cost) income, net.

Other (losses)/gains—net includes income and expenses, both recurring and non-recurring, that we do not consider to be part of our normal ordinary operations, including, among others, gains and losses arising from divestments, disposals of property, restructurings and certain acquisition-related costs, and provisions (including tax provision relating to the differences between our tax rate calculations and the assessed amount) and foreign exchange gains and losses. This item also includes charitable donations.

Finance (cost) income, net comprises interest payable on borrowings and interest receivable on funds invested, net of interest payable on borrowings.

Income tax expense consists of income tax and changes in deferred tax. Deferred tax is recognized based on the balance sheet method and comprises all temporary differences between accounting and tax values of assets and liabilities.

Results of Operations

The following table sets forth our results of operations for the quarters ended March 31, 2015 and 2016 and shows each line item as a percentage of sales.

	For the three months ended March 31,			
	2015		2015	
	(Amount)	(% of revenue)	(Amount)	(% of revenue)
Revenue	528.9	100.0%	518.1	100.0%
Cost of goods sold	(326.3)	61.7%	(312.4)	60.3%
Gross profit	202.6	38.3%	205.7	39.7%
Distribution and marketing	(70.2)	13.3%	(74.9)	14.5%
Administrative expenses	(45.7)	8.6%	(43.5)	8.4%
Other income	1.8	0.3%	4.1	0.8%
Other (losses)/gains—net	3.6	0.7%	(46.3)	8.9%
Profit from operations	92.0	17.4%	45.1	8.7%
Finance income	6.6	1.2%	8.4	1.6%
Finance cost	(4.6)	0.9%	(10.6)	2.0%
Finance (cost) income, net profit	2.0	0.4%	(2.2)	0.4%
Profit before income tax	94.0	17.8%	42.9	8.3%
Income tax expense	(34.5)	6.5%	(10.2)	2.0%
Net profit	59.5	11.2%	32.7	6.3%

The following table sets forth our results of operations for the prior three years and shows each line item as a percentage of sales.

	For the year ended December 31,					
	2013		2014		2015	
	(Amount)	(% of revenue)	(Amount)	(% of revenue)	(Amount)	(% of revenue)
(EGP millions, except percentages)						
Revenue	1,647.5	100.0%	1,918.6	100.0%	2225.4	100%
Cost of goods sold	(1,028.3)	62.4%	(1,197.8)	62.4%	(1357.9)	61%
Gross profit	619.2	37.6%	720.8	37.6%	867.5	38.9%
Distribution and Marketing	(188.2)	11.4%	(211.3)	11.0%	(282.3)	12.7%
Administrative expenses.....	(88.9)	5.4%	(123.6)	6.4%	(157.3)	7%
Other income	21.2	1.3%	16.4	0.9%	15.4	0.7%
Other (losses)/gains—net	1.4	0.1%	(8.0)	0.4%	5.8	0.3%
Profit from operations	364.8	22.1%	394.4	20.6%	448.9	20%
Finance income.....	6.8	0.4%	23.3	1.2%	29.5	1.3%
Finance cost.....	(26.0)	1.6%	(25.2)	1.3%	(33.5)	1.5%
Finance (cost) income, net	(19.2)	1.2%	(1.9)	0.1%	(4.0)	0.2%
Profit before income tax	345.6	21.0%	392.5	20.5%	444.9	20%
Income tax expense	(94.2)	5.7%	(126.6)	6.6%	(95.8)	4.3%
Net profit	251.4	15.3%	265.9	13.9%	349.1	15.7%

Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015

Revenue. Revenue decreased EGP 10.8 million, or 2%, from EGP 528.9 million in the first quarter of 2015 to EGP 518.1 million in the first quarter of 2016. The decline in revenue was primarily due to lower capacity utilization in Edita's cake segment (64% in the first quarter of 2016 compared to 98% in the first quarter of 2015) following the delisting of the Twinkies SKU and the introduction of higher-priced Twinkies Extra in September 2015. This change was in line with the company's price-point migration strategy. Although we experienced a short-term decline in volumes we expect higher margins on this product over the long-term. This was evident in the cake segment's performance, where, despite a 15.3% decline in revenues from period to period, gross profit margin was 43.4% in the first quarter of 2016 compared to 38.7% in the first quarter of 2015.

Cost of goods sold. Cost of goods sold decreased EGP 13.9 million, or 4.3%, from EGP 326.3 million in the first quarter of 2015 to EGP 312.4 million in the first quarter of 2016, more than the 2% decrease in revenue. As a percentage of revenue, our cost of goods sold decreased from 61.7 to 60.3% from period to period. We continue to leverage our scale in obtaining favorable terms from our raw material suppliers, rely on a diversified raw material cost base to absorb short-term cost hikes and continue to change our revenue mix towards higher margin SKUs.

Gross profit increased EGP 3.1 million, or 1.5%, from EGP 202.6 million in the first quarter of 2015 to EGP 205.7 million in the first quarter of 2016 as a result of the factors described above. The gross profit margin improved to 39.7% in the first quarter of 2016 compared to 38.3% the first quarter of 2015.

Distribution and marketing. Distribution and marketing increased EGP 4.7 million, or 6.7%, from EGP 70.2 million in the first quarter of 2015 to EGP 74.9 million in the first quarter of 2016. This increase was primarily due to advertising campaigns to support the new launch of products mainly in the cake, croissant and bake Rolz segments.

Based on our auditor's recommendation we adopted the IAS 19 accounting treatment for employee profit shares, which stipulates that amounts are to be accrued quarterly as opposed to being booked entirely during the first quarter. We recorded EGP 6.5 million in employees profit sharing in the first quarter of 2016 based on the company's best estimate that total distributions in 2016 will amount to EGP 26 million. This compares to EGP 22.0 million for 2015 that were booked entirely during the first quarter of the year. Employees profit share is typically divided between the manufacturing overheads component of cost of sales; selling and distribution expenses; and general and administrative expenses. The change in accounting treatment has accordingly had a direct effect on operating margins down the income statement

Administrative expenses decreased EGP 2.2 million, or 4.8%, from EGP 45.7 million in the first quarter of 2015 to EGP 43.5 million in the first quarter of 2016. This decrease was primarily due to lower employee costs and software development costs.

Other income. Other income increased EGP 2.3 million from EGP 1.8 million in the first quarter of 2015 to EGP 4.1 million in the first quarter of 2016.

Other (losses)/gains—net. Other (losses)/gains—net decreased EGP 49.9 million from a gain of EGP 3.6 million in the first quarter of 2015 to a loss of EGP 46.3 million in the first quarter of 2016. This change was primarily due FX losses of EGP 44.5 million during the first quarter of 2016 as a result of the 13.5% devaluation of the Egyptian pound, which consequently led the company to revalue its foreign currency-denominated liabilities.

Profit from operations decreased EGP 46.9 million, or 51.0%, from EGP 92.0 million in the first quarter of 2015 to EGP 45.1 million in the first quarter of 2016 as a result of the factors described above.

Finance (cost) income, net decreased EGP 4.2 million from a finance income of EGP 2.0 million in the first quarter of 2015 to a cost of EGP 2.2 million in the first quarter of 2016. This decrease was primarily due to higher interest expenses related to increased borrowing.

Profit before income tax decreased EGP 51.1 million, or 54.4%, from EGP 94.0 million in the first quarter of 2015 to EGP 42.9 million in the first quarter of 2016 as a result of the factors described above.

Income tax expense decreased EGP 24.3 million, or 70.4%, from EGP 34.5 million in the first quarter of 2015 to EGP 10.2 million in the first quarter of 2016.

Net profit for the year decreased EGP 26.8 million, or 45.0%, from EGP 59.5 million in the first quarter of 2015 to EGP 32.7 million in the first quarter of 2016 as a result of the factors described above.

Year Ended December 31, 2015 Compared to December 31, 2014

Revenue. The table below sets out information relating to our revenue by product segment in the relevant periods.

	For the year ended December 31,				
	2014		2015		Growth (%)
	Sales	% of total	Sales	% of total	
	(EGP millions, except percentages)				
Product:					
Cakes	1,142.1	59.5%	1205.2	54.1%	5.5%
Croissants	564.0	29.4%	748.7	33.6%	32.7%
Rusks	88.6	4.6%	94.1	4.2%	6.2%
Wafers	63.8	3.3%	85.1	3.8%	33.4%
Candy	52.5	2.7%	84.3	3.8%	60.5%
Imports	7.6	0.4%	8.1	0.4%	6.5%
Total revenue	1,918.6	100.0%	2225.4	100%	16%

Revenue increased EGP 306.8 million, or 16%, from EGP 1,918.6 million in 2014 to EGP 2,225.4 million in 2015. This increase was primarily due to a 13.3% increase in tonnage volume which was achieved through additional capacity in cakes and croissants in addition to higher average factory utilization in all other segments in 2015. We also continued to improve our product mix which was driven by migration towards higher price point SKUs.

Within the cakes segment, revenue increased EGP 63.1 million, or 5.5%, from EGP 1,142.1 million in 2014 to EGP 1,205.2 million in 2015. This increase was primarily due to a 1.7% increase in tonnage volume which was achieved through additional capacity in 2015. Our focus on larger size SKUs within the cakes segment (Jumbo *HoHos*) and premium SKUs (*Todo* layered and *Todo* filled). We also continued to improve our cakes segment product mix which was driven by migration towards higher price point SKUs.

Within the croissants segment, revenue increased EGP 184.7 million, or 32.7%, from EGP 564.0 million in 2014 to EGP 748.7 million in 2015. This increase was primarily due to a 34.7% increase in tonnage volume which was achieved through additional capacity in 2015.

Within the rusks segment, revenue increased EGP 5.5 million, or 6.2%, from EGP 88.6 million in 2014 to EGP 94.2 million in 2015. This increase was due to a 6.6% increase in tonnage volume which was achieved through higher average utilization achieved through overtime of 98% in 2015 compared to 98.0% in 2014.

Within the candy segment, revenue increased EGP 31.8 million, or 60.5%, from EGP 52.5 million in 2014 to EGP 84.3 million in 2015. This increase was due to a 57.8% increase in tonnage volume which was achieved through higher average utilization of 83% in 2015 compared to 73.8% in 2014.

Within the wafer segment, revenue increased EGP 21.3 million, or 33.4%, from EGP 63.8 million in 2014 to EGP 85.1 million in 2015. This increase was due to a 32.1% increase in tonnage volume which was achieved through higher average utilization of 84% in 2015 compared to 73.8% in 2014.

In addition to our five segments, we receive revenue from acting as the sole distributor of a range of food products, including Italian pasta from Barilla and olive oils from Asteria, Andalucia, Sparta and La Espanola. We primarily sell these imported products to our organized trade and key accounts customers. This revenue from imports is included in total revenue.

Cost of goods sold. The table below sets out information relating to our cost of goods sold in the relevant periods.

	For the year ended December 31,				
	2014		2015		
	Amount	% of total	Amount	% of total	Period to Period Change (%)
	(EGP millions, except percentages)				
Raw materials expenses.....	944.8	78.9%	1,052.6	77.5%	11.4%
Labor expenses ⁽¹⁾	93.6	7.8%	104.8	7.7%	11.9%
Utilities expenses.....	23.5	2.0%	37.3	2.8%	58.7%
Depreciation	36.2	3.0%	45.3	3.3%	25.1%
Other ⁽²⁾	99.7	8.3%	117.9	8.7%	18.3%
Total	1,197.8	100.0%	1,357.9	100%	13.4%

(1) Labor includes the expenses related to direct labor used in production, including profit sharing paid to production employees.

(2) Includes indirect labor (including HR, maintenance, lab and quality department, plant managers etc), all other expenses such as cleaning, consumables, insurance, logistics etc.

Cost of goods sold increased EGP 160.1 million, or 13.4%, from EGP 1,197.8 million in 2014 to EGP 1,357.9 million in 2015, in line with the 16% increase in revenue. As a percentage of revenue, our cost of goods sold remained stable at 62.4% in 2014 and 61% in 2015. Within our costs of goods sold, our raw material costs as a percentage of revenue decreased from 49.2% in 2014 to 47.1% in 2015 as we continue to leverage our scale in obtaining favorable terms from our raw material suppliers, rely on a diversified raw material cost base to absorb short-term cost hikes and continue to change our revenue mix towards higher margin SKUs. This decrease in our costs of goods sold as a percentage of revenue was offset by an increase of our manufacturing overheads (comprising labor, utilities and other expenses) as a percentage of revenue from 11.3% in 2014 to 13.7% in 2015 due to an increase in our employee wages and utilities costs driven by the Government cut in utilities subsidies starting July 2014. The table below shows period-to-period changes on a segmental basis.

	For the year ended December 31,				
	2014		2015		
	COGS	% of total	COGS	% of total	Period to Period Change (%)
	(EGP millions, except percentages)				
Cakes	702.2	58.7%	729.3	53.7%	3.9%
Croissants	338.0	28.2%	444.9	32.8%	31.6%
Rusks	66.4	5.5%	67.4	4.9%	1.5%
Candy	46.3	3.9%	62.7	4.6%	35.4%
Wafers	40.7	3.4%	49.3	3.6%	21.1%
Imports	4.3	0.4%	4.29	.04%	(0.3%)
Total	1,197.8	100.0%	1,357.9	100%	13.4%

Within the cakes segment our cost of goods sold increased by EGP 27.1 million, or 3.9%, from EGP 702.2 million in 2014 to EGP 729.3 million in 2015. As a percentage of revenue, our cost of goods sold decreased to 60.5% in 2015 compared to 61.5% in 2014 mainly driven by lower raw material costs.

Within the croissants segment our cost of goods sold increased by EGP 106.9 million, or 31.6%, from EGP 338.0 million in 2014 to EGP 444.9 million in 2015. As a percentage of revenue, our cost of goods sold decreased to 59.4% in 2015 compared to 59.9% in 2014.

Within the rusks segment our cost of goods sold increased by EGP 1 million, or 1.5%, from EGP 66.4 million in 2014 to EGP 67.4 million in 2015. As a percentage of revenue, our cost of goods sold decreased to 71.6% in 2015 compared to 75.0% in 2014.

Within the candy segment our cost of goods sold increased by EGP 16.4 million, or 35.4%, from EGP 46.3 million in 2014 to EGP 62.7 million in 2015. As a percentage of revenue, our cost of goods sold decreased to 74.4% in 2015 compared to 88.1% in 2014 mainly driven by higher quality product supported by a new SKU offering and a revised pricing strategy.

Within the wafers segment our cost of goods sold increased by EGP 8.6 million, or 21.1%, from EGP 40.7 million in 2014 to EGP 49.3 million in 2015. As a percentage of revenue, our cost of goods sold decreased to 57.9% in 2015 compared to 63.7% in 2014.

Gross profit increased EGP 146.7 million, or 20.3%, from EGP 720.8 million in 2014 to EGP 867.5 million in 2015 as a result of the factors described above. Gross margin increased from 37.6% in 2014 to 38.9% in 2015. The table below sets out information relating to our gross profit on a segmental basis.

	For the year ended December 31,				
	2014		2015		
	Gross profit	% of total	Gross profit	% of total	Period to Period Change (%)
	(EGP millions, except percentages)				
Cakes	439.9	61.0%	475.9	54.9%	8.2%
Croissants	226.0	31.8%	303.8	35%	34.4%
Rusks	22.1	3.1%	26.7	3.1%	20.9%
Candy	6.3	0.9%	21.6	2.5%	242.6%
Wafers	23.2	3.2%	35.9	4.1%	54.7%
Imports	3.3	0.5%	3.6	0.4%	8.1%
Total	720.8	100%	867.5	100%	20.3%

Distribution and marketing. The table below sets out information relating to our distribution and marketing costs in the relevant periods.

	For the year ended December 31,				Period to Period Change (%)
	2014		2015		
	Distribution and marketing	% of total	Distribution and marketing	% of total	
	(EGP millions, except percentages)				
Expenses:					
Personnel expenses.....	81.3	38.5%	93.2	33%	14.6%
Marketing and advertising.....	73.2	34.6%	82.4	29.2%	12.6%
Trucks and building leases	16.3	7.7%	34.1	12%	109%
Vehicle expenses Exp.....	17.9	8.5%	34.9	12.3%	95%
Utilities expenses.....	0.4	0.2%	.61	0.5%	0.5%
Other expenses	22.2	10.5%	37.1	13%	67.1%
Total	211.3	100%	282.3	100%	33.6%

Distribution and marketing increased EGP 71 million, or 33.6%, from EGP 211.3 million in 2014 to EGP 283.3 million in 2015. This increase was primarily due to increased sales, higher salaries and increased utilities costs related to removal of government subsidies on selected utilities in July 2014. The increase was partially offset by a decrease in royalty expenses as we stopped paying royalties to Hostess after April 2013 following our acquisition of the HTT brands. Our marketing expenses as a percentage of revenue decreased from 3.8% of revenue in 2014 to 3.7% in 2015 driven by overall lower marketing spending.

Administrative expenses increased EGP 33.7 million, or 27.2%, from EGP 123.6 million in 2014 to EGP 157.3 million in 2015. This increase was primarily due to higher employee costs and, higher depreciation and operating costs relating to opening of our new headquarters in August 2013 (full year impact in 2014).

Other income. The table below sets out information relating to our other income in the relevant periods.

	For the year ended December 31,			
	2014		2015	
	Amount	% of Revenue	Amount	% of Revenue
	(in EGP millions, except percentages)			
Income from the Osoul Fund.....	0.0	0.0%	0	0
Export subsidies	8.1	0.4%	4.8	31.2%
Gain from the sale of production scrap.....	5.2	0.3%	4.9	31.8%
Other income	3.1	0.2%	5.6	37.0%
Total	16.4	0.9%	15.4	100%

Other income decreased EGP 1 million, or 6%, from EGP 16.4 million in 2014 to EGP 15.4 million in 2015 as set out above.

Other (losses)/gains—net. The table below sets out information relating to our other (losses)/gains—net in the relevant periods.

	For the year ended December 31,	
	2014	2015
	(EGP millions)	
Other expenses	(10.0)	0
Provisions ⁽¹⁾	(5.0)	(5.4)
Provisions for slow moving inventory.....	(0.5)	(0.7)
Provision for Employee benefit obligation	0	(2.5)
Total	(15.5)	(8.7)
(Losses)/Gain from the sale of fixed assets	1.7	13.1
Gain from sale of investment.....	0	0
Foreign exchange (losses)/gains	5.9	1.4
Total	(8.0)	5.8

(1) Comprises provisions we were required to make in connection with any additional tax payments that may be due following the conclusion of our annual tax audit.

Other (losses)/gains—net increased EGP 13.8 million, or 173%, from EGP 8.0 million in 2014 to a gain of EGP 5.8 million in 2015. This increase was primarily due to the reasons mentioned above.

Profit from operations increased EGP 54.5 million, or 13.8%, from EGP 394.4 million in 2014 to EGP 448.9 million in 2015 as a result of the factors described above.

Finance (cost) income, net increased EGP 2.1 million, or 111%, from a finance cost of EGP 1.9 million in 2014 to EGP 4.1 million in 2015. This increase was primarily due to higher interest cost on MTL.

Profit before income tax increased EGP 52.4 million, or 13.4%, from EGP 392.5 million in 2014 to EGP 444.9 million in 2015 as a result of the factors described above.

Income tax expense decreased EGP 30.8 million, or 24%, from EGP 126.6 million in 2014 to EGP 95.8 million in 2015. This was primarily due to decrease of the tax rate to 22.5% instead of 30%.

Net profit for the year increased EGP 83.2 million, or 31%, from EGP 265.9 million in 2014 to EGP 349.1 million in 2015 as a result of the factors described above.

Year Ended December 31, 2014 Compared to December 31, 2013

Revenue. The table below sets out information relating to our revenue by product segment in the relevant periods.

	For the year ended December 31,				
	2013		2014		
	Sales	% of total	Sales	% of total	Growth (%)
	(EGP millions, except percentages)				
Product:					
Cakes	1,034.6	62.8%	1,142.1	59.5%	10.4%
Croissants	450.1	27.3%	564.0	29.4%	25.3%
Rusks	78.1	4.7%	88.6	4.6%	13.4%
Wafers	58.3	3.5%	63.8	3.3%	9.6%
Candy	19.3	1.2%	52.5	2.7%	172.5%
Imports	7.2	0.4%	7.6	0.4%	5.3%
Total revenue	1,647.5	100%	1,918.6	100.0%	16.5%

Revenue increased EGP 271.1 million, or 16.5%, from EGP 1,647.5 million in 2013 to EGP 1,918.6 million in 2014. This increase was primarily due to a 14.4% increase in tonnage volume which was achieved through higher average factory utilization of 100.1% in 2014 compared to 87.5% in 2013. In September 2013, we also added a fourth line at our E07 factory producing croissants, which reached 100.1% factory utilization in early 2014, only five months after coming on-stream and contributed to the increase in volume in 2014 compared to 2013. We also continued to improve our product mix which was driven by migration towards higher price point SKUs.

Within the cakes segment, revenue increased EGP 107.4 million, or 10.4%, from EGP 1,034.6 million in 2013 to EGP 1,142.1 million in 2014. This increase was primarily due to a 9.5% increase in tonnage volume which was achieved through higher cake lines utilization of 100.3% in 2014 compared to 91.6% in 2013. The higher factory utilization was achieved by overtime work shifts in order to address the strong market demand growth and to make up for the loss of production time during the 45 days shut-down of our E07 factory. Our focus on larger size SKUs within the cakes segment (Jumbo *HoHos*) and premium SKUs (*Todo* layered and *Todo* filled) also contributed to the 9.5% increase in tonnage volume while the volume of number of packs increased at a lower rate. We also continued to improve our cakes segment product mix which was driven by migration towards higher price point SKUs.

Within the croissants segment, revenue increased EGP 113.9 million, or 25.3%, from EGP 450.1 million in 2013 to EGP 564.0 million in 2014. This increase was primarily due to a 24.9% increase in tonnage volume which was achieved through higher average factory utilization of 103.5% in 2014 compared to 82.9% in 2013. In September 2013, we also added a fourth line at our E07 factory producing Mini *Molto*, which reached 100% utilization in early 2014, only five months after coming on-stream and contributed to the increase in tonnage volume in 2014 compared to 2013. The higher utilization was achieved by overtime work shifts in order to address the strong market growth and to make up for the loss of production time during the 45 days shut- down of our E07 factory. We also continued to improve our croissants segment product mix which was driven by migration towards higher price point SKUs.

Within the rusks segment, revenue increased EGP 10.5 million, or 13.4%, from EGP 78.1 million in 2013 to EGP 88.6 million in 2014. This increase was primarily due to a 16.5% increase in the average price by ton which was achieved through a reduction in the average weight per pack. Tonnage volume decreased by 2.5% driven by the capacity constraints.

Within the candy segment, revenue increased EGP 33.2 million, or 172.5%, from EGP 19.3 million in 2013 to EGP 52.5 million in 2014. This increase was due to a 197.7% increase in tonnage volume which was achieved through higher average utilization of 73.8% in 2014 compared to 24.8% in 2013. Although we entered the candy segment in 2012, we stopped our candy production in late 2012 to address quality issues relating to input raw materials and resumed production in April 2013 with a higher quality product supported by a new SKU offering and a revised pricing strategy. As such, 2014 represented our first full year of candy sales.

Within the wafer segment, revenue increased EGP 5.6 million, or 9.6%, from EGP 58.3 million in 2013 to EGP 63.8 million in 2014. This increase was primarily due to an 8.1% increase in the average price by ton which was achieved through a reduction in the average weight per pack for the overall wafer portfolio as well as through a number of measures implemented in 2014 such as marketing the sale of uncoated SKUs during the summer months, introduction of new flavors and change in the formula to achieve higher melting point. Utilization and tonnage volume remained relatively unchanged from 2013 to 2014 with utilization increasing to 92.3% from 91.0% and tonnage volume increasing by 1.4% compared to 2013.

In addition to our five segments, we receive revenue from acting as the sole distributor of a range of food products, including Italian pasta from Barilla and olive oils from Asteria, Andalucia, Sparta and La Espanola. We primarily sell these imported products to our organized trade and key accounts customers. This revenue from imports is included in total revenue.

Cost of goods sold. The table below sets out information relating to our cost of goods sold in the relevant periods.

	For the year ended December 31,				
	2013		2014		
	Amount	% of total	Amount	% of total	Period to Period Change (%)
	(EGP millions, except percentages)				
Raw materials expenses.....	834.3	81.1%	944.8	78.9%	13.2%
Labor expenses ⁽¹⁾	72.9	7.1%	93.6	7.8%	28.4%
Utilities expenses.....	16.2	1.6%	23.5	2.0%	45.1%
Depreciation	27.8	2.7%	36.2	3.0%	30.2%
Other ⁽²⁾	77.1	7.5%	99.7	8.3%	29.3%
Total	1,028.3	100.0%	1,197.8	100.0%	16.5%

(1) Labor includes the expenses related to direct labor used in production, including profit sharing paid to production employees.

(2) Includes indirect labor (including HR, maintenance, lab and quality department, plant managers etc), all other expenses such as cleaning, consumables, insurance, logistics etc.

Cost of goods sold increased EGP 169.5 million, or 16.5%, from EGP 1,028.3 million in 2013 to EGP 1,197.8 million in 2014, in line with the 16.5% increase in revenue. As a percentage of revenue, our cost of goods sold remained stable at 62.4% in 2013 and 2014. Within our costs of goods sold, our raw material costs as a percentage of revenue decreased from 50.6% in 2013 to 49.2% in 2014 as we continue to leverage our scale in obtaining favorable terms from our raw material suppliers, rely on a diversified raw material cost base to absorb short-term cost hikes and continue to change our revenue mix towards higher margin SKUs. This decrease in our costs of goods sold as a percentage of revenue was offset by an increase of our manufacturing overheads (comprising labor, utilities and other expenses) as a percentage of revenue from 10.1% in 2013 to 11.3% in 2014 due to an increase in our employee wages and utilities costs driven by the Government cut in utilities subsidies starting July 2014. The table below shows period-to-period changes on a segmental basis.

	For the year ended December 31,				
	2013		2014		
	COGS	% of total	COGS	% of total	Period to Period Change (%)
	(EGP millions, except percentages)				
Cakes	642.9	62.5%	702.2	58.7%	9.2%
Croissants	269.2	26.2%	338.0	28.2%	25.5%
Rusks	57.1	5.6%	66.4	5.5%	16.3%
Candy	21.3	2.1%	46.3	3.9%	117.2%
Wafers	33.7	3.3%	40.7	3.4%	20.8%
Imports	4.0	0.4%	4.3	0.4%	7.4%
Total	1,028.3	100.0%	1,197.8	100.0%	16.5%

Within the cakes segment our cost of goods sold increased by EGP 59.2 million, or 9.2%, from EGP 642.9 million in 2013 to EGP 702.2 million in 2014. As a percentage of revenue, our cost of goods sold decreased to 61.5% in 2014 compared to 62.1% in 2013 mainly driven by lower raw material costs.

Within the croissants segment our cost of goods sold increased by EGP 68.7 million, or 25.5%, from EGP 269.2 million in 2013 to EGP 338.0 million in 2014. As a percentage of revenue, our cost of goods sold remained stable at 59.9% in 2014 compared to 59.8% in 2013.

Within the rusks segment our cost of goods sold increased by EGP 9.3 million, or 16.3%, from EGP 57.1 million in 2013 to EGP 66.4 million in 2014. As a percentage of revenue, our cost of goods sold increased to 75.0% in 2014 compared to 73.2% in 2013 as a result of higher utilities cost and higher labor costs due to the higher number of overtime shifts to address the strong demand growth in the market, offset by lower raw material costs as a percentage of revenue of 52.4% in 2014 compared to 55.5% in 2013.

Within the candy segment our cost of goods sold increased by EGP 25.0 million, or 117.2%, from EGP 21.3 million in 2013 to EGP 46.3 million in 2014. As a percentage of revenue, our cost of goods sold decreased to 88.1% in 2014 compared to 110.5% in 2013 mainly driven by higher quality product supported by a new SKU offering and a revised pricing strategy.

Within the wafers segment our cost of goods sold increased by EGP 7.0 million, or 20.8%, from EGP 33.7 million in 2013 to EGP 40.7 million in 2014. As a percentage of revenue, our cost of goods sold increased to 63.7% in 2014 compared to 57.8% in 2013. This increase was mainly due to the introduction of new *Freska* SKUs with a higher direct material cost base (*Freska* white chocolate and *Freska* hazelnut) in addition to an increase in labor costs on our wafer lines due to overtime shifts and an increase in utilities costs.

Gross profit increased EGP 101.6 million, or 16.4%, from EGP 619.2 million in 2013 to EGP 720.8 million in 2014 as a result of the factors described above. Gross margin remained stable at 37.6% in both 2013 and 2014. The table below sets out information relating to our gross profit on a segmental basis.

	For the year ended December 31,				
	2013		2014		
	Gross profit	% of total	Gross profit	% of total	Period to Period Change (%)
	(EGP millions, except percentages)				
Cakes	391.7	63.3%	439.9	61.0%	12.3%
Croissants	180.8	29.2%	226.0	31.8%	25.0%
Rusks	20.9	3.4%	22.1	3.1%	5.7%
Candy	(2.0)	(0.3)%	6.3	0.9%	409.9%
Wafers	24.6	4.0%	23.2	3.2%	(5.8)%
Imports	3.2	0.5%	3.3	0.5%	2.8%
Total	619.2	100%	720.8	100%	16.4%

Within the cakes segment our gross profit increased by EGP 48.2 million, or 12.3%, from EGP 391.7 million in 2013 to EGP 439.9 million in 2014. This increase was due to a 10.4% increase in our cakes segment revenue in 2014 compared to 2013 combined with a decrease of our cakes segment cost of goods sold as a percentage of revenue from 62.1% in 2013 to 61.5% in 2014. The gross margin of our cakes segment increased from 37.9% in 2013 to 38.5% in 2014. Details regarding trends of the cakes segment revenue and cost of goods sold are provided above.

Distribution and marketing. The table below sets out information relating to our distribution and marketing costs in the relevant periods.

	For the year ended December 31,				
	2013		2014		
	Distribution and marketing	% of total	Distribution and marketing	% of total	Period to Period Change (%)
	(EGP millions, except percentages)				
Expenses:					
Personnel expenses.....	61.8	32.8%	81.3	38.5%	31.6%
Marketing and advertising.....	75.0	39.9%	73.2	34.6%	(2.4)%
Trucks and building leases	14.9	7.9%	16.3	7.7%	9.4%
Vehicle expenses Exp.....	15.2	8.1%	17.9	8.5%	17.8%
Utilities expenses.....	0.4	0.2%	0.4	0.2%	0%
Other expenses	20.9	11.1%	22.2	10.5%	6.2%
Total.....	188.2	100%	211.3	100%	—

Distribution and marketing increased EGP 23.1 million, or 12.3%, from EGP 188.2 million in 2013 to EGP 211.3 million in 2014. This increase was primarily due to increased sales, higher salaries and increased utilities costs related to removal of government subsidies on selected utilities in July 2014. The increase was partially offset by a decrease in royalty expenses as we stopped paying royalties to Hostess after April 2013 following our acquisition of the HTT brands. Our marketing expenses as a percentage of revenue decreased from 4.6% of revenue in 2013 to 3.8% in 2014 driven by overall lower marketing spending.

Administrative expenses increased EGP 34.7 million, or 39%, from EGP 88.9 million in 2013 to EGP 123.6 million in 2014. This increase was primarily due to higher employee costs and, higher depreciation and operating costs relating to opening of our new headquarters in August 2013 (full year impact in 2014).

Other income. The table below sets out information relating to our other income in the relevant periods.

	For the year ended December 31,			
	2013		2014	
	Amount	% of Revenue	Amount	% of Revenue
	(in EGP millions, except percentages)			
Income from the Osoul Fund.....	11.9	0.7%	0.0	0.0%
Export subsidies	2.8	0.2%	8.1	0.4%
Gain from the sale of production scrap.....	4.8	0.3%	5.2	0.3%
Other income	1.7	0.1%	3.1	0.2%
Total	21.2	1.3%	16.4	0.9%

Other income decreased EGP 4.8 million, or 22.7%, from EGP 21.2 million in 2013 to EGP 16.4 million in 2014. Of this decrease, EGP 11.9 million was due to the transfer of surplus cash to bank deposits rather than investing it in the Osoul money market fund. Accordingly, the interest from the Osoul fund was included in this line item in 2013 while the interest on cash deposits is included in Finance cost (income), net. This decrease was offset by an EGP 0.4 million increase in income from the sale of production scrap in the ordinary course of business in line with higher production volumes and EGP 5.3 million was attributable to higher export subsidies in 2014. We account for export subsidies on a cash basis. In 2013, the Egyptian Government delayed the payment of these subsidies resulting in a substantial portion of our 2013 export subsidies being paid in 2014.

Other (losses)/gains—net. The table below sets out information relating to our other (losses)/gains—net in the relevant periods.

	For the year ended December 31,	
	2013	2014
	(EGP millions)	
Other expenses	—	(10.0)
Provisions ⁽¹⁾	(8.3)	(5.0)
Provisions for slow moving inventory.....	(0.5)	(0.5)
Total	(8.8)	(15.5)
(Losses)/Gain from the sale of fixed assets	(1.3)	1.7
Gain from sale of investment.....	12.7	0
Foreign exchange (losses)/gains.....	(1.2)	5.9
Total	1.4	(8.0)

(1) Comprises provisions we were required to make in connection with any additional tax payments that may be due following the conclusion of our annual tax audit.

Other (losses)/gains—net decreased EGP 9.4 million, or 667.1%, from EGP 1.4 million in 2013 to a loss of EGP 8.0 million in 2014. This decrease was primarily due to a EGP 10.0 million charitable donation to the “Tahya Misr Fund” in 2014.

Profit from operations increased EGP 29.6 million, or 8.1%, from EGP 364.8 million in 2013 to EGP 394.4 million in 2014 as a result of the factors described above.

Finance (cost) income, net decreased EGP 17.3 million, or 90.1%, from a finance cost of EGP 19.2 million in 2013 to EGP 1.9 million in 2014. This increase was primarily due to higher interest income received on cash and cash equivalents which was previously achieved from income from Osoul fund investments.

Profit before income tax increased EGP 46.9 million, or 13.6%, from EGP 345.6 million in 2013 to EGP 392.5 million in 2014 as a result of the factors described above.

Income tax expense increased EGP 32.4 million, or 34.4%, from EGP 94.2 million in 2013 to EGP 126.6 million in 2014. This was primarily due to higher income in 2014 as well as a temporary 5% increase in the corporate tax rate which applies from 2014 through 2016 (See “—Taxation”).

Net profit for the year increased EGP 14.5 million, or 5.8%, from EGP 251.4 million in 2013 to EGP 265.9 million in 2014 as a result of the factors described above. Our decrease in net profit margin was driven by the temporary 5% corporate tax increase in 2014 and our one-off charitable payment of EGP 10.0 million.

Liquidity and Capital Resources

We benefit from a self-funded working capital model. The vast majority of our sales are for cash at the time of delivery and we use this cash to fund our operations, including our purchase of raw materials. In addition, we have average payment terms of 45 days with our raw materials suppliers and we maintain relatively low raw materials and finished goods inventories. We also utilize short-term working capital facilities.

Capital Resources

Our primary source of liquidity has historically been cash flow generated from operations and we expect that this will continue to be our principal source of liquidity in the future. As our business is seasonal, we rely on working capital facilities to manage our working capital throughout the year. We also used bank financing to finance the acquisition of fixed assets and HTT brands.

Cash flows

The following table sets forth our cash flows for the periods stated.

	For the year ended December 31,			For the three months ended March 31,	
	2013	2014	2015	2015	2016
	(EGP millions)				
Changes in working capital					
Net cash flows generated from operating activities	333.7	339.9	375.5	41.5	(22.9)
Net cash flows used in investment activities	(268.3)	(231.1)	(457.6)	64.8	40.5
Net cash flows used in financing activities	(117.8)	(93.8)	148.9	3.3	3.9
Net increase in cash and cash equivalents	(52.3)	15.1	66.8	(20.0)	(59.4)
Cash and cash equivalents	157.8	172.9	239.6	152.9	180.2

Net cash generated from operating activities

Net cash generated from operating activities was a net inflow of EGP 41.5 million in the first quarter of 2015 and a net outflow of EGP 22.9 million in the first quarter of 2016. This change reflects lower cash generated by operations and significantly higher interest expense in the first quarter of 2016 resulting from increased borrowing.

Net cash flow generated from operating activities in 2015 was a net inflow of EGP 375.5 million, an increase of EGP 35.6 million, or 10.5%, from EGP 339.9 million in 2014. Profit before income tax increased EGP 52.4 million from 2014 to 2015. Adjustments to pre tax profit increased in 2014. Changes in working capital were EGP 18.8 million in 2015. These increases of 2015 operation were offset by EGP 49.3 million in additional tax relating to 2015 activities and taxes paid on the higher income.

Net cash flow generated from operating activities in 2014 was a net inflow of EGP 339.9 million, an increase of EGP 6.2 million, or 1.9%, from EGP 333.7 million in 2013. This increase was primarily driven by an increase of EGP 67.6 million in EBITDA in 2014 compared to 2013 while decrease changes in working capital of EGP 11.8 million in 2014 compared to EGP 14.3 million in 2013. This increase was partially offset by EGP 0.3 million in additional interest expense relating to new loans used.

Net cash used in investment activities

Net cash flows used in investment activities in the first quarter of 2015 were EGP 64.8 million, as compared to net cash used in investment activities of EGP 40.5 million in 2014. The change reflected reduced purchase of property, plant and equipment. Net cash flows used in investment activities in 2015 were EGP 457.6 million, as compared to net cash used in investment activities of EGP 231.1 million in 2014, representing a decrease of EGP 226.5 million, or 98%, between the two periods. The increase was primarily due to MTL interest paid.

Net cash used in financing activities

Net cash flows used in financing activities remained relatively stable at EGP 3.3 million in the first quarter of 2015 and EGP 3.9 million in the first quarter of 2016.

Net cash flows used in financing activities in 2015 were EGP 148.9 million, as compared to net cash flows used in financing activities of EGP 93.8 million in 2014, representing a change of EGP 55.1 million, or 58.7%, between the two periods.

Change in cash and cash equivalents

Our net cash and cash equivalents increased from EGP 152.9 million at the end of the first quarter of 2015 to EGP 180.2 million at the end of the first quarter of 2016. This was primarily the result of decrease of cash used in financing activities.

Capital expenditures

We have planned capital expenditures of approximately EGP 456.7 million through end of 2016 as follows:

- EGP 173.5 million of committed expansion capital expenditures related to long term investments for E08 new production shall, E15 building extension and residual payments for strudel line.
- EGP 178.4 million of expansion capital expenditures related to E15 hard filled and lollipop new line, packaging machines and kits to upgrade existing lines, waste water treatment project for all production facilities and potential line expansion addition.
- EGP 104.8 million of maintenance capital expenditures mainly for plants, distribution centers and HQ maintenance. In addition to SAP and network infrastructure expenditures.

Contractual Obligations

We have various contractual obligations and commercial commitments to make future payments, including debt agreements, lease obligations and certain committed obligations. The table below presents these as of December 31, 2015:

At December 31, 2015	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
	(EGP millions)			
Borrowings	78.1	42.3	112.2	234.1
Trade and other payables	210.1	—	—	—
Bank overdraft	73.7	—	—	—
Notes payable	44.4	0.7	—	—
Accrued interest	14.2	—	—	—
Total	480.5	43.0	112.2	234.1

Off Balance Sheet Arrangements

As of March 31, 2015, we did not have any off balance sheet arrangements.

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.

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

Fixed assets useful lives

Fixed assets are depreciated based on useful lives and estimated residual values of each asset which is determined in accordance with our policy and in the light of the technical study prepared for each asset separately. Residual value and useful lives of assets are reviewed and modified periodically.

During 2013, we changed the useful life for office equipment to be five years instead of ten years, the financial impact of changing the life time is to increase the depreciation cost for the year.

Intangible assets impairment (trademarks)

Our management annually tests the impairment of intangible assets (trademark) assets that have an indefinite useful life, based on the basis of financial and operational performance in previous years and expectations of our management as to market developments in the future by preparing an action plan by using the growth rate and the discount rate prevailing, also new technical assistance contract signed and subject to amortization.

Critical judgments in applying our accounting policies

In general, the application of our accounting policies does not require from management the use of personal judgment (except relating to critical accounting estimate and judgments as discussed above which might have a major impact on the value recognized at the financial statement).

Indebtedness

As at the end of 2015 we had total loans of EGP 480.9 million. The table below indicates the maturities of our debt facilities.

		Outstanding amount as at December 31, 2015 ⁽¹⁾		
	Maturity	Short-term portion	Long-term portion	Total
		(EGP millions)		
Credit Agricole Facilities:				
August 2011 loan.....	February 1, 2016	13.1		13.1
August 2012 loan.....	June 6, 2016	12.7		12.7
September 2015 loan	April ,2022	0.2	89.4	89.6
September 2015 loan	October 2018	7.6	14.3	21.9
National Bank of Kuwait Facilities:				
May 2013 loan.....	May 18, 2016	11.8		11.8
January 2014 loan.....	August 1, 2018	20.6	43.8	64.4
June 2014 loan.....	June 26, 2020	34.4	115.3	149.7
September 2012 loan.....	March 11, 2015		—	
December 2013 loan.....	July 15, 2017	3.7	3.3	7.0
August 2014 loan.....	Feb. 20, 2018	3.6	5.0	8.6
April 2015 loan	October 2020	20.4	72	92.4
Banque Misr Facility:				
April 2011 loan.....	April 18, 2017	6.6	3.1	9.7
		134.7	346.2	480.9

(1) Including interest payable.

Credit Agricole Loans. We have entered into six loan facilities with Credit Agricole, four of which remain outstanding and two of which were repaid in full at the end of 2015. The loans contain financial covenants relating to our debt service ratio, current ratio and leverage ratio. In addition, they restrict the payment of dividends during any period in which there is a repayment default, and they require that the Company maintain majority control of Digma Trading. We also have short-term working capital facilities with Credit Agricole.

National Bank of Kuwait (formerly known as Al Watany Bank of Egypt) Loans. We have entered into five loan facilities with the National Bank of Kuwait and all of these remain outstanding. The loans require us to maintain agreed debt-to-equity ratios during the term of the loan and contains a negative pledge clause regarding our assets. We also have short-term working capital facilities with the National Bank of Kuwait.

Banque Misr—ECI loan agreement. We have entered into a loan facility multipurpose mid-term loan agreement with Banque Misr. The loans contain various covenants, among others, covenants by ECI and the Company (jointly) not to distribute profits to shareholders unless the principal and interest are repaid consistently within each given fiscal year.

BUSINESS

In this section all references to market share, absolute and relative market position are sourced from AC Nielsen Retail Audit and references to brand awareness sourced from IPSOS, unless otherwise noted. The snack food market as defined by AC Nielsen Retail Audit and IPSOS include cakes, candy, chocolates, biscuits and gum, packaged croissants, salty snacks (including rusks, potato chips and other extruded snacks), wafers, and ice cream.

Overview

We were founded in 1996 and are headquartered in Cairo, Egypt. According to the AC Nielsen Retail Audit, we are a leader in the growing Egyptian packaged snack food market (excluding ice cream) that had an estimated size of EGP 17.5 billion in 2015. We manufacture, market and distribute a range of branded baked snack products including packaged cakes, croissants and rusks (baked wheat snacks), wafers as well as selected confectionary/candy products. Our local brand portfolio includes household names such as *Molto*, *Todo*, *Bake Rolz*, *Bake Stix*, *Freska* and *MiMiX*, and we also have exclusive ownership of the international brands *Twinkies*, *HoHos* and *Tiger Tail* in Egypt, Libya, Jordan, Palestine, Algeria, Tunisia, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria and the United Arab Emirates (“**HTT Brands**”). We believe our broad appeal in Egypt is based on the strength of our brands and our focus on delivering value to consumers while maintaining high quality and taste standards. In addition, in 2015, 6.4% of our revenue was derived from 16 export markets primarily Libya, Iraq, Palestine, Syria, Jordan and Yemen.

We operate four well-invested factories in Egypt with 26 production lines. We have an extensive in-house sales and distribution network in Egypt that includes 20 distribution centres, a fleet of 544 distribution vehicles combined with a salesforce of 1,003. We sold approximately 3.28 billion packs in 2015 to a growing base of over 64,500 retail and wholesale customers. We have a leading in-house research and development department that has been instrumental in creating new concepts and brands, including facilitating our entry into the packaged savoury croissants, cakes, wafers and rusks segments in Egypt.

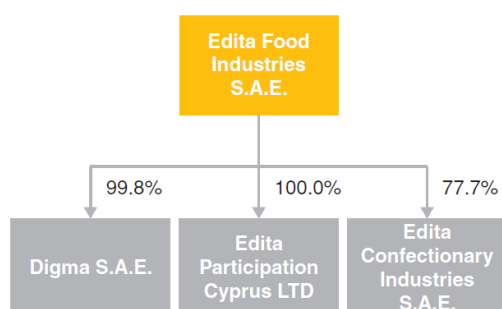
The Egyptian retail market is comprised predominantly of traditional trade outlets, including kiosks, variety stores and small grocery stores. This is due to (i) cluster dwelling in cities and remote village settlements that are outside the focus areas of modern trade channels, (ii) low disposable income and savings resulting in frequent purchases combined with lifestyle changes towards on-the-go consumptions and (iii) hypermarkets being rare, and typically located on the outskirts of cities, making them less accessible due to the long commutes required to reach them and the undeveloped infrastructure network in Egypt. We sell our products through multiple sales channels, including wholesale, traditional trade and modern trade/key accounts (i.e., supermarkets and hypermarkets), as well as to schools, universities and other institutions.

We operate an extensive and dynamic Fast-Moving Consumer Goods (“FMCG”) sales and distribution network that includes 20 distribution centers across 16 Egyptian Governorates, a fleet of 544 distribution vehicles combined with a sales force of 1,003 people, covering the majority of the Egyptian population. Our distribution network caters to a growing base of customers, the majority of whom source products from us on a weekly or bi-weekly basis. Our distribution in other export markets is predominantly through other agents and sub-distributors.

We have a specialized in-house research and development department that works closely with our marketing department to identify both brand extension and new product segment opportunities based on extensive consumer research and market trends.

Structure

Below is a diagram of our corporate structure.



- Edita Food Industries S.A.E., the Company, directly conducts all of our industrial operations, other than candy manufacturing that is done by Edita Confectionary Industries.
- Digma Trading S.A.E. is our distribution company, responsible for the sale of Edita Food Industries products and imported products. The remaining 0.2% of Digma is owned by Messrs. Hani and Samir Berzi.
- Edita Participation Cyprus Ltd. was incorporated as a vehicle through which we might make international investments in other companies and other countries. This entity is currently dormant and has no activities.
- Edita Confectionary Industries S.A.E. conducts our candy production operations. It is a joint venture with Confindel Cyprus, the investment vehicle of the Lavdas Company, a Greek company with expertise in candy manufacturing. The remaining 22.3% of Edita Confectionary is owned by Confindel Cyprus and 0.02% is owned by Messrs. Hani and Samir Berzi.

Our headquarters are located at the Edita Group Building, Plot No. 13 Central Pivot, El Sheikh Zayed, 6th of October City, Giza, Egypt 12588.

Our History

We were founded by the Berzi family, which has longstanding experience in the Egyptian snack food industry. Since then we have achieved the following milestones:

- 1997—After our establishment in 1996 by Berco Limited under the name of Edita Food Industries S.A.E., we entered the Egyptian baked snack market with Chipita and developed the unique concept of a packaged, on-the-go chocolate-filled croissant under the *Molto* brand. *Molto* has become synonymous with packed croissants in Egypt.
- 2000—Entered the baked salty snacks market with the *Bake Rolz* brand as an alternative to fried snacks. The product quickly became a leader in this new product segment.
- 2003—Entered the cakes segment by acquiring the factories producing the *HoHos*, *Twinkies* and *Tiger Tail* (“HTT”) brands under licence in Egypt from Hostess, which we subsequently upgraded to meet ISO standards.
- 2005 to 2009—Obtained ISO and other certifications for our factories.
- 2010—Launched our own cake products under the *Todo* brand.
- 2011—Sales exceeded EGP 1.0 billion. We built the E15 factory in Beni Suef City and began producing candy under the *MiMiX* brand.
- 2012—Started operating our E07 factory (Hall A) in the Polaris Industrial Zone and launched our wafer products under the *Freska* brand.
- 2013—Acquired the HTT brands (previously produced under license since 2003) for Egypt, Libya, Jordan and Palestine. We launched SAP our ERP production control system and opened our new headquarters and logistics hub in 6th of October City, Cairo. Africa Samba B.V. (previously known as Africa Samba Coöperatief B.A.) acquired 30% of the Company’s shares from Berco Limited and Exoder Limited.
- 2015—Started production out of the extension to our E07 factory (Hall B) extension. Completed our initial public offering and listing of the Shares on the EGX and the GDRs on the LSE, and acquired the rights to Hohos, Twinkies, and tiger tail in Algeria, Tunisia, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi, Syria and the United Arab Emirates in addition to the know how or more variants from Hostess portfolio. Secured a 55,000 m² plot of land at the Polaris Zamil Industrial Complex in Sixth of October City to house the new E08 factory. Installed the new rusks lines in December 2015, which doubled the segments capacity with product-to-market in February 2016.
- 2016—Started new strudel line which was commissioned in February 2016.

Product Segments

We operate in five core product segments including cakes, croissants, rusks, wafers and candy. Some of these segments are further split into sub-product segments. Most of our products are mass-market affordable offerings catering to all demographic groups. We primarily target consumers between the ages of ten and 45 years, located in all regions of Egypt. However, some of our products have a narrower focus. For instance, our *MiMiX* toffee and jelly varieties are targeted primarily at ten to 17 year olds while our *Freska* and *Bake Rolz* are marketed to an older audience of 16 to 30 year olds.

Cakes

Our cakes product segment includes three main sub-product segments: filled cakes, rolled cakes and layered cakes. Our main brands in the cake product segment include *Todo*, *HoHos*, *Twinkies* and *Tiger Tail*.

We entered the cakes product segment in 2003, producing the HTT products under license. We introduced our own *Todo* brand in 2010 as a premium brand to capture additional market share. In 2013, we acquired ownership of the HTT brands in Egypt, Libya, Jordan and Palestine. In 2015 we acquired the rights to Hohos, Twinkies, and tiger tail in Algeria, Tunisia, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi, Syria and the United Arab Emirates in addition to the know how or more variants from Hostess portfolio *Twinkies* and *HoHos* are sold domestically and internationally, targeting the mass market, while *Tiger Tail* is an export brand and only marketed outside Egypt. *Todo* is a premium brand targeted at consumers between the ages of 16 and 24 living in urban areas in Egypt and in export markets.

Currently, we have 14 products represented by 20 SKUs in the cake product segment across four brands:

Product ⁽¹⁾	Description
<i>Twinkies</i>	Golden sponge cake with creamy filling
<i>Tiger Tail</i>	Golden sponge cake with creamy filling and decorated with raspberry jelly and coconut
<i>Todo</i> Filled Cream	Sponge cake with creamy filling
<i>Todo</i> Filled Strawberry	Sponge cake with strawberry flavored cream filling
<i>Todo</i> Chocolate Filled Cream	Sponge chocolate cake with creamy filling
<i>Todo</i> Chocolate Filled Chocolate	Sponge chocolate cake with cocoa cream filling
<i>HoHos</i>	Rolled chocolate cake with creamy filling and cocoa coating
<i>Todo</i> Rolled Chocolate	Rolled chocolate cake filled and coated with cocoa
MINI <i>Todo</i> Chocolate	Rolled golden cake with cocoa cream filling
MINI <i>Todo</i> Strawberry	Rolled golden cake with strawberry flavored jelly and cream filling
<i>Todo</i> Layered Banana	Cake bar with cream filling and banana Jam
<i>Todo</i> Layered Chocolate	Chocolate cake bar filled and coated with cocoa
<i>Todo</i> Layered Strawberry	Cake bar with strawberry flavored jelly and cream filling
<i>Todo</i> Layered Hazelnut	Cake bar with cocoa & hazelnut cream filling

Notes:

- (1) the same product with different packaging (for example, packed in a larger display box or with a different language used on the wrapper) is counted as a standalone SKU.

Croissants

Our croissant product segment includes two main sub-product segments: sweet croissants and savory croissants. Our brand in the croissant segment is *Molto*.

We introduced *Molto* in 1997 in collaboration with Chipita, as our flagship product, pioneering the packaged croissant product segment in Egypt. Since then it has become our highest selling and fastest growing brand. We

introduced the *Molto* cheese product in 2011. With sweet and savory variants, *Molto* is promoted both as a snack and as a meal replacement primarily marketed to consumers between the ages of 15 and 25.

We have 10 SKUs in the croissant segment under the *Molto* brand.

Product	Description
XL Chocolate	Croissant filled with chocolate and hazelnut paste
XL Cream	Croissant filled with cream
XL Strawberry	Croissant filled with strawberry
Mini Chocolate (4 pieces)	Mini croissants filled with chocolate and hazelnut paste
XXL Chocolate	Croissant filled with chocolate and hazelnut paste
Cheese XXL Istanbulli	Croissant filled with istanbolli cheese
Cheese XXL Feta	Croissant filled with feta cheese
Cheese XXL Spicy	Croissant filled with spicy cheese
Mix chocolate and cream	Croissant filled with chocolate and cream
Mix strawberry and cream	Croissant filled with strawberry and cream

Salty Snacks (Rusks)

Our salty snacks product segment focuses on the rusks sub-product segment (baked wheat snacks). Our current brands in the rusks sub-product segment are *Bake Rolz* and *Bake Stix*.

We entered the salty snacks market in 2000 by introducing *Bake Rolz*, a toasted wheat baked snack. *Bake Rolz* was the first baked salty snack product in the Egyptian market and is intended to be more filling and healthier than traditional salty snacks that are fried in oil. We have also expanded our product offering with the introduction of *Bake Stix*, a short breadstick-shaped product, as well as introducing new flavors and sizes of *Bake Rolz*. PepsiCo introduced its new rusk product, *Sunbites*, in Egypt in 2011 and thereby expanded the rusks market by creating greater awareness of the sub-product segment. We market the products to younger urban customers between the ages of 16 and 20.

We have 11 SKUs under the *Bake Rolz* and *Bake Stix* brands:

Bake Rolz Single Flavors		
Pizza	Chilli and Lemon	Ketchup
Nacho Cheese	Olive	Salt
Bake Stix Flavors		
Oriental Sausages	Salt and Pepper	
Cheese		
BBQ		
Oriental Spices		

Wafers

Our wafers product segment includes two main sub-product segments: coated wafers and uncoated wafers. Our flagship brand in the wafers product segment is *Freska*.

We launched the *Freska* wafers brand in 2012, backed by a strong advertising campaigns and gained high brand awareness of 86% and a 7.7% market share. The *Freska* wafers feature an innovative pyramid shape and are positioned as a high quality product due to its higher quality chocolate than used by our competitors. *Freska* primarily targets younger urban consumers between the ages of 16 and 20.

Source: Brand Health Tracker (Dec'15)
Retail Audit (FY'15)

of SKUs: 5

- Chocolate coated wafer filled with chocolate cream
- White chocolate coated wafer filled with chocolate cream

- Uncoated wafer filled with chocolate cream
- Uncoated cocoa wafer filled with chocolate and hazelnut cream
- Uncoated wafer filled with strawberry cream

Candy

Our candy product segment includes three main sub-product segments: hard candy, soft candy and jello candy. Our flagship brand in the candy product segment is *MiMiX*.

In 2011, we launched *MiMiX* as a joint venture with Confindel, a leading Greek candy manufacturer. *MiMiX* covers a broad product portfolio of hard, soft and jello candy and is the sole brand in Egypt with SKUs in all candy sub-product segments. The *MiMiX* brand is primarily targeted at school age consumers in urban areas while the hard candy products are targeted at slightly older consumers.

We have 18 SKUs under the *MiMiX* brand covering the 3 segments (Hard, Soft and Jello)

	Soft	Hard	Jello
Ties	—	—	Mix of two flavors
Medium Pack	—	—	Jello cola Jello tutti frutti — —
Stick Pack	Toffee orange Toffee strawberry Toffee raspberry Toffee caramel Toffee coconut	Strawberry cream Butter cream Coffee cream —	— — — — —
Family Pack	—	Butter cream Coffee cream	Jelly cola Jelly tutti frutti —
1 Kilogram	Mix of flavors	Mix of flavors	Mix of flavors

Factories and Main Facilities

We operate 26 production lines at our four factories, which currently have a combined capacity of approximately 145,000 tons per year. We operate our factories in a flexible manner and are able to switch products production between the factories if necessary.

Our factories:

- **6th October Factory (E06).** Our initial factory was established in 1996 and commenced operations in 1997. It is located in 6th of October City in western Cairo, and currently has a total land area of 33,638 m² and total built area of 21,865 m². The factory currently produces cakes, croissants and rusks.
- **10th Ramadan Factory (E10).** The factory was acquired by Edita in 2003. It is located in 10th of Ramadan Industrial zone with a total land area of 11,733 m² and total built area of 7,392 m². The factory produces cakes.
- **Beni Suef Factory (E15).** Our second factory was established and commenced operations in late 2011. It is located in Beni Suef, approximately 115 kilometers south of Cairo, and currently has a total land area of 25, 611 and total built area of 5,378 m². The factory currently produces candy. We intend to invest in additional capacity at this facility in the medium term to accommodate additional SKUs.
- **Polaris Industrial Park—6th October Factory (E07).** The factory was established in 2011 and commenced operations in 2012. It is located in 6th of October City with a total land area of 50,000 m² and a total built area of 14,300 m². An extension of 18,100 m² has been built to accommodate six new production

lines and has started production in March 2015. The factory currently produces cakes, croissants and wafers.

The table below sets out our lines, capacity and production by factory for the period indicated.

	As at December 31, 2015		
	Lines	Capacity ⁽¹⁾	Production
		(thousand packs)	
By Factory:			
6th October (E06):			
Cakes	5	4,205	957,858
Croissants	3	845	273,344
Baked snack lines	2	415	112,351
Factory total	10	5,465	1,343,553
10th Ramadan (E10):			
Cakes	4	2,868	924,279
Beni Suef (E15):			
Candy	3	405	70,972
Polaris Industrial Park—6th October (E07):			
Cakes	2	1,870	243,548
Croissants	4	2,766	578,081
Wafers	1	467	111,077
Factory total	7	5,103	932,706
Total	24	13,841	3,271,510

Notes:

(1) Thousand packs per day.

The table below shows the capacity and utilization by product segment in 2015.

	As at December 31, 2015	For the Year Ended December 31, 2015	
	Capacity ⁽¹⁾	Annual Production	Utilization (%) ⁽²⁾
		(thousand packs)	
By product:			
Cakes	8,943	2,026,119	79
Croissants	3,611	805,628	98
Baked snacks	415	112,351	98
Wafer	467	111,077	84
Candy	405	70,972	83
Total	13,841	3,126,149	88

Notes:

(1) Thousand packs per day.

(2) Our weighted average factory utilization is calculated on a maximum capacity of 298 days of production per year at three shifts of eight hours per day (representing production 24/7 except during two Fridays per month and public holidays). Factory utilization higher than 100% means our production facilities operated more than 298 days per year to meet the demand.

(3) For rusks only.

All of our factories are modern facilities with high quality equipment, sourced from leading German, Austrian and Italian manufacturers. We have implemented a Controlled Manufacturing system which plays a key role in ensuring product quality (see “—*Quality Control*”). Each of our factories holds the following certifications: Food Safety Management System (ISO 22000); Quality Management System (ISO 9001); Environmental Management System (ISO 14001); and Occupational Health and Safety Management System (OHSAS 18001).

We own all of our factories and our headquarters building. In addition, we operate 18 Distribution Centers of which 14 are rented and four are owned. The location of our factories and distribution centers is indicated on the map of Egypt below.

We believe that one of our key operational strengths is our use of an integrated Sales and Operational Planning (S&OP) process which coordinates our planning, purchasing, manufacturing and logistics. We believe that our system and practices enhance the accuracy of our planning and the efficiency of our operations while reducing inventory, costs and distribution times.

Under our master plan, the sales department projects revenue for the year based on our strategic targets and the planning department forecasts the required material quantities, labor requirements, warehousing capacity and manages supplier relationships. Our procurement department forecasts direct materials prices and the purchasing department secures the necessary quantities of materials for the year.

We use a (1 + 2) rolling forecast model under which we assess each month projections for the next three months and track variances to our budget. At our monthly sales and planning meetings we plan the next month's sales and capacity allocation for the next two months in order to avoid overstocking materials or finished goods.

The demand planning and sales teams convene on a weekly basis to examine the expected weekly sales in light of the available stock of finished goods, adjusting production plans accordingly to avoid overstocking. Finally, we use a SAP enterprise resource planning system to determine our direct material purchase quantities according to the refined production plan. We maintain an average of approximately three days of packaging and one month's supply of most raw materials.

Sourcing of Raw Materials

Our products' main ingredients are sugar, flour, cocoa, oil and fats, milk and eggs, which comprise more than 72% of our total direct material requirements, by value. The diversity of our raw material requirements, which includes more than 100 raw materials, has historically reduced the effect of short-term price increases for particular raw materials. We seek to maintain a diverse network of reliable suppliers, and in 2015 we purchased direct materials from more than 100 counterparties. In 2015, no supplier accounted for more than 10% of our direct materials by value. We typically source materials directly from producers, rather than relying on traders, as we believe that this helps us secure better payment terms and quality by taking advantage of the purchasing power that results from our purchase volumes. We use foreign currencies, mainly the US Dollar and the Euro, to purchase certain raw materials, representing 19.4% of our 2015 cost of goods sold.

New suppliers are subject to a rigorous approval process that considers, among other criteria, their size, reliability and quality of their products. Prospective suppliers must also submit samples for use in test formulas which we assess. Once selected, suppliers must sign a confidentiality agreement and their products are subject to on-going quality testing.

We do not commit to long-term contracts with our suppliers. We purchase materials under purchase agreements with a maximum term of one year. Our average payment terms with our suppliers in 2015 was 45 days.

We seek to maintain a maximum of one month's supply of locally sourced materials and a maximum of three months' supply of imported materials. As part of our S&OP processes our planning department considers warehousing capacity pursuant to the planned sales levels and selling areas. Additionally, the planning department identifies and builds strategic relationships with new suppliers that comply with our stringent selection criteria, in order to maintain our supplier diversification policy as our business continues to grow.

The logistics function of the supply chain department ensures that we deploy the most appropriate and effective warehousing, handling, storage, transportation and delivery methods to guarantee that all customer orders are fulfilled at the right time, with the right quantity and in the most cost effective way, while maintaining the best quality. The raw and packaging materials we need are generally transferred directly to the relevant factories in the quantities required based on the production plan. We maintain a three- month stock for imported direct materials and a one-month stock for domestically sourced direct materials. As and when required, the direct materials are delivered from storage to the factory floor, where a one- or two-day supply is maintained for use in production. The finished goods are then directly transferred to the distribution centers with third party vehicles.

We believe that there is a ready supply of our main ingredients. However, as with all agricultural products, supplies and prices may be influenced by a number of factors, and we have experienced shortages in the past. *See "Risk Factors—Risks Relating to Our Business—An increase in the price of raw or packaging materials or other operating expenses could reduce our margins and profitability".*

Sales Overview

Our sales efforts reflect the evolving nature of the Egyptian retail market. We categorize our customers as follows:

- **Wholesale.** Wholesalers have historically helped us expand our geographic reach, and we use them to cover regions where we do not currently have sufficient distribution capacity to sell directly to retailers. In 2015 we served more than 5,231 wholesale customers throughout Egypt that resell our products to traditional trade in their regions. We seek to maintain close relations with these wholesale customers through loyalty enhancing initiatives which include an annual gathering to recognize our top 100 customers and semi-annual incentives to top customers.
- **Traditional trade.** Our direct sales in the traditional trade channel—primarily kiosks and small independent retail stores—have been the fastest growing of our sales channels. This growth is primarily attributable to the development of our distribution fleet and our expanding geographic coverage.
- **Key accounts.** Key accounts refer to modern trade, such as supermarket chains. Modern trade is an under-developed sales channel in Egypt. Although the segment has been growing, this growth has been limited by the lack of suitable commercial sites and other infrastructure for development within Egypt.
- **Direct supply to institutions.** We also directly supply institutions, such as schools and universities. We believe this is a strategic channel to build brand loyalty among school-aged and younger consumers.
- **Export sales.** We export to 16 countries, primarily Libya, Iraq, Palestine, Jordan, Syria and Yemen. We are currently considering expanding our exports of *Todo*, *Freska* and *MiMiX* products to Northern and Eastern Africa in addition to the GCC. We do not currently intend to expand sales in Syria, given the current security situation there. Under a non-compete agreement with Chipita, we must limit export of our *Molto* and *Bake Rolz* products to Jordan, Syria, Yemen, Iraq and Libya. Moreover, under our agreement with Hostess, we may export our HTT brands only to Libya, Jordan, Palestine, Algeria, Tunisia, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria and the United Arab Emirates. We rely on international distributors in our export markets and sell solely on a cash-in-advance basis or against irrevocable letters of credit. We provide marketing support for these distributors.

The table below indicates the number of customers by type and a breakdown of sales by type.

	2013		2014		2015		2013 - 15
	(EGP)	(% of total)	(EGP)	(% of total)	(EGP)	(% of total)	% change
(In EGP millions, except percentages)							
Local (gross) sales:							
Wholesale	1,096	63%	1,206	60%	1,361	58.3%	24%
Traditional trade ..	469	27%	629	31%	759	32.5%	62%
Key accounts	31	2%	40	2%	48	2.1%	55%
Direct supply to institutions ...	20	1%	24	1%	24	1.0%	18%
Total local (gross) sales	1,615	94%	1,899	94%	2,191	94%	36%
Export (gross) sales:							
Libya.....	27	2%	14	1%	16.9	0.7%	21%
Iraq	24	1%	27	1%	23.7	1.0%	-12%
Palestine.....	23	1%	32	2%	29.4	1.2%	-8%
Jordan	13	1%	8	0%	12.4	0.5%	55%
Syria	14	1%	18	1%	21.3	0.9%	18%
Others	9	1%	12	1%	40.0	1.7%	233%
Total export (gross) sales	110	6%	112	6%	143	6%	28%
Gross total sales	1,726	100%	2,011	100%	2,334	100%	16%
Net total sales	1,648	100%	1,919	100%	2,225	100%	16%

Our strategy is to seek to increase our retail sales to represent approximately 50% of our sales by 2018. We believe this strategy will provide us with a broader market presence, reduce dependence on wholesalers and enhance our margins. Moreover, we intend to enhance our distribution capabilities by adding distribution vehicles to our existing fleet.

Except for agreements with certain larger retail and business customers who are invoiced and pay in arrears, the majority of our products are sold on a cash against delivery basis, which reduces our credit risk. In 2015, more than 95% of our sales were made on a cash basis. We offer a return policy for our products, however, historically we experienced low return rates, with only approximately 0.2% of our total sales being returned during 2015.

Our Sales Team

To ensure a qualified and committed sales team, our sales representatives must pass exams and satisfactorily complete training at our Edita Sales Academy, held in our headquarters. The sales team is highly incentivized with approximately two-thirds of their remuneration based on achieving key performance targets relating to, among other things, average order size, waste, successful visits and coverage. In addition, the sales representatives' eligibility to receive specific employee benefits, such as healthcare and additional 13th month salary, is also linked to achieving KPI targets. At the start of each year, we hold an annual retreat for the entire sales department to enhance team ties and to honor the best performing employees. We grant other incentive awards each month to the best retail and wholesale sales representatives in addition to the best sales representative each quarter.

In 2010, we rolled out hand-held online receipt devices to our sales personnel. Sales representatives enter new orders using these devices, which are integrated into our management systems. This allows our sales supervisors to track each transaction made and monitor the geographical location of each sales representative. They are also able to see on a real time basis other data such as daily transaction rates, trip times and routes, for example. As at December 31, 2015, we had 492 functioning hand-held devices.

Distribution

Our extensive domestic distribution network plays a key role in the penetration of our products across Egypt. We believe that this gives us an advantage, as the creation of such distribution networks constitutes a barrier to entry for potential new competitors.

The table below illustrates the growth of our distribution network.

	As at December 31,			2013 to 2015 % growth
	2013	2014	2015	
Distribution centers	15	16	20	33%
Delivery vans.....	425	515	544	28%
Sales representatives.....	386	461	458	19%
Total sales force.....	909	1,098	1,003	10%
Handheld sales devices.....	438	460	492	12%

We own four of our distribution centers and rent the others under long-term contracts of up to ten years. We own all of our warehouses. We own and operate a fleet of 544 distribution vehicles. Our distribution network ensures delivery of our products across a wide geographical area, that products are kept in a good condition and delivered in a timely manner.

We also export our products through 18 third party distributors, each responsible for the marketing and distribution of our products within their respective geographic regions. We typically have long-standing relationships with our international distributors.

Due to strong demand for our products, we produce according to a sales plan agreed with our sales and marketing team which is based on projected orders. Further, we limit the stock in our warehouses to one day's supply, which helps us manage the shelf life of our products and limit volumes of expired products. As we increase the number of distribution centers in line with our strategy, we expect to reduce the average distance travelled for delivering products.

Key performance indicators, which we regularly monitor to ensure the logistics system's efficiency include timeliness and completeness of deliveries.

Marketing

The primary function of the marketing department is to develop and manage our marketing strategy and tactics across all of our brands and markets. They also have a significant role in proposing and testing new products and changes to existing products. This includes corporate marketing, channel marketing, product and brand marketing and product management. We seek to engage with our customers through communications tailored to their known preferences, across all media channels including social media, to build brand loyalty. We engage in a range of general marketing activities, including outdoor ads, television commercials, radio and online advertising, as well as sponsorship, giveaways, in-store advertising and distribution of point of sale materials special events and brand awareness events. We believe we have a relatively conservative approach to media spending and we focus on more targeted media communications such as well-placed billboards. To help optimize our marketing efforts, a different advertising agency is associated with each brand, depending on the agency's compatibility with the brand's overall communication strategy and its inherent competency and specialty. We believe this helps each brand's distinctive "voice" and positioning. We measure the impact and reach of our campaigns by evaluating feedback such as brand health trackers and retail audits.

	For the Year Ended December 31,					
	2010	2011	2012	2013	2014	2015
SKUs listed.....	14	13	15	2	5	6
SKUs delisted.....	12	2	2	3	2	9
Total SKUs (at year end).....	41	52	65	64	67	64

In managing our product portfolio, our goal is to rationalize the number of SKUs in our portfolio to achieve efficiencies while meeting the market needs and bringing innovative new products to market. SKUs are often delisted because they have been replaced with another product, although some SKUs are delisted because they do not generate sufficient margins.

The marketing department currently has 18 staff members, including six brand managers, one marketing manager and one trade marketing manager. In addition, we employ marketing researchers to conduct the required research for all our SKUs and to work on both monitoring our brands performance through monthly brand health trackers and retail audits and to identify opportunities to further understand consumers and traders (e.g. usage and attitudes research to understand consumers' usage habits and attitude towards particular brands or segments) and we carry out product testing as required through independent research agencies. The marketing team also includes graphic designers to design and fine-tune our packaging and all our visual elements. They are responsible for developing our graphic guidelines and monitoring strict compliance with it. The marketing team supplements its capabilities with external research and graphic design providers.

Research and Development

Our research and development department comprises ten specialists responsible for new product development as well as maintenance and enhancement of existing products. Our research laboratories are located within our factories, and central research is done at our E06 factory.

The team works closely with the marketing department to develop products and product variants, such as new flavors and serving sizes, as well as extending product shelf-life. As part of the development of new products, the research and development team has collaborated with the marketing team to coordinate SKU launches.

In addition, the department provides technical support to our production facilities to optimize production processes, maintain product quality and ensure compliance with regulatory requirements. Together with the Quality Assurance Department, it also helps develop a quality plan for each new product.

Quality Control

Most of our equipment is fully automated using control panels and programmable logic controllers (PLCs) to enable us to fix settings and ensure efficiency and consistency in the production processes and comply with our quality and food safety standards.

As part of our Quality Control measures we have a dedicated Quality and Food Safety Department responsible for good manufacturing practice, audits, and training with respect to food hygiene and safety. Each of our production facilities has a quality team that reports directly to the Quality and Food Safety Department.

We perform regular chemical and microbiological tests throughout the production process and visually inspect all finished products to ensure safety and quality. As part of our Total Quality Management program each employee is responsible for ensuring that the preceding stage complied with our standards.

We must also comply with regulations regulating food safety, which provides that a producer will be liable for the sale or distribution of defective food. A food product is considered to be defective if the labeling is misleading or if it contains harmful ingredients. Each of our factories has ISO 9001 (Quality Management System), ISO 14001 (Environmental Management), ISO 18001 (OHSAS) and ISO 22000 (Food Safety Management) accreditation. In addition we are planning to undertake an American Institute of Bakery (AIB) audit to receive AIB certification. We believe that AIB is one of the most stringent international audit bodies for food safety and hygiene.

We use several KPIs to track and measure our quality control including the percentage of “right first time” products that meet our quality standards without needing adjustment, the percentage of “rejection versus production” and the percentage of the number of GMP deviations per ton.

Finance Department

The Finance Department is primarily responsible for the financial control of our business, budgeting and preparation of the financial strategy, accounting and reporting and other finance related functions. It also participates in reviews of investment opportunities and supports the Chief Executive Officer in the overall strategy. Main responsibilities include:

- *Financial control.* Setting the financial policies and procedures, preparing financial accounting and reporting raw material costing and inventory management, and financial planning and analysis, and tax.
- *Group treasury.* Managing our banking relationships, identifying financing resources, supervising cash management and insurance.
- *Information technology.* Supporting the Chief Information Officer in supervising the management of our ERP system, IT infrastructure and software.
- *Legal.* The department supports the legal department in managing our legal affairs, including trademark registration and employee matters.

Health, Safety and Environment

Our Health, Safety and Environment (HSE) department is responsible for ensuring that all our facilities maintain a safe working environment and comply with relevant environmental rules and regulations. We closely monitor a number of safety-related measures including lost time injury frequency rate, injuries per million working hours, working days without lost time injuries, recordable injuries, and lost days due to injuries. We believe that we have a good safety record for our industry.

We are required to comply with governmental regulations pertaining to any environmental emissions and hazards resulting from our factory operations. This mainly pertains to staying within the permissible levels of gas emissions, and to properly treat any discharged water. We must ensure any hazardous substances are handled in accordance with the Egyptian Environmental Law and are strictly liable for any discharge. For a full description of the health, safety and environmental regulations we must comply with please see “*Regulatory and Environmental Matters*”.

In addition to civil liability, violations could subject the producer to criminal prosecution. See “*Regulatory and Environmental Matters*”.

Employees

The following table presents a breakdown of our employees by function as at 31 December 2013, 2014 and 2015:

	For the Year Ended 31 December		
	2013	2014	2015
Senior Management.....	26	33	38
Production	2,495	2,495	2,777
Warehouse	414	502	516

Maintenance	215	215	213
Quality control (laboratories)	94	96	85
Total operational personnel.....	3,244	3,341	3,629
Marketing	9	11	13
Sales	854	968	993
Finance	111	123	129
Administration and Human Resources	551	578	592
Clerical			
Purchasing and Supply Chain.....	66	66	56
Legal Affairs.....	3	3	3
Construction	13	12	12
Internal Audit	8	5	7
R&D	7	10	9
IR and Compliance	0	1	3
Other (Sector management (IO), Manufacturing excellence and ENG, SHE)	29	41	40
Total administrative personnel.....	1,651	1,818	1,857
Total.....	4,895	5,159	5,486

All of our employees are located in Egypt.

Our human resources department is responsible for recruiting, hiring, training and employee development, as well as setting our remuneration strategy in line with the market conditions. Management is committed to attracting top talent and recruits from local, regional and international markets. Specialized recruitment agencies assist us as necessary in recruiting personnel for management positions and roles that require specialized skills. As part of the hiring process we use competency based assessment centers to assess each candidate's competency, aptitude and cultural fit.

The human resources department also has a training and development department that prepares and oversees training programs. We operate a Sales Academy and a Manufacturing Academy with courses designed to help employees within these functions to increase their skills and progress within our company. We have career progression guidelines and succession planning strategies based on proper assessment of job competency's appropriate proficiency level. All of our new managers participate in a formal management training program.

We have set our pay rates with the assistance of an independent consulting firm to be within the upper quartile of our industry for managerial positions and in line with the industry's median for other positions. Employees receive a 13th month of salary, paid in two installments. We also maintain a profit sharing program which is distributed based on rated performance of the employees.

We believe we have good relations with our employees. We cultivate loyalty and a sense of common purpose among our employees by providing a range of benefits, including a loyalty program for additional wage increases awarded when employees reach certain length-of-service milestones. We provide transportation to employees to facilitate their commute to work and free or subsidized meals. Managerial level employees can participate in a car ownership program or receive a monthly car allowance. Employees also receive medical and life insurance coverage through MetLife Alico, one of the leading medical insurance companies in Egypt. At retirement, as employees who have worked for us for at least ten years receive a lump sum payment equal to half a month's salary for every year of service, up to 12 months of pay.

We do not operate a separate private pension scheme. Our employees instead rely upon the Egyptian social insurance system whereby employees are granted pensions by the Egyptian Government based upon contributions made by both the employees and by us during the course of their employment.

Statutory contributions are withheld by the employer at source on a monthly basis and paid to the Egyptian Social Insurance Authority. The employer's contribution is currently set at 26% of the employee's basic salary (capped for this purpose at EGP 1,012.5 per month). The "variable salary" portion covers incentives, commissions, bonuses overtime and other additional payments made to employees.

Information Technology

We operate a modern corporate computer network integrating all of our key business transactions across finance, production, logistics, procurement and distribution using SAP. All of our key business transactions are automated, with SAP generating timely reports on our financial and operating performance. Our sales force uses handheld online receipt computers introduced in 2010, which allow our sales representatives to print sales receipts directly when conducting transactions at customer locations. The devices are fully integrated in our internal management

systems, enabling sales supervisors to track transactions, sales strategy and geographic location of the sales representatives. The sales handsets run the Mobisales application, which is integrated with our SAP ERP system. We are also introducing new modules to SAP relating to HR.

Intellectual Property

We believe that the Edita and product brand names are essential for our business. Our intellectual property includes brands created and developed by Edita as well as ownership from Hostess of the *HoHos*, *Twinkies* and *Tiger Tail* brands for Egypt, Libya, Jordan and Palestine, which we acquired in April 2013, as well as in Algeria, Tunisia, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria and the United Arab Emirates which was acquired in 2015. We have registered English and Arabic versions of our Edita, *Molto*, *Todo*, *Bake Stix*, *Bake Rolz*, Mixo Magic, *MiMiX Freska*, *HoHos*, *Twinkies* and *Tiger Tail* trademarks, as well as the corresponding logos and the *Todo* Character, with the Egyptian trademark registry in all of the key classes in which we operate. These trademarks are also registered or relevant applications have been filed in all of the Arab countries to which we export, and *MiMiX* is registered in Russia and the EU/EEA. These trademark registrations expire at various times from August 2015 to September 2024. We anticipate that we will be able to extend the term of these trademarks. We do not hold any other material patents, trademarks, registered designs, copyrights or licenses.

Insurance

We maintain insurance policies with registered insurance companies in Egypt, which cover material damage to property, money-in-transit and premises, building foundations, fire, explosion and natural disasters. All of the properties owned by Edita Food Industries are covered by insurance (and we insure leased premises against loss of money-in-transit). Notwithstanding this coverage, our policies do not cover damage to infrastructure, telecommunications failure, intentional unlawful act and human error. We do not currently maintain product liability insurance which is not generally available in Egypt.

Legal Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this prospectus which may have, or have had in the recent past, significant effects on the Company and/or the financial position or profitability of the Company and its consolidated subsidiaries.

MANAGEMENT

Our corporate governing bodies are the General Meeting of Shareholders and the Board of Directors. Each has its own responsibilities in accordance with Egyptian law and the Company's articles of association. The Board of Directors is an executive body responsible for our day-to-day operations, and is elected by the Shareholders in a General Meeting.

General Meeting of Shareholders

The General Meeting of Shareholders is our supreme governing body and is authorized under Egyptian law and the Company's articles of association to pass resolutions on, among other things, the following issues:

- the election and dismissal of members of the Board of Directors;
- any amendment to the constitutional documents;
- any increase or reduction of the Company's share capital;
- approval of merger, consolidation, recapitalization or other reorganization;
- approval of the reports prepared by the Board of Directors;
- approval of our annual financial statements;
- the setting of remuneration of the Board of Directors;
- participation in litigation against the Board of Directors, including appointment of our representative for such litigation;
- approval or rejection of the profit (dividend) distribution proposal prepared by the Board of Directors;
- approval of any reduction in our share capital or of our shares or securities convertible into, exchangeable for or otherwise granting the right to acquire our share capital (including options, warrants and other rights);
- determination of a date for payment of contribution by the shareholders and/or requesting its payment; and
- other issues provided by law and the constitutional documents.

The Board of Directors

The Board of Directors is responsible for our day-to-day management (with the exception of functions reserved for the General Meeting of Shareholders). The members of the Board of Directors are appointed by the General Meeting of Shareholders for renewable terms of three years, and are also dismissed by a General Meeting. The appointment and the number of members of the Board of Directors is determined by a General Meeting from time to time and shall not be less than five and not more than nine members. The scope of authority of each member of the Board of Directors is defined by a General Meeting or by the Board of Directors with authorization from a General Meeting.

As at the date of this prospectus, the Board of Directors consists of nine members including (i) seven full-time directors including an executive chairman and managing director, a vice chairman and one Shareholder director, each of whom was appointed by and represents Berco Limited in its capacity as a shareholder of the Company, two shareholder directors appointed by and representing Africa Samba B.V. in its capacity as a shareholder of the Company, two further shareholder directors appointed by and representing Exoder Limited in its capacity as a shareholder of the Company, and (ii) two non-executive independent directors.

As at the date of this prospectus, the Board of Directors comprises the following members.

Name	Position	Age	Initial Year of Appointment	Date of Appointment of Current Term	Date of Expiration of Current Term
Hani Berzi.....	Chairman and Managing Director	54	1996	2015	2018
Samir Berzi.....	Vice Chairman	55	1996	2015	2018

Fatma Lotfy	Board Member	63	2015	2015	2018
Sherif ElKholy	Board Member	36	2013	2015	2018
Richard Phillips	Board Member	50	2013	2015	2018
Spyros Theodoropoulos.....	Board Member	56	1996	2015	2018
Maria Georgalou.....	Board Member	54	2014	2015	2018
Sahar El Sallab	Independent Board Member	62	2015	2015	2018
Hussein Choucri	Independent Board Member	64	2015	2015	2018

The business address for all members of the Board of Directors is Edita Group Building, Plot No. 13 Central Pivot, El Sheikh Zayed, 6th of October City, Giza, Egypt 12588.

Hani Berzi, Chairman and Managing Director. Mr. Berzi graduated from Ain Shams University (Cairo, Egypt) with a BSc in Computer and Control Engineering. He has 29 years of experience in the food and beverage industry, having started his career in 1986 by joining Tasty Foods Egypt, his family's snack food business. Mr. Berzi subsequently held the position of Sales and Marketing Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo, from 1990 to 1992. Mr. Berzi became a member of the Board of Edita Food Industries in 1996 and became the Managing Director in 1996, and Chairman of the Board in 1996. Mr. Berzi is also a member of the Board of the Chamber of Food Industries and the Egyptian Center for Economic Studies, and is the Chairman of the Egyptian-Greek Business Council (Egyptian side). Previously, he was a member of the Boards of a number of companies in the food and beverage industry including Technopack in 1987, Rotopak in 1989 and Egypt Sack in 1997, and has also served as Chairman of the Food Export Council and a Board Member of the Federation of Egyptian Industry.

Samir Berzi, Vice Chairman. Mr. Berzi graduated from Cairo University (Cairo, Egypt) in 1982 with a BA in Commerce. He has 32 years of experience in the food and beverage industry, having started his career by joining Tasty Foods Egypt. In 1986, Mr. Berzi founded Berzi Confectionary, which was later acquired by Tasty Foods Egypt. He subsequently held the position of Industrial Operation Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo. Mr. Berzi has also established a number of companies including Digma Trading, a fast-moving consumer goods distribution company and Edita Food Industries. Mr. Berzi became a member of the Board of Edita Food Industries in 1996. He is also the Chairman of Digma Trading and Edita Confectionary Industries, a member of the American Chamber of Commerce and a member of the Board and shareholder of Le Pacha 1901, a shareholder of Mirage Hotels, which owns the JW Marriott at Mirage City, and a shareholder of Sakkara Tourism Investment, which owns the Mirage City compound at New Cairo.

Fatma Lotfy, Board Member representing Berco Limited. Ms. Lotfy joined Edita as a Board Member in 2015 with over 30 years of commercial and investment banking experience under her belt. Since she began her career in the late 1980s, Ms. Lotfy has held senior and key executive positions in a number of renowned international and local banks and sits on the board of several large-scale financial institutions. Since 2015, she has been a board member of Credit Libanais Beirut and a board member at EFG Hermes Leasing. Prior to that, Ms. Lotfy was a Deputy Chairperson and Managing Director at Bank Audi Egypt, the First Deputy Chairperson and Managing Director at Alexbank Intesa San Paolo, and Managing Director and Board and Executive Committee Member at Al Watani Bank of Egypt (currently NBK Egypt), in addition to several other senior positions at various institutions including the Commercial International Bank (CIB). Ms. Lotfy is also highly engaged in her role as an active corporate citizen through her activities as a member of the Egyptian European Council, the Young Presidents Organization (YPO), the Egyptian British Chamber of Commerce, the Egyptian American Chamber of Commerce, in addition to being an active member of the Economic Committee of the Women's National Congress. .

Sherif ElKholy, Board Member representing Africa Samba B.V. Dr. ElKholy graduated from The American University (Cairo, Egypt) with a BA in Economics, and from the University of London (London, United Kingdom) with a MSc in Finance and Economic Development and a PhD in Economics. He has 14 years of experience in the private equity industry. Dr. ElKholy is a Director at Actis. He previously worked at EFG-Hermes Private Equity where he focused on making private equity investments in the MENA region, and in the Structured Finance Division of HSBC Bank of Egypt. Dr. ElKholy became a member of the Board of Edita Food Industries in 2013. He is also a Consultant for the Egyptian Cabinet's Information and Decision Support Center where he has authored and published work for the Cabinet's think tank focused on economic policy reform. Dr. ElKholy is also a member of the Board of Universite Centrale (Tunisia) and Emerging Markets Knowledge Holdings Limited.

Richard Phillips, Board Member representing Africa Samba B.V. Mr. Phillips graduated from Exeter University with a degree in Economics. He has 28 years of experience in the private equity industry. Mr. Phillips is a founding partner of Actis and also serves on the Actis global investment committee. Mr Phillips has spent his career in private equity, initially with 3i plc in the UK and subsequently with CDC and Actis, spending 20 years in Uganda, Zimbabwe, Malaysia and Egypt. He became a member of the Board of Edita in 2013. He is also a member of the Board of Emerging Markets Payments Holdings (Mauritius) Limited and a member of the Board of Integrated Diagnostics Holdings Limited, and Integrated Diagnostics Holdings PLC and Emerging Markets Knowledge Holdings Limited.

Spyros Theodoropoulos, Board Member representing Exoder Limited. He graduated from Athens Economic University with a business degree. He started his career with a small family business producing dairy products in 1976. Since then, he has uninterruptedly worked in the FMCG industry and was a General Manager of several FMCG companies. He acquired Chipita SA, a Greek based company producing snacks, in two stages: the first 50% of shares were acquired in 1986 and the remaining 50% in 1989. In 1990, Eurohellenic Fund (representing, among others, Olayan Group, De Benedetti, Alpha Finance and Titan Group) invested in Chipita which coincided in time with the commencement of the croissant production, expansion of Chipita's activities, setup of production facilities in several countries worldwide and formation of joint ventures in Egypt, Saudi Arabia and Mexico. In 2006, Chipita merged with Delta Holdings SA to form Vivartia SA. From 2006 until 2010 Mr. Theodoropoulos was the Managing Director of Vivartia SA. During 2010 together with Olayan group, as well as other Greek partners, Mr. Theodoropoulos acquired Chipita SA. As of today he is the CEO of Chipita SA and a member of the Board of Directors of the National Bank of Greece. In the past, he served as the president of the Athens Stock Exchange Listed Companies Association, a vice-president of Greek Federation of Industries and a vice-president of Helex. Mr. Theodoropoulos became Edita's Board Member in 1996.

Maria Georgalou, Board Member representing Exoder Limited. Mrs. Georgalou graduated from University of Belgrano, Buenos Aires in 1988 with a CPA degree. She has an extensive experience in venture capital and private equity in a number of countries, including Greece, Spain, Portugal, the Balkans and the CIS where she worked for companies of De Benedetti Group and Commercial Capital, a subsidiary of Commercial Bank of Greece. She used to cover a wide range of sectors (including, food, retail and timber sector) and phases of investments (including, start-up, development and mezzanine phases). She served as Business Development Director at Delta Holdings SA and Chief Financial Officer of the Vivartia Group headquartered in Greece. She is a Deputy CEO of Chipita Group and a member of the Board of Directors of several companies in Greece and abroad. Mrs. Georgalou joined Edita as a Board Member in 2014

Hussein Choucri, Independent Board Member. Mr. Choucri graduated from Ain Shams University and the American University in Cairo with a degree in commerce and management, respectively. He joined investment banking department of Morgan Stanley in New York as an Associate in 1980 and had been its Managing Director from 1987 until 1993. In 1993, he became its Advisory Director to serve in this capacity until 2007. In 1996, he established HC Securities & Investment, which currently is one of the leading investment banks in the Middle East and North Africa. Mr. Choucri is a board member of a number of associations and reputable companies, including Holding Company for Tourism, Hotels and Cinema and The Egyptian-British Business Council (EBBC). Mr. Choucri joined Edita as a Board Member in January 2015.

Sahar El Sallab, Independent Board Member. Mrs. El Sallab graduated from the American University in Beirut and from the Harvard Kennedy School for Management. She worked and trained at Citibank Cairo and Athens as well as joined Chase National Bank of Egypt. She then spent 25 years working at Commercial International Bank, where she achieved the position of Vice Chairman and Managing Director. She was also the Chairperson of Commercial International Capital Holding Company (CICapital). After significant private sector experience, she became the Deputy Minister of Trade and Industry for Development and Investment in Internal Trade in Egypt. Mrs. El Sallab has been nominated as one of 100 Most Powerful Arabic Women 2011 by South African Magazine CEO, and one of 10 Most Powerful Egyptians Women 2011 by the Egypt Business Directory. Mrs El Sallab currently serves as a chairperson of HiteknoFal Company.

Executive Officers

As at the date of this prospectus, our executive officers are:

Name	Age	Position
Hani Berzi.....	54	Chairman and Managing Director
Sherif Fathy	56	Vice President and CFO
Alfred Younan	46	Vice President (Sales and International Business)
Omar Abdel Ghaffar	33	Vice President (Industrial Operations)
Inas Abdel Rahman	46	Vice President (Marketing)
Maged Tadros.....	50	Vice President (HR and Administration)
Mohamed El Bahey	45	Vice President (Supply Chain)
Sherif Shaker	53	Internal Audit and Compliance Director
Papardodimas Panagiotis.....	39	Research and Development Director

Hani Berzi, Chairman and Managing Director. Mr. Berzi's biographical details are set out above.

Sherif Fathy, Vice President and Chief Financial Officer. Mr. Fathy has 34 years of experience in professional auditing. He graduated from Ain Shams University (Cairo, Egypt) in 1980 with a BA in Accounting and from the United States International University (San Diego, USA) in 1984 with an MBA. Mr. Fathy joined Edita Food Industries as Vice

President and Chief Financial Officer in 2007. Previously, Mr. Fathy was Chief Financial Officer of Amwal Arabia Group from 2002 to 2007, Middle East Regional Finance Director at Pfizer from 1999 to 2001 and Deputy Finance Director at Sanofi Aventis from 1995 to 1999, Finance Manager at Bristol Myers Squibb from 1992 to 1994 and Audit Manager at PricewaterhouseCoopers from 1981 to 1992. Mr. Fathy is a Certified Director of The Egyptian Institute of Directors, and previously was the Chairman of Egyptian Finance Executives Foundation, an ex-member of the Board and Treasurer of the Food Export Council and a member of The Egyptian Institute of Directors.

Alfred Younan, Vice President—Sales and International Business. Mr. Younan has 24 years of experience in the FMCG industry. He graduated from Alexandria University (Alexandria, Egypt) in 1992 with a BA in Commerce, and completed the International Marketing Program at INSEAD (Fontainebleau, France) in 1998 and the Executive Development Program at Kellogg School of Management (Chicago, USA) in 2009. Mr. Younan joined Edita Food Industries as National Sales Manager in 2005 and became Vice President—Sales and International Business in 2007. Previously, he worked as Business Development and Export Director at Hero Middle East from 2002 to 2005, National Sales and Distribution Director at Al Ahram Beverages (a member of the Heineken group) from 2000 to 2001, Marketing and Sourcing General Manager at Mansour Distribution Company (Distributor of Philip Morris in Egypt) from 1997 to 2000 and the Horn of Africa Representative at Philip Morris from 1994 to 1996.

Omar Abdel Ghaffar, Vice President—Industrial Operations. Mr. Abdel Ghaffar has 10 years of experience in industrial operations. He graduated from Concordia University (Montréal, Canada) in 2004 with a BSc in Industrial Engineering, and completed the Executive Operations Management Program, Manufacturing, at INSEAD (Fontainebleau, France) in 2013. Prior to obtaining his BSc, he participated in a number of internships and training programs with large multinationals including Danone and Henkel. Mr. Abdel Ghaffar joined Edita Food Industries as Vice President—Industrial Operations in 2012. Previously, Mr. Abdel Ghaffar was Operations Director at Orascom Housing Communities from 2007 to 2012, Development Manager at Kuwait Controls Company from 2005 to 2007, and worked with the International Operations at Forbes Marshall from 2004 to 2005.

Inas Abdel Rahman, Vice President—Marketing. Ms. Abdel Rahman has over 20 years of experience in marketing. She graduated from Cairo University in 1992 with a BA in Economics and Political Science and obtained her MBA from the American University (Cairo, Egypt), specializing in Marketing and International Business, in 1998. Ms. Abdel Rahman joined Edita Food Industries as Vice President—Marketing in 2009. Previously, Ms. Abdel Rahman was Global Category Manager at Tetra Pak Packaging Solutions, Italy from 2006 to 2009, Marketing Manager at Tetra Pak, Egypt from 2003 to 2006, and a Director and Partner at Directions Marketing Research & Services Limited from 1998 to 2003. Prior to that, she worked as marketing consultant and economic researcher in a number of organizations, including Carana Corporation, Phoenix Consulting Associates and Al-Ahram Center for Political and Strategic Studies.

Maged Tadros, Vice President—HR and Administration. Mr. Tadros has over 20 years of experience in human resources. He graduated from Helwan University (Cairo, Egypt) in 1986 with a BA in Hotel Management. Mr. Tadros joined Edita as Vice President—HR and Administration in 2010. Before joining us, Mr. Tadros was Human Resources Development Manager at Al Ahram Beverages (a member of the Heineken group) from 2006 to 2010 and as an Independent Organizational Development Consultant from 2004 to 2006. Prior to that, he worked as Training and Development Senior Supervisor at Vodafone Egypt from 1998 to 2004. Mr. Tadros is certified as a Human Resources Assessor and Franklin Covey Trainer.

Mohamed El Bahey, Vice President—Supply Chain. Mr. El Bahey has 19 years of experience in the FMCG industry. He graduated from Ain Shams University in 1995 with a BSc in Engineering (Mechanical Power Section). Mr. El Bahey joined Edita Food Industries as Vice President—Supply Chain in 2012. Previously, Mr. El Bahey was Managing Director and CEO of Kraft Foods Algeria from 2010 to 2012 and Supply Chain and Sale Director at Kraft Foods Egypt from 2004 to 2010. He has also been a member of the Board of Kraft Foods Egypt from 2004 to 2012 and Managing Director of Kraft Foods Distribution Limited from 2006 to 2012. From 1995 to 2004 he worked at Gillette Egypt, as Production Engineer, and later as Value Chain Manager for North Africa and Pakistan at Gillette Egypt, and as Assistant Regional Supply Chain Director at Gillette MEA.

Sherif Shaker, Internal Audit and Compliance Director. Mr. Shaker has 30 years of experience in finance and auditing. He graduated from Ain Shams University with a BA in Commerce in 1983 and obtained his MBA from the Arab Academy Graduate School of Business (Alexandria, Egypt) in 2009, specializing in Finance, Investment and Banking. Mr. Shaker joined Edita Food Industries as Financial Manager in 1997 and became Internal Audit and Compliance Director in 2010. Previously, Mr. Shaker was Financial Manager at Peugeot Egypt from 1993 to 1997, Accounting Supervisor at Hoechst Egypt Pharmaceutical Company from 1991 to 1993, and held various positions at PricewaterhouseCoopers from 1983 to 1991. Mr. Shaker is a Certified Director of the Egyptian Institute of Directors (EIoD).

Papardodimas Panagiotis, Research and Development Director. Mr. Panagiotis has 14 years' experience in research and development. He graduated from the University of Surrey (Guildford, United Kingdom) in 1998 with a BA

in Chemistry and the University of Reading (Reading, United Kingdom) in 1999 with a master's degree in Food Science and Technology. He obtained his MBA from Alba Graduate Business School (Athens, Greece) in 2010. Mr. Panagiotis joined Edita as Research and Development Director in 2014. Before joining Edita, Mr. Panagiotis was Senior Research and Development Food Developer and Continuous Improvement at E.J. Papadopoulos from 2011 to 2014, Research and Development Scientist at General Mills from 2005 to 2009 and Jotis from 2001 to 2005.

Remuneration

The compensation system in place for members of the Board of Directors is subject to approval by the General Meeting.

Under the remuneration scheme currently in effect, the chairman and managing director of the Board of Directors receives a salary and an additional performance based cash incentive in connection with his executive responsibilities in such role. Members of the board of directors are compensated by way of attendance allowances and fiscal year end profit sharing.

Remuneration, including salary and benefits, of our senior management in 2013, 2014 and 2015 was EGP 31,386,889, EGP 45,446,219 and EGP 61,969,936, respectively.

Corporate Governance Compliance

The corporate affairs of the Company are governed by the Egyptian Companies Law, the Egyptian Capital Market Law, the EGX Listing Rules, other laws governing companies incorporated in Egypt and its articles of association.

A general attribute of joint stock companies in Egypt is separation of ownership and control. Although shareholders own the Company nominally, the management of the Company is vested, by law in the hands of its Board of Directors.

We are subject to Egyptian disclosure requirements and are required to submit annual and quarterly financial statements prepared in accordance with EAS; provide notices of any material developments to the EFSA and to the EGX; provide the regulator with minutes of the Company's Ordinary and Extraordinary General Meeting; and publish our annual and quarterly financial statements in two widely circulated local daily newspapers.

Committees

Audit Committee

In accordance with the EGX listing Rules, the Board of Directors has constituted an Audit Committee, comprised of four Non-Executive Directors known for their competence experience. Two of which are independent.

The primary functions delegated by the Board to the Audit Committee are to assist the Board in fulfilling its oversight responsibilities in connection with:

- the inspection and review of our internal audit procedures;
- the inspection and review of our accounting standards and any changes resulting from the application of new accounting standards;
- the inspection and review of internal audit procedures, plans and results;
- the inspection and review of the periodic administrative information that is presented to the different levels of management and the methods of such preparation and timing of submission;
- ensuring the implementation of appropriate supervisory procedures in order to protect our assets;
- ensuring that we adhere to the recommendations of the auditor and EFSA;
- the inspection of the procedures carried out in preparing and reviewing (i) the financial statements, (ii) offerings relating to securities and (iii) estimated budgets, cash flow and income statements;

- advising on the appointment of auditors to perform services other than the preparation of the financial statements;
- the inspection and review of the auditor's report regarding the financial statements and discussing the comments included, in addition to working on resolving any misunderstandings between the Board and the auditors;
- ensuring the preparation by an independent financial advisor of a report regarding any related party transactions before being ratified; and
- ensuring the application of the necessary supervisory methods to maintain our assets, conduct periodic evaluation of administrative procedures and prepare reports to the Board.

The Board of Directors is required to adopt the Audit Committee's recommendations within fifteen days of receiving notice of such recommendations. If the Board of Directors does not follow the recommendations, the chairman of the Audit Committee must notify both the EFSA and EGX.

Conflicts of Interest

Two of the Company's members of the Board of Directors, Mr. Hani Berzi and Mr. Samir Berzi are part of the family that founded the Company. Further, Berco Limited, one of our Principal Shareholders, is indirectly wholly-owned by the Berzi family. Hani Berzi, Samir Berzi and Berco Limited have engaged in certain material contracts either with or relating to the Company. For more details on these agreements see "*Material Contracts*" and "*Related Party Transactions*". Save as described above, there are no conflicts of interest or potential conflicts of interest between any duties owed by members of the Board of Directors to us and their private interests and/or other duties. Other than, Samir Berzi and Hani Berzi, who are brothers, there are no family relationships between any of the directors or executive officers.

Receiverships, Liquidations and Administrations

At the date hereof, none of the members of the Board of Directors, for the previous five years:

- has had any convictions in relation to fraudulent offences; nor
- has held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; nor
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Management Shareholdings

The following Shares of the Company are owned by management (excluding Shares held by entities controlled by them):

Hani Berzi: 140,000 Shares, representing: 0.0193% of the Company's share capital.

Samir Berzi: 110,000 Shares, representing: 0.0151% of the Company's share capital.

REGULATORY AND ENVIRONMENTAL MATTERS

Production of food products

The production of food products in Egypt is mainly regulated by Law No. 48 of 1941 (amended by Law No. 281 of 1994) pertaining to Commercial Fraud (the “**Commercial Fraud Law**”) and Law No. 10 of 1966, regulating foodstuffs and their circulation.

According to the Commercial Fraud Law, a producer shall be liable in the event that he sells or distributes defective products. A product shall be considered to be defective if the producer misleads or attempts to mislead in connection with the design, production, installation, processing, packaging or display of such product. The producer of a defective product shall be liable vis-à-vis any third party who suffers damage if he proves that such damage has been caused by the product. The maximum sentence for any violation of the Commercial Fraud Law is five years’ imprisonment and/or a fine of up to EGP 100,000 or the equivalent of the value of the commodity the subject of the crime, whichever is higher. In case of death resulting from such violation, the sentence is life time imprisonment and a fine not exceeding EGP 100,000 or the equivalent of the value of the commodity the subject of the crime, whichever is higher. The board members of an Egyptian company, if found guilty of a violation of the Commercial Fraud Law, could be subject to such penalties in their individual capacities. If found guilty, the company may also be subject to an equivalent fine and the court has the discretion to order the company to cease its activities for a period not exceeding one year. If the same violation is committed again by the company, the court may order that the company cease its activities for a period not exceeding five years or alternatively terminate the company’s operating license.

Law No. 10 of 1966 prohibits the production, preparation, presentation or offering of products, or the storage, transfer or delivery of the same if: this is not in compliance with the requirements specified by applicable laws and regulations; the products contain harmful ingredients; or if the labelling is misleading. Persons found to be in violation of any of the foregoing shall be subject to a penalty of up to one month’s imprisonment and a fine of no less than EGP 5.00 and no more than EGP 50.00 or both. The directors’ of a violating company, if held liable, could also be subject to any of these penalties in their individual capacities. If found guilty, the company may also be subject to an equivalent fine and the court has the discretion to order the company to cease its activity for a period not exceeding one year.

The Egyptian Standardization Authority amends the applicable standards from time to time.

Environmental legislation

Environmental issues in Egypt are governed by Law No. 4 of 1994. This law provides for the creation of an agency for the protection and promotion of the environment, the Egyptian Environment Affairs Agency (the “**EEAA**”). The EEAA formulates general policy and prepares the plans necessary for the protection and promotion of the environment. It also reviews the implementation of such plans.

The law provides for a mandatory environmental review, to be undertaken by the competent administrative authority according to the EEAA’s instructions, as part of the approval process for all proposed projects. In order to obtain a license to build, investors engaging in all new developments are now required to prepare Environmental Impact Statements (the “**EIS**”). The law places a duty on the developer to monitor its compliance with environmental laws. Owners of existing facilities must also prepare an EIS for all new development.

The law forbids the handling of hazardous substances and waste or the construction of any establishment for treating such substances without a license from the competent administrative authority. It is also forbidden to import hazardous waste or to allow its entrance into or passage through Egyptian territories. It is mandatory for all those who produce or handle dangerous materials to take precautions to ensure that no environmental damage occurs.

All establishments (industrial and others) are required to ensure that while practicing their activities, no leaked or emitted air pollutants (caused by the burning of fuel, etc.) shall exceed the maximum permissible levels. It is also prohibited to incinerate, to dispose of or to treat garbage and solid waste, as well as to spray pesticides or any other chemical compound, unless it is done according to the conditions and safety measures specified in the executive regulations of the law. Establishments shall ensure also that while operating their machines and equipment, the sound volume shall not exceed the maximum permissible levels.

The law further contains incentives for entities that operate in Egypt in an environmentally friendly manner, thus encouraging compliance. The law provides for fines and, in extreme cases, prison sentences for violations of its provisions.

Egypt is a signatory to various conventions concerning environment protection, among which are: the Environmental Modification Convention; the African Convention on the Conservation of Nature and Natural Resources; the Vienna Convention for the Protection of the Ozone Layer; the Convention for the Prevention of Pollution from Ships; the Barcelona Convention for the Protection of the Mediterranean Sea against Pollution; the Brussels Convention on Civil Liability for Oil Pollution Damage and the Moscow Treaty for Nuclear Weapon Tests in the Atmosphere.

Consumer protection legislation

The Consumer Protection Law No. 67 of 2006 (“**Consumer Protection Law**”) and its Executive Regulations issued by Ministerial Decree No. 886 of 2006 (the “**Executive Regulations**”) was promulgated in 2006 to establish the legal framework for consumer protection in Egypt, extending protection against fraud and ensuring transparency in selling goods while observing quality. The Consumer Protection Law establishes the Consumer Protection Authority, which is mandated with ensuring the implementation of consumer protection in accordance with the provisions of the Consumer Protection Law.

The Consumer Protection Law defines “Products” as being: goods and services offered by public and private law persons, including used goods offered by supplier.

A violation of the Consumer Protection Law, would, generally, include such acts or omission on the part of the producer/supplier in a manner that may lead to a false or misleading impression on the part of the consumer, or that may lead to confusion or mistake on the part of the consumer which would be deemed as misleading behavior.

A violation of certain provisions of the Consumer Protection Law shall result in a fine of not less than EGP 5,000 and not exceeding EGP 100,000, in addition to any damages that the consumer may claim.

Competition legislation

The Law on the Protection of Competition and the Prohibition of Monopolistic Practices number 3 of 2005 (the “**ECL**”) establishes the terms of conditions of competition law enforcement in Egypt. Generally, the ECL regulates three main relations, (i) horizontal contracts or agreements (ii) vertical contracts or agreements and, (iii) events which constitute an abuse of a dominant position.

The first category which is that of horizontal relations, is regulated under Article 6 of the ECL where it sets an exhaustive list of agreements (or by practice concerted practices or decisions of an association of undertakings) which would be prohibited under the ECL. They include what is widely known as hardcore restraints such as price fixing, market sharing and bid rigging.

The second category is that of vertical agreements, which covers relations between suppliers and customers. In practice, it is not on the list of priorities of the Egyptian Competition Authority (the “**ECA**”). This is because it requires a rule of reason assessment which may be burdensome on the ECA.

The third category relates to the conduct from which dominant companies are required to refrain. It prohibits conduct of dominant persons which would generally be legal otherwise.

The ECL has also established the ECA which is the competent authority responsible for its enforcement. In 2014, a leniency programme was introduced and criminal fines were increased to up to EGP 500 million for cartels and up to EGP 300 million for abuse of dominant position.

Material Licenses

Operational licenses

Pursuant to Article 2 of the Law No. 453 of 1954, all industrial establishments which may cause a public disturbance, are required to obtain an operational license. Any industrial establishment which does not possess the required operational license will not be permitted to conduct its business. The granting of an operational license is dependent upon the satisfaction of certain requirements, for example, the date of any certified lease agreement must be checked, and the location of any factory must be approved. If these requirements are met then the operational license is issued by the relevant local licensing department.

Details of the operational licenses granted:

Entity	Date of Expiry of License
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the Company—Plots No. 19 and 21 in Sixth of October Third Industrial Zone.....	December 21, 2020
the Company—Plot No. 63 Polaris Industrial Zone	August 2, 2016
the Company—Plots No. H3, H9 and part of H8	December 2, 2020
the Company—Building No. 2 located at Plot No. 13 in Sheikh Zayed	August 28, 2016

Boilers operation permit

Pursuant to Law No. 55 of 1977, we must obtain special permits for hazardous machinery and equipment, such as power generators and boilers. Such permits are issued in connection with each such machinery or equipment and are renewable. We have four boilers licenses as follows:

Entity	Date of Expiry of License
the Company—Plots No. 19, boiler No. 1345	October 10, 2016
the Company—Plots No. 19, boiler No. 2471	June 10, 2018
the Company—Plot No. 63, boiler No. 100003210	February 25, 2022
the Company—Plots No. H3, H9 and part of H8, boiler no. 1420	November 24, 2020

Industrial registration

Pursuant to Article 1 of law No. 24 of 1977 governing industrial registration, all industrial establishments must be registered in the industrial registry held by the Ministry of Industry and Foreign Trade. Industrial establishments must apply for registration within 30 days from commencement of production. Registration must be renewed every five years. Accordingly, we hold industrial registry certificates, certain details of which are set forth in the following table:

Entity	Date of Expiry of License
the Company—Plots No. 19 and 21 in Sixth of October Third Industrial Zone	December 13, 2019
the Company—Plot No. 63 Polaris Industrial Zone	September 1, 2018
the Company—Plot H3, H9 and part of H8	December 14, 2019

Other licenses and certificates

The Company holds an export certificate issued in accordance with the Investment Law valid until October 17, 2017, pursuant to which the Company is authorized to export its products outside of Egypt. The Company holds an import certificate issued in accordance with the Investment Law valid until October 17, 2017, pursuant to which the Company is authorized to import raw material, production necessities and spare parts for its equipment.

The Company holds a certificate from the Health Department dated January 30, 2014 confirming that we are in compliance with the required specification and a certificate dated September 4, 2014 confirming that our products and employees are subject to the supervision of the Health Department in 10th Ramadan.

The Company holds an ISO certificate 22000:2005 for its food safety management system expiring on November 11, 2017.

The Company holds an OHSAS certificate 18001:2007 for health and safety management expiring on March 8, 2018.

Other applicable legislation and certain regulatory developments

We are subject to the Money laundering Law No. 80 of 2002, the Anti-Monopoly Law No. 3 of 2005.

Under the decree No. 1162 of 2014, the sale price of natural gas supplied for generating electricity will change to US\$3 for every million British thermal unit. The sale price of natural gas supplied to food companies increased to US\$5 for every million British thermal unit, compared to US\$2 for every million British thermal unit previously set by the amended Prime Minister's Decree No. 1953 of 2010.

Under the decree No. 1257 of 2014, the sale prices of electricity will gradually increase over the period of 5 years starting from July 1, 2014 and ending on July 1, 2018.

From 2014, the following tariffs applied:

- Extra High voltage (132, 220 KV): 22.6 Piasters/KW/month (US\$0.031).
- High Voltage (33,66 KV): 27,5 Piasters/KW/month (US\$0.037).
- Medium Voltage (11,22 KV): 36,5 Piasters/KW/month (US\$0.05).
- From 2018, the following tariffs shall apply:
- Extra High Voltage (132, 220 KV): 43,3 Piasters/KW/month (US\$0.06).
- High Voltage (33,66 KV): 44,7 Piasters/KW/month (US\$0.062).
- Medium Voltage (22,11 KV): 49,5 Piasters/KW/month (US\$0.069).

Under the decree No. 1160 of 2014, the sale price of gasoline, kerosene and diesel per liter, shall be as follows:

- Gasoline 80 Octane: EGP 1.60 (US\$0.22).
- Gasoline 90 Octane: EGP 2.60 (US\$0.36).
- Gasoline 95 Octane: EGP 6,25 (US\$0.87).
- Kerosene: EGP 1.80 (US\$0.25).
- diesel of normal and specific specifications: EGP 1.80 per litre (US\$0.25) for all consumers.

SECURITIES MARKET INFORMATION

Egyptian Securities Market

The CMA was established by the State in 1979 pursuant to Presidential Decree No. 520 of 1979 to promote investment in the Egyptian securities market. The development of the securities market in Egypt since 1992 has encouraged certain Egyptian banks and financial institutions to begin to provide such services as securities underwriting, brokerage and mutual funds. Between 1979 and 2009, the CMA was responsible for regulating the securities market in Egypt, issuing licenses for financial intermediary businesses (including brokerage, venture capital, mutual fund management and portfolio management), monitoring the continuing obligations of listed companies, monitoring the central securities depository and protecting investors. Law No. 10 of 2009, published on March 1, 2009, established the EFSA which replaced the CMA, the Egyptian Insurance Supervisory Authority and the Egyptian Financial Leasing Authority as of July 1, 2009. The Chairman of the Board of Directors of the EGX and the Chairman of the EFSA have the right under the Capital Market Law to prohibit certain offers and bids for shares of listed companies which are considered to be manipulative, distorting or in violation of market rules.

The most important factor in the growth of the Egyptian securities market since 1992 has been the State's privatization program. A Privatization Ministerial Committee led by the Prime Minister, determined the companies to be privatized, resulting in the full or partial privatization of approximately 314 enterprises, which then accounted for approximately 70% of the Egyptian public sector. During 1993, these enterprises were reorganized or regrouped under 27 holding companies, which have authority to dispose of or liquidate their assets, in some cases after restructuring to make them more attractive to investors. As of the date of this prospectus, there are nine holding companies which control a total of 146 companies.

The rate of privatization in the early years was slow, but the process was revitalized under the administration of Prime Minister El-Ganzouri from January 4, 1996 to October 15, 1999. As of February 1, 2008, the Ministry of Investment reported that the privatization program had resulted in 311 transactions generating revenue of EGP 22.5 billion (US\$4.1 billion) from total asset sales of companies under Law No. 203 while generating for the same time period revenue of EGP 31.2 billion (US\$5.6 billion) from joint venture and other public sector sales. Currently, there are plans for the privatization of 38 companies.

In 2011, a small number of former employees of privatized companies whose jobs were eliminated as a result of the privatizations filed lawsuits before the Egyptian administrative courts, requesting reversal of the privatizations and reinstatement of their positions. In the first instance, many administrative courts ordered cancellation and reversal of the privatizations. These decisions are currently being appealed. However, the recent trend in the administrative courts has been to only reinstate employees to their former positions, but not to cancel or reverse the privatization process. Where there have been final court judgments ruling privatization to be cancelled, investors may arbitrate claims for resulting damages through the International Centre for Settlement of Investment Disputes (ICSID). Moreover, Egyptian Law No. 32 of 2014 has been enacted to grant protection to the agreements where the State is a contracting party. This law prevents any third party from challenging privatization agreements, and restricts cancellation claims to the contracting parties (i.e., only the State and the investor).

The Capital Market Law permitted the introduction of mutual funds to the Egyptian market, with 41 Egypt-based equity and fixed income mutual funds introduced as of April 3, 2008. Recently, the Minister of Investment has issued a decree amending the Executive Regulations of the Capital Market Law, enhancing the regulations governing mutual funds.

Egyptian Companies Law permits companies to issue bonds and other tradable securities. The only corporate bond issue listed on the EGX prior to the enactment of the Capital Market Law was the Credit Foncier Egyptian bonds, issued in 1951. Recently, Golden Pyramids Plaza Company, Contact, GB Auto and Mobinil have issued bonds on the EGX. In May 2013, law No. 10 of 2013 was issued regulating the issuance of a form of Sharia compliant debentures known as "Sukuk" by the government, certain governmental authorities and governorates, private sector companies, and international financial institutions authorized by the CBE and EFSA for funding of projects in Egypt. Such debentures have been defined as securities regulated by the Capital Market Law, and may be issued in both Egyptian Pounds and foreign currencies, and may be listed and traded on EGX.

In February 2007, the Minister of Investment issued a decree adding a new chapter to the Executive Regulations of the Capital Market Law. This chapter regulated tender offers and mandatory tender offers by prohibiting acquisitions of securities through open market purchases of one-third or more of the capital or voting rights of the target company. See "*Description of Share Capital and Applicable Egyptian Law*".

The EGX's market capitalization was EGP 374 billion (US\$ 62 billion) as at December 31, 2012, EGP 427 billion (US\$ 64 billion) as at December 31, 2013 and EGP 495 billion (US\$ 72 billion) as at December 31, 2014. The EGX 30 Index's market capitalization was EGP 208 billion (US\$ 33 billion) as at December 31, 2012, EGP 176 billion (US\$ 25 billion) as at December 31, 2013 and EGP 224 billion (US\$ 31 billion) as at December 31, 2014.

The EGX 30 Index and the Hermes Financial Index currently cover the 30 and 41, respectively, most actively traded stocks on the EGX. From January 1, 2014 to December 31, 2014, the EGX 30 Index increased by 31.1% and the Hermes Financial Index increased by 22.8%. Average daily turnover of the EGX in 2014 increased by 108% compared to 2013, while market capitalization increased by 15.4%.

The EGX 30 Index's market capitalization increased by 27.5% during 2014. From January 1, 2013 to December 31, 2013, the EGX 30 Index increased by 20.4% and the Hermes Financial Index increased by 19.1%. Average daily turnover on the EGX in 2013 decreased by 13% compared to 2012, while market capitalization increased by 15.0%. The EGX 30 Index market capitalization was EGP 280 billion as at December 31, 2015. The Hermes Index's level was EGP 361 as at December 31, 2015.

The EGX 30 Index's market capitalization decreased by 15.1% during 2013. From January 1, 2012 to December 31, 2012, the EGX 30 Index increased by 48.4% and the Hermes Financial Index increased by 42.7%. The EGX is characterized by a relative lack of liquidity. As at December 31, 2015, there were 226 listed companies, only with a smaller subset trading on a regular basis. The average daily trading value for the period from January 1, 2014 to December 31, 2014 was approximately EGP 806 million (US\$ 114 million), compared to approximately EGP 386 million (US\$ 56 million) from January 1, 2013 to December 31, 2013 and approximately EGP 445 million (US\$ 73 million) from January 1, 2012 to December 31, 2012, and approximately EGP 556.5 million from January 1, 2015 to December 31, 2015.

Stock Exchange Trading Mechanisms

Egypt's trading and settlement mechanisms have been significantly improved over the past few years. A computerized trading system at the EGX allows for automatic electronic matching of bids and offers. The electronic trading system links the EGX and allows brokers remote access to the trading floor. It also links all independent bookkeeping activities to the MCDR, which helps ensure greater speed and efficiency in the settlement process. Trading on the EGX takes place between 10:30 a.m. and 2:30 p.m., Sunday through Thursday.

During each trading session, the prices of certain stocks is restricted by ceilings and floors from its previous closing price, starting from 5%. Stocks of certain actively traded companies are not subject to this restriction. The EGX removes the ceiling upon the request of a broker who is willing to effect a transaction above or below the ceiling, provided the pricing committee at the EGX approves. The closing price of traded shares is determined by calculating a price-weighted average of the traded shares for the session. Cumulative transactions below 100 shares do not affect the closing price of the relevant underlying security. Brokerage commissions for transactions over EGP 10,000 (US\$1,398) are not fixed by the EGX or other regulatory bodies, but instead vary depending on the size of the transaction and the brokerage house executing the trade. Brokerage commissions for transactions under EGP 10,000 (US\$1,398) are fixed by the EFSA.

PRINCIPAL SHAREHOLDERS

The table below sets forth certain information regarding our shareholders as at the date of this prospectus.

	Number of Shares	Percentage of outstanding Shares
Berco Limited ⁽²⁾	303,308,300	41.8%
Africa Samba B.V. ⁽³⁾	54,402,234	7.5%
Exoder Limited ⁽⁴⁾	94,113,464	13%
Others.....	273,538,902	37.7%
Total	725,362,900	100%

Notes:

- (1) Percentage rounded down to nearest 0.1% in order to better illustrate shareholder voting power.
- (2) Berco Limited is an SPV that is indirectly wholly-owned by the Berzi family.
- (3) Africa Samba B.V. is a company that is an indirect subsidiary of funds managed by pan-emerging markets private equity firm Actis.
- (4) Exoder Limited is an SPV that is indirectly wholly owned by Chipita, a Greek snack food manufacturer.

See also “*Description of Share Capital and Applicable Egyptian Law—Certificates, Registry, and Transfer*”.

Berco Limited

Berco Limited is a company incorporated as an SPV under the laws of the Channel Islands with registration number 90718 and having its registered office at Third Floor, Mielles House, La Rue des Mielles, St Helier, Jersey JE2 3QD, Channel Islands and is indirectly wholly-owned by the Berzi family.

Africa Samba B.V.

Africa Samba B.V. (previously known as Africa Samba Coöperatief B.A.) (“**Africa Samba**”) a company incorporated under the laws of The Netherlands with registered number 57845948 and having its registered office at De Boelelaan 7, 1083HJ, Amsterdam, the Netherlands. Africa Samba B.V. is a company that is an indirect subsidiary of funds managed by pan-emerging markets private equity firm Actis.

Exoder Limited

Exoder Limited is a company incorporated as an SPV under the laws of Cyprus with registration number HE 241458 and having its registered office at Bouboulinas 11 Street, 1st Floor, 1060 Nicosia, Cyprus and is indirectly wholly owned by Chipita, a Greek snack food manufacturer with an international presence, selling flour based snacks and chocolate confectionary in more than 35 countries.

Immediately following Admission, it is expected that 100% of the GDRs will be held in public hands.

RELATED PARTY TRANSACTIONS

The Company has and will continue to enter into transactions with certain shareholders, directors, subsidiaries and affiliated companies. While Management believes that each of its related party transactions have been entered into on arm's length terms in the ordinary course of business and in accordance with normal business practice, there has been no formal process for the independent assessment of the appropriateness of the terms of such transactions. The Egyptian Companies Law sets forth certain guidelines for entering into related party transactions.

Chipita Participation LTD Manufacturing Technical Assistance Agreement

On April 29, 2011 the Company entered into an agreement with Chipita Participation LTD, under which Chipita agreed to grant the Company the license to use the production know how and provide technical assistance for the manufacturing of certain products, with a term of ten years commencing on January 1, 2011. The Company agreed to pay an annual royalty fee amounting to 0.5% of its annual net sales of the products, with a maximum of Euro 150,000 per year, to be paid quarterly as of January 1, 2011.

The Company may only sell the products in Egypt, Jordan, Syria, Yemen, Iraq and Libya (the “**Territory**”), and any sale outside the Territory will require the prior written consent of Chipita. Chipita warrants that it will not grant the license or know how to any third party in the Territory during the term of the agreement. Any assignment of the license granted by virtue of the agreement shall be null and void, and the Company may not grant a sublicense without the prior written consent of Chipita. According to the agreement, Chipita will not assume any liability with respect to the products or under any law, and is entitled to conduct inspections over the Company's facilities and send its representatives to perform same.

Edita Products Distribution Agreement

On March 10, 2015 the Company entered into a distribution agreement with Digma, for the sale and distribution of certain Edita products, in return for certain discounts on the sale price as set by the Company, which may be amended from time to time by the Company without liability, after notifying Digma of such change. The term of the agreement is one year commencing on March 10, 2015 and ending on March 9, 2016. The agreement is renewable unless terminated by any of the parties by at least three months' written notice prior to the expiry of the term.

ECI Products Distribution Agreement

On March 10, 2015 ECI entered into a distribution agreement with Digma, for the sale and distribution of certain ECI products, in return for a commission of 7% on the sale price set by ECI, which may be amended by ECI from time to time without liability, after notifying Digma of such change. The term of the agreement is one year commencing on April 1, 2014 and ending on March 31, 2015. The agreement is renewable unless terminated by any of the parties by at least three months' written notice prior to the expiry of the term.

Beni Suef Lease

On March 10, 2015 Edita Confectionary Industries (“ECI”) entered into a lease with Digma in connection with the lease of 198.5 m² in the administrative building and a warehouse with an area of 255 m² located at the factory at Industrial Zone—Kom Abo Radi—Plot 101, 120—Beni Suef.

The Beni Suef Lease is a one year lease commencing on March 10, 2015 and ending March 9, 2016, and is renewable for additional terms by virtue of the parties' agreement. The quarterly rent payable under the lease is EGP 17,400 to be paid every three months, and Digma may not assign or sublease the leased premises without the prior written consent of ECI.

Sheikh Zayed Lease

On March 10, 2015 the Company entered into a lease with Digma in connection with the lease of an area of 300 square meters at the Company's premises to be used as a branch for its activities.

The Sheikh Zayed Lease is a one year lease commencing on March 10, 2015 and ending on March 9, 2016, and is renewable for additional terms by virtue of the parties' agreement. The monthly rent payable under the lease is EGP 15,000 to be paid in advance of each month, and Digma may not assign or sublease the leased premises without the prior written consent of the Company.

10th of Ramadan Lease

On March 10, 2015 the Company entered into a lease with Digma in connection with the lease of an area of 535 square meters located at Plot C3—IVEFG—10th of Ramadan, Sharkeya, Egypt, to be used as a branch for its activities. The 10th of Ramadan Lease is a one year lease commencing on March 10, 2015 and ending on March 9, 2016, and is renewable for additional terms by virtue of the parties' agreement. The monthly rent payable under the lease is EGP 26,750 to be paid in advance of each month, and Digma may not assign or sublease the leased premises without the prior written consent of the Company.

See also "*Material Contracts—Service Agreement between Berco Limited and Digma*", "*Material Contracts—Appointment Agreement between Berco Limited and Exoder Limited and Mr. Hani Nabih Berzi and Mr. Samir Nabih Berzi*" and "*Material Contracts—Termination of the Shareholders Agreement between the Company, Berco Limited, Exoder Limited, Africa Samba, and Mr. Hani Berzi*".

MATERIAL CONTRACTS

The following is a summary of the material agreements entered into by the Company:

Shareholders Agreement with Confindel Ltd and Olympic Hermes S.A.

On July 30, 2008, the Company entered into a shareholders agreement with Confindel Ltd and Olympic Hermes S.A., relating to the incorporation of an Egyptian joint stock company under the name ECI with a share capital of EGP 10,000,000, for the production and sale of soft and hard candy, and jellies and other food products. Pursuant to the agreement, the Company holds 65% of ECI and 35% is held by Confindel. The Company has allocated 100 shares to Mr. Hani Berzi and Mr. Samir Berzi. The agreement shall be valid throughout the term of ECI. At present, the Company holds 77.71% of ECI, 22.27% is held by Confindel, and 0.02% held by Mr. Hani Berzi and Mr. Samir Berzi.

The Company and Confindel appointed three and two members of the board of directors respectively, making the board comprise of five members. The chairman, the managing directors and chief financial officer will be appointed by the Company, while the vice-chairman will be appointed by Confindel.

ECI will enter into a management services agreement with the Company or a designated company for an annual remuneration of €50,000, to be reviewed every two years. ECI will also enter into a Technology Transfer Agreement with Olympic, for a lump sum of €200,000, and enter into a Distribution Agreement with Digma, under which Digma will charge a 12% mark-up on the purchase price of products.

ECI is free to introduce and develop its trademarks for the marketing of its products in any market. The agreement provides for an annual profit distribution of not less than 30% to shareholders starting from the third fiscal year. The agreement further provides for a right of first refusal, pre-emptive rights to the parties, and tag along rights to Confindel.

Trademark and Goodwill Sale and License Agreement with New HB Acquisition LLC

On April 9, 2013, the Company entered into a trademark and goodwill sale and license agreement (“Trademark License Agreement”) with New HB Acquisitions LLC (“HB”), under which HB granted the Company a royalty free, perpetual, irrevocable, exclusive, sub-licensable and fully assignable license to the know-how, and transferred and assigned to the Company all of its rights, title and interest in *HoHos*, *Tiger Tail* and *Twinkies* in the Territory. The Trademark License Agreement expressly terminated and replaced the Master Trademark License, Technical Assistance and Distribution Agreement, dated February 28, 2000, which was between Interstate Brands West Corporation (the former holder of the interest) and International Foods Company.

Under the terms of the Trademark License Agreement, HB is restricted from providing any third party with the right to manufacture, sell or market the cake products in the Territory, as well as providing any third party with a license to use the know how in the Territory. The Trademark License Agreement may be assigned or transferred by operation of law or otherwise, by way of: (i) written notice to the other party; or (ii) without its prior consent, to its parent company; or (iii) to an affiliate of the assigning or transferring party; or (iv) in connection with a sale of all or substantially all of the assets of that party. The agreement includes two deeds of assignment relating to the assignment of certain trademark registrations in Egypt and Jordan by HB to the Company.

On April 16, 2015, the Company entered into a new contract for the expansion of 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, and the United Arab Emirates. This perpetual trademark license was for consideration of an amount of USD 8 Million.

Further, on April 16, 2015 the Company entered into a “License and Technical Assistance Agreement” with the owner of the know how 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, in consideration for an amount of USD 4 Million equivalent.

Service Agreement between Berco Limited and Digma

On September 12, 2007 Berco Limited and Digma entered into a Service Agreement, pursuant to which Berco renders to Digma publicity and promotion services, as well as design and training services, in return for a monthly flat

fee of US\$42,000, to be paid on a monthly basis. The term of the agreement is four years commencing on January 1, 2007 and ending on December 31, 2010, and is renewed automatically, unless terminated by way of three months' notice.

The Service Agreement may not be assigned by any of the parties without the prior written consent of all the parties thereto. Under the terms of the Service Agreement, Berco Limited does not have the right to enter into any agreements on behalf of Digma, and all documents and materials prepared by Berco Limited shall be the exclusive property of Digma.

Management Agreement with Mr. Hani Berzi

In 2011, a management arrangement was introduced and put in place by virtue of an Appointment Agreement providing for a management compensation to Hani Berzi and Samir Berzi for both Edita and Digma which did not exceed 5% from Edita Food Industries' consolidated income statement EBITDA, subject to annual review. For the fiscal years under review (2012, 2013, and 2014), the said amount was expensed to the Company's financials as part of the general and administrative expenses.

On March 5, 2015, the Company, and by shareholder approval, entered into a management agreement with Mr. Hani Berzi, in his capacity as Chairman and Managing Director of the Company ("**Management Agreement**") to supersede the Appointment Agreement, which was accordingly terminated on the same day. Under the Management Agreement, Mr. Hani Berzi is entitled to a monthly salary and annual bonus, net of any taxes or social insurance, provided that the monthly salary and annual bonus shall not exceed 5% of the Company's EBITDA. In addition, the remuneration of Mr. Hani Berzi under the Management Agreement includes, all in-kind benefits generally applicable, including medical insurance, and company car and driver, as well as any allowances determined by the ordinary general meeting to the members of the board of directors, and any other benefits afforded to members of the board of directors by virtue of a resolution of the ordinary general meeting or the statutes. These amounts will continue, as per the historical practice, to be expensed to the Company's financials as part of the general and administrative expenses.

In parallel, and by shareholder approval, Digma entered into a management agreement with Samir Berzi in his capacity as the Chairman of Digma, for a fixed annual remuneration of EGP 3,000,000, which will be expensed to Digma's financials as part of the general and administrative expenses.

Distribution Agreement with Khalil Fattal and Sons Company

On April 1, 2008 the Company entered into a distribution agreement with Khalil Fattal and Sons Company ("**KFST**"), pursuant to which the Company appointed KFST as an exclusive distributor for certain of the Company's products in Lebanon. According to the agreement, KFST purchases the products from the Company at the terms and prices applicable at the time of shipping, and KFST shall immediately pay the Company in foreign currency. KFST may sell the products only in Lebanon, and is required to make minimum purchases in the amount of \$450,000 per year. If KFST fails to meet the minimum sale targets, the Company shall have the right to sell and supply the products directly to the clients in Lebanon. Pursuant to the agreement, KFST may not procure the right to distribute any products that are considered competing products in accordance with the Company's discretion, without the prior written consent of the Company. KFST shall sell the products under the products' trademarks or trademarks owned or licensed by the Company, and shall not make any alterations to same without the prior written consent of the Company. KFST shall be restricted from using the Company's trademarks in its corporate or commercial name or using any similar trademarks, and further declares that nothing in the agreement shall confer upon him any rights with respect to such trademarks.

The term of the agreement is one year, and is renewable, unless terminated by any of the parties by at least sixty days' written notice prior the expiry of the term. The parties may agree to terminate the agreement at any time.

Distributorship Agreement between Digma and Cumberland Packing Corp.

The Distributorship Agreement entered into between Digma and Cumberland Packing Corp. ("**Cumberland**") dated January 1, 2010, was terminated by the parties on December 31, 2013, by way of a letter from Cumberland to Digma dated November 8, 2013. Cumberland also confirmed termination of the agency agreement dated November 8, 2013 by way of a letter sent by Cumberland to Digma on July 10, 2014. Digma can continue to sell its existing inventory until Cumberland appoints a new agent or distributor.

Polaris Land Purchase Agreement and E08 Construction Agreement

On May 20, 2015 the Company entered into a land sale agreement with Polaris Al Zamil Industrial Parks ("Polaris"), pursuant to which the Company purchased a plot of land with an area of approximately 55,498 m² in the Polaris Industrial Zone in Sixth of October City. The total price of the plot of land is approximately EGP 44,398,400, in

addition to certain additional development costs for utilities of approximately EGP 10,450,000. The Company is under obligation to complete construction on no less than 25% of the plot area and prove the suitability of the facility for operation by no later than two years from the date of the agreement, failure of which may result in a weekly fine of USD 5,000 to commence on the first day after the said two year period. If the Company fails to obtain the operating license by August 20, 2017, Polaris may terminate the agreement without prejudice to any fines that may be applicable. The Company may request the General Authority for Industrial Development (IDA) to transfer title of the plot upon completion of construction on an area of no less than 40% of the total plot, and provided that the Company has obtained the operating license and payment of the consideration in full. The Company may not assign the agreement in part or in full without the prior written consent of Polaris. The Company has further entered into an agreement with Polaris to provide of additional utilities works in relation to the agreement.

On 16 January 2016 the Company entered into an agreement with Gama for Trading and Contracting S.A.E. for the construction of the E08 factory in the Polaris Industrial Zone, in accordance with the terms of the FIDIC Red Book, with an amount of EGP 116,000,000.

Credit and financing arrangements

The Company and its subsidiaries are parties to various credit and financing arrangement with different banks, in the ordinary course of business and in accordance with normal business practice. Some of the financing arrangements are guaranteed by the Company or another subsidiary via a corporate guarantee.

Credit Agricole Bank Egypt—First Loan (Edita E 07 (1)—Construction)

In 2011, the Company entered into an EGP 100,000,000 medium term loan with Credit Agricole, for the purpose of financing part of the construction costs of the new factory and importation of machinery. The term of the loan is five years, which includes a grace period of one year and an availability period of nine months. Interest is payable at a rate of 1% above the CBE mid corridor, and the bank may amend the interest rate in accordance with its internal policies. Principal and interest on the loan are payable on a semi-annual basis. The loan further provides for a penalty interest rate of 1% and an annual commitment fee of 1% over the available and unused amount of the loan. The is payable every three months after the expiry of the availability period. The Company may prepay part or all of the loan with a fifteen days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from the Company (i) not to use the funds for any purpose other than that for which it was granted; (ii) to maintain its control and voting rights in Digma and not effect any change thereto without the prior written notice to the bank; (iii) not to distribute profits to shareholders unless the principal and interest are repaid consistently within each given fiscal year; and (iv) not to make any changes in its corporate form or shareholding structure throughout the term of the loan without the prior written consent of the bank. In addition, the loan contains a change of control provision, under which a change in the shareholding structure of the Company without the prior written consent of the bank would constitute an event of default, if such change would adversely effect the Company's ability to repay the loan. The Company's obligations in relation to the loan are guaranteed by an undertaking of the Company to provide a corporate guarantee in the amount of EGP 100,000,000 to be issued by Digma.

Credit Agricole Bank Egypt—Second Loan (E 07 (1)—Production lines)

In 2012, the Company entered into an EGP 70,000,000 medium term loan with Credit Agricole, for the purpose of financing the importation of machinery. The term of the loan is four years, which included the grace and availability periods. The seventeen months grace period and availability period commenced on August 6, 2012 and ended on January 5, 2014. Interest is payable at a rate of 1.5% above the CBE mid corridor, and the bank is free to amend the interest rate in accordance with its internal policies. The loan is payable on a semi-annual basis, commencing after seventeen months from the first drawdown. The loan further provides a penalty interest rate of 2% and a commitment fee of 1% over the available and unused amount of the loan, which is paid and calculated every three months. The Company is able to prepay part or all of the loan with fifteen days prior written notice to the bank. The provisions of the loan includes various covenants and events of default, among others, covenants from the Company (i) not to use the funds for any purpose other than that for which it was granted; (ii) to maintain its control and voting rights in Digma and not effect any change thereto without the prior written notice to the bank; and (iii) not to distribute profits to shareholders unless the principal and interest are repaid consistently within each given fiscal year. In addition, the loan contains a change of control provision, under which a change in the shareholding structure of the Company without the prior written consent of the bank would constitute an event of default, if such change would adversely effect the Company's ability to repay the loan. The Company's obligations in relation to the loan are guaranteed by an undertaking of the Company to provide a corporate guarantee covering the amount of the loan to be issued by Digma. The Company's obligations are further guaranteed by an irrevocable authorization to the bank to make deductions from any bank accounts opened by the Company at the bank.

NBK-Egypt MTLs and facilities arrangements

The Company has signed a general undertaking, in which it undertakes not to change its shareholding structure without the prior written notice to the bank and not to grant any guarantees or pledges over its assets throughout the term of the facilities arrangement granted by the bank to Digma. Digma has also issued a corporate guarantee relating to the obligations of the Company under the facilities arrangement granted to it by the National Bank of Kuwait.

NBK-Egypt—Third Loan (Trade mark)

On April 24, 2013, the Company entered into an EGP 70,000,000 loan with National Bank of Kuwait (formerly known as Al Watany Bank of Egypt), for the purpose of financing the acquisition of the right to use certain trademarks. The term of the loan is three years and commenced on the date of the first drawdown and includes the availability period. Interest is payable at a rate of 2% above the CBE lending rate with a maximum of 13%, and the bank may amend the interest rate with fifteen days prior notice. The loan is payable in six semi-annual instalments. The loan further provides a penalty interest rate of 2%, a commitment fee of 2% over the available and unused amount of the loan from the date of signing the agreement until full payment of the loan, and an administrative fee of 0.5% to be deducted once throughout the term of the loan at the first drawdown. The Company may prepay part or all of the loan with thirty days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from the Company (i) not to use the funds for any purpose other than that for which it was granted; (ii) not to assign its rights without the prior written consent of the bank; and (iii) not to grant any guarantees or pledges over the assets of the Company. The Company's obligations in relation to the loan are guaranteed by a corporate guarantee issued by Digma covering the amount of the loan and a promissory note in the amount of EGP 70,000,000 signed by the Company and Digma as guarantor. The Company's obligations are further guaranteed by an irrevocable undertaking by the Company to transfer its export proceeds to the bank with a minimum amount of US\$6,000,000 per year, an authorization to the bank to make deductions from any bank accounts opened by the Company at the bank, and a negative pledge.

NBK-Egypt—Fourth Loan (E 07 New Building)

On November 26, 2013, the Company entered into an EGP 70,000,000 loan with the National Bank of Kuwait (formerly known as Al Watany Bank of Egypt), for the purpose of financing the expansion of the factory at Sixth of October City. The term of the loan is four and a half years and commenced on the date of first drawdown. The loan includes a grace period of twelve months. Interest is payable at a rate of 2% above the CBE lending rate, and the bank may amend the interest rate in accordance with the market prices. The loan is payable in eight semi-annual instalments, and further provides a penalty interest rate of 2%, and an administrative fee of 0.15% to be deducted once throughout the term of the loan at the first drawdown. The Company may prepay part or all of the loan with thirty days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from the Company (i) not to use the funds for any purpose other than that for which it was granted; (ii) not to assign its rights without the prior written consent of the bank; (iii) not to grant any guarantees or pledges over the assets of the Company; and (iv) to incur any additional costs that may be required for the project. The Company's obligations in relation to the loan are guaranteed by a promissory note in the amount of the loan signed by Digma, and a promissory note in the amount of the loan signed by the Company. The loan further provides an undertaking by the Company to provide the bank with a corporate guarantee issued by Digma to cover the amount of the loan.

NBK-Egypt—Fifth Loan (185 New Machines)

On June 22, 2014, the Company entered into an EGP 185,000,000 medium term loan with National Bank of Kuwait, for the purpose of financing the expansion of one of its factories located in Sixth of October City. The term of the loan is six and a half years which includes a grace period and availability period of eighteen months. Interest is payable at a rate of 1.25% above the CBE mid corridor, which may be amended by the bank in accordance with the market prices, and is payable on a semi-annual basis. With respect to facilities in foreign currency, interest rate is payable at a rate of 2.5% above LIBOR, which may be amended by the bank in accordance with the market prices, and is payable on a semi-annual basis. The loan is payable in ten semi-annual instalments, and provides a penalty interest rate of 2% and a commitment fee of 1% over the available and unused amount of the loan to be calculated annually. The Company may prepay part or all of the loan with thirty days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from the Company (i) not to use the funds for any purpose other than that for which it was granted; (ii) not to assign its rights without the prior written consent of the bank; (iii) not to grant any guarantees or pledges over the assets of the Company; and (iv) not to make any changes in its corporate form or shareholding structure throughout the term of the loan without the prior written notice to the bank. The Company's obligations in relation to the loan are guaranteed by ten promissory notes in the amount of EGP 18,500,000 each, and signed by the Company. The Company made an undertaking to provide a corporate guarantee issued by Digma covering the amount of the loan.

NBK-Egypt—Sixth Loan (Trade mark)

On April, 2015, the Company entered into an EGP 90,000,000 loan with National Bank of Kuwait (formerly known as Al Watany Bank of Egypt), for the purpose of financing the acquisition of the right to use certain trademarks. The term of the loan is three years and commenced on the date of the first drawdown and includes the availability period. Interest is payable at a rate of 2% above the CBE lending rate with a maximum of 13%, and the bank may amend the interest rate with fifteen days prior notice. The loan is payable in six semi-annual instalments. The Company may prepay part or all of the loan with thirty days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from the Company (i) not to use the funds for any purpose other than that for which it was granted; (ii) not to assign its rights without the prior written consent of the bank; and (iii) not to grant any guarantees or pledges over the assets of the Company and (iv) not to make any changes in its corporate form or shareholding structure throughout the term of the loan without the prior written notice to the bank. The Company's obligations in relation to the loan are guaranteed by a corporate guarantee issued by Digma covering the amount of the loan and a promissory note in the amount of EGP 90,000,000 signed by the Company and Digma as guarantor.

CAE-Egypt—Seventh Loan (170 M - New Machines)

On September 2015, the Company entered into an EGP 170,000,000 medium term loan with Credit Agricole for the purpose of financing the expansion of one of its factories located in Sixth of October City. The term of the loan is six and a half years which includes a grace period and availability period of twenty four months. Interest is payable at a rate of 1.% above the CBE mid corridor, which may be amended by the bank in accordance with the market prices, and is payable on a semi-annual basis. With respect to facilities in foreign currency, interest rate is payable at a rate of 2.5% above LIBOR, which may be amended by the bank in accordance with the market prices, and is payable on a semi-annual basis. A commitment fee of 1% over the available and unused amount of the loan to be calculated annually. The Company may prepay part or all of the loan with thirty days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from the Company (i) not to use the funds for any purpose other than that for which it was granted; (ii) not to assign its rights without the prior written consent of the bank; (iii) not to grant any guarantees or pledges over the assets of the Company; and (iv) not to make any changes in its corporate form or shareholding structure throughout the term of the loan without the prior written notice to the bank. The Company's obligations in relation to the loan are guaranteed by ten promissory notes in the amount of EGP 15,454,500 each, and signed by the Company. The Company's obligations in relation to the loan are guaranteed by an undertaking to provide the bank with a corporate guarantee issued by Digma covering the amount of the loan.

NBK—(short term facility 1)

On May 21, 2014, the Company entered into a short term facility in the form of financing import letters of credit with a maximum amount of EGP 30,000,000. The term of the facility is twelve months, commencing on May 21, 2014 and ending on May 21, 2015. Interest is payable at a rate of 2% on the outstanding balance to be calculated on a daily basis and paid at the end of each month, which may be amended by the bank at any time at its sole discretion without the need for the Company's approval. The loan further provides a penalty interest rate of 2%. The provisions of the loan include certain covenants and events of default, including covenants from the Company (i) to provide the bank with any additional guarantees that may be requested by the bank; and (ii) to procure insurance over the goods related to the letters of credit. The bank also has the right to close the account at any time at its sole discretion, while the lien over the goods would remain in place and the Company's obligation would become payable within three days from notification of closure of the account. The Company's obligations in relation to the loan are guaranteed by a lien over all the goods in relation to the letters of credit.

NBK—(short term facility 2)

On May 21, 2014, the Company entered into a short term facility in the form of a credit line with a maximum amount of EGP 30,000,000, or its equivalent in foreign currency. The term of the facility is twelve months. It The term of the facility commenced on May 21, 2014 and will end on May 21, 2015. The facility may be renewed or extended by the bank for other terms at its sole discretion. Interest is payable at a rate of 1.25% above the CBE mid corridor, with a minimum of 11.5%. With respect to foreign currency, interest is payable at a rate of 2.5% above LIBOR. The bank may amend the interest rates at its sole discretion and without the need for the Company's approval. The bank also has the right to close the account at any time at its sole discretion, while the guarantees provided would remain in place. In such an event, the Company's obligations would become payable within three days from notification of closure of the account. The Company's obligations in relation to the loan are guaranteed by a promissory note issued by the Company in the amount of EGP 30,000,000.

Credit Agricole short term facilities

The Company entered into a credit approval memo on July 10, 2014 with respect to the approval of Credit Agricole Egypt to grant certain short term facilities to the Company.

Credit Agricole—(Credit approval)

On July 10, 2014, the Company accepted a facility line letter pursuant to which Credit Agricole granted the Company the following facilities: (i) a line of credit for overdraft in foreign currency in the amount of US\$10,000,000; (ii) a line of credit for the importation of goods in the amount of EGP 40,000,000, with a sublimit of EGP 2,750,000 for importation of machinery and spare parts; (iii) a line of credit for clean overdraft for working investments in the amount of EGP 20,000,000; (iv) an outstanding medium term loan previously granted in relation to the construction of the Sheikh Zayed premises in the amount of EGP 13,318,895.12; (v) an outstanding medium term loan previously granted to partially finance the importation of machinery in the amount of EGP 50,000,000; (vi) an outstanding medium term loan previously granted to finance the importation of machinery in the amount EGP 46,666,666.66; (vii) a line of credit for the issuance of bid bonds, performance bonds, and advance payment guarantees in favor of governmental entities in the amount of EGP 1,500,000; and (viii) a line of credit for the issuance of corporate credit cards in the amount of EGP 100,000.

Credit Agricole short term facility request (1)—(EGP 40 Million)

The Company entered into a short term facility request (global loan agreement), pursuant to which the Company requested Credit Agricole Egypt to grant the Company an overdraft in the amount of EGP 40,000,000 to refinance letters of credit. With respect to facilities granted in EGP interest is payable at a rate of 2.5% over the CBE overnight depository rate, while facilities granted in foreign currency are subject to an interest payable at the annual inclusive interest rate of 1.25%. The facility will expire on May 31, 2015, and may be renewed automatically by the bank for other terms at its discretion. The loan further provides a penalty interest rate of 2%. The bank may, at its sole discretion, decrease the facility amount, close the Company's accounts, or terminate the approved facilities by way of notice, at which case all amounts shall become due.

Credit Agricole short term facility request (2)—(US\$10 Million)

The Company entered into a short term facility request, pursuant to which the Company requested Credit Agricole to grant the Company a credit line against time deposits in the amount of US\$10,000,000. Interest is payable at an annual inclusive rate of 2% above LIBOR. The facility will expire on May 31, 2015, and may be renewed automatically by the bank for other terms at its discretion. The loan further provides a penalty interest rate of 2%. The bank may, at its sole discretion, decrease the facility amount, close the Company's accounts, or terminate the approved facilities by way of notice, in which case all amounts shall become due.

Credit Agricole short term facility request (3)—(EGP 20 Million)

On June 10, 2014, the Company entered into a short term facility request, pursuant to which the Company requested Credit Agricole to grant the Company a credit line in the amount of EGP 20,000,000. With respect to facilities granted in EGP interest is payable at a rate of 2.5% over the CBE overnight depository rate, while facilities granted in foreign currency are subject to interest payable at the annual inclusive interest rate of 1.25%. The facility will expire on May 31, 2015, and may be renewed automatically by the bank for other terms at its discretion. The loan further provides a penalty interest rate of 2%. The bank may, at its sole discretion, decrease the facility amount, close the Company's accounts, or terminate the approved facilities by virtue of a notice, at which case all amounts shall be become due. The provisions of the loan include a covenant from the Company not to make any changes in its corporate form or shareholding structure throughout the term of the loan without the prior written consent of the bank.

Credit Agricole Corporate Guarantees

Digma has issued corporate guarantees in relation to the facilities granted by Credit Agricole to the Company, in the amounts of EGP 41,600,000, EGP 46,666,667, EGP 50,000,000, and EGP 13,318,896.

Commercial International Bank short term facility

On October 19, 2011, the Company entered into a short term facility with Commercial International Bank pursuant to which the Company was granted a credit line with a maximum amount to be determined based on the aggregate withdrawals and payments under the facility at its maturity date. Withdrawals from the credit line were against payment orders, bank checks, transfer orders, and disbursement orders drawn on the bank. Withdrawals were made in

EGP or foreign currency. The credit line covered the extended credit facilities in the form of letters of guarantee, instant collection, overdrafts, and any other credit facilities that could be evidenced by the bank's books. The term of the loan commenced on October 19, 2011 and ended on October 18, 2012. This facility can be renewed automatically for additional terms, unless the bank decides otherwise. Interest was payable at a rate of 1.5% above the CBE corridor, while facilities granted in foreign currency are subject to an interest rate of 2.375% above LIBOR. The interest rates may be amended by the bank should it so decide. The loan further provides a penalty interest rate of 1% and a monthly commission of 0.05%. The Company has issued undertakings in connection with the facility, including (i) an irrevocable undertaking to pay from its resources the amount/percentage incurred by the bank where there is an accident, relating to insurance policies taken for the benefit of the bank; (ii) an irrevocable undertaking to repair any damages to its assets to ensure the continuation of the Company's business; and (iii) an irrevocable undertaking to cover the foreign currency debt from the export proceeds in foreign currency. The Company's obligations in relation to the loan are guaranteed by a promissory note in the amount of Euro 5,000,000 and a promissory note in the amount of EGP 11,500,000, both issued by the Company.

Credit Agricole—Digma MTL 1

In 2012, Digma entered into an EGP 14,000,000 medium term loan with Credit Agricole, for the purpose of financing the acquisition of 97 vehicles in relation to its activities. The term of the loan is three years, which includes the grace period and availability period. Interest is payable at a rate of 1.5% above the CBE mid corridor, and the bank may amend the interest rate in accordance with its internal policies. Principal and interest on the loan are payable in four semi-annual instalments to commence after the lapse of the grace period. The loan further provides a commitment fee of 1% to be paid and calculated every three months, effective upon expiry of the availability period, as well as a penalty interest rate of 2%. Digma may prepay part or all of the loan with fifteen days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from Digma (i) not to use the funds for any purpose other than that for which it was granted; (ii) that the control and voting rights in the Company will be maintained as they are, and not to effect any change thereto without prior written notice to the bank; (iii) not to distribute profits to shareholders unless the principal and interest are repaid consistently within each given year; and (iv) not to make any changes in its corporate form or shareholding structure throughout the term of the loan without the prior written consent of the bank. In addition, the loan contains a change of control provision, under which a change in the shareholding structure of Digma without the prior written consent of the bank would constitute an event of default, if such change would adversely affect Digma's ability to repay the loan. Digma's obligations in relation to the loan are guaranteed by an undertaking of the Company to provide the bank with a corporate guarantee in the amount of EGP 14,000,000 to be issued by the Company.

NBK-Egypt—Digma EGP 10 Million MTL 2

On June 22, 2014, Digma entered into an EGP 10,000,000 loan with the National Bank of Kuwait, for the purpose of financing the expansion of Digma's fleet of vehicles and machinery. The term of the loan is three and a half years commencing on the date of first drawdown, which includes the grace period. Interest is payable at a rate of 1.25% above the CBE lending rate, and the bank may amend the interest rate in accordance with market prices. The loan is payable in six semi-annual instalments, and further provides a penalty interest rate of 2%. Digma may prepay part or all of the loan with thirty days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from Digma (i) not to use the funds for any purpose other than that for which it was granted; and (ii) not to assign its rights without the prior written consent of the bank. Digma also signed an undertaking, in which it undertakes not to change its shareholding structure without prior written notice to the bank, and not to grant any guarantees or pledges over its the assets throughout the term of the loan. Digma's obligations in relation to the loan are guaranteed by a corporate guarantee issued by the Company covering the amount of the loan, and a promissory note in the amount of the loan signed by Digma.

NBK-Egypt—Digma EGP 10 Million MTL 3

On November 26, 2013, Digma entered into an EGP 10,000,000 loan with Al Watany Bank of Egypt (now known as the National Bank of Kuwait), for the purpose of financing the expansion of Digma's fleet of vehicles and machinery. The term of the loan is three and a half years commencing on the date of first drawdown, which includes the grace period. Interest is payable at a rate of 2% above the CBE lending rate, and the bank may amend the interest rate in accordance with market prices. The loan is payable in six semi-annual instalments, and provides an administrative fee of 0.15% to be deducted once throughout the term of the loan at the first drawdown. The loan contains a penalty interest rate of 2%. Digma may prepay part or all of the loan with thirty days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from Digma (i) not to use the funds for any purpose other than that for which it was granted; and (ii) not to assign its rights without the prior written consent of the bank. Digma further signed an undertaking in which it undertakes not to change its shareholding structure without prior written notice to the bank, and not to grant any guarantees or pledges over its assets throughout the term of the loan.

Digma's obligations in relation to the loan are guaranteed by a corporate guarantee issued by the Company covering the amount of the loan, and a promissory note in the amount of the loan signed by Digma.

Credit Agricole—Digma MTL 4

In 2015, Digma entered into an EGP 26,000,000 medium term loan with Credit Agricole, for the purpose of financing the acquisition of vehicles in relation to its activities. The term of the loan is three and half years, which includes the grace period and availability period. Interest is payable at a rate of 1% above the CBE mid corridor, and the bank may amend the interest rate in accordance with its internal policies. Principal and interest on the loan are payable in seven semi-annual instalments to commence after the lapse of the grace period. The loan further provides a commitment fee of 1% to be paid and calculated every three months, Digma may prepay part or all of the loan with fifteen days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants from Digma (i) not to use the funds for any purpose other than that for which it was granted; (ii) that the control and voting rights in the Company will be maintained as they are, and not to effect any change thereto without the prior written notice to the bank; (iii) not to distribute profits to shareholders unless the principal and interest are repaid consistently within each given year; and (iv) not to make any changes in its corporate form or shareholding structure throughout the term of the loan without the prior written consent of the bank. In addition, the loan contains a change of control provision, under which a change in the shareholding structure of Digma without the prior written consent of the bank would constitute an event of default, if such change would adversely affect Digma's ability to repay the loan. Digma's obligations in relation to the loan are guaranteed by an undertaking to provide the bank with a corporate guarantee in the amount of EGP 26,000,000 to be issued by the Company.

NBK-Egypt—Digma short term facility

In 2014, Digma entered into a short term facility in the form of a line of credit with the National Bank of Kuwait with a maximum amount of EGP 20,000,000. The term of the facility is twelve months, commencing on May 21, 2014 and ending on May 21, 2015, and may be renewed or extended by the bank for other terms at its sole discretion. Interest is payable at a rate of 1.25% above the CBE mid corridor, with a minimum of 11.5%, which may be amended by the bank at its sole discretion and without the need for Digma's approval. The bank also has the right to close the relevant bank account at any time at its sole discretion. In such an event, the guarantees provided would remain in place and Digma's obligations would become payable within three days from notification of closure of the account. Digma also provided the bank with an undertaking that it would not change its shareholding structure without prior written notice to the bank, and not to grant any guarantees or pledges over its assets throughout the term of the facility granted by the bank to Digma. Digma's obligations in relation to the loan are guaranteed by a corporate guarantee issued by the Company covering the amount of the loan, and a promissory note in the amount of the loan signed by Digma.

Banque Misr—Digma short term facility

Digma entered into a short term facility in the form of a line of credit with Banque Misr, with a maximum amount of EGP 1,000,000. The term of the facility expired on June 30, 2014, but may be renewed or extended by the bank for other terms at its sole discretion. Interest was payable at a rate of 0.5% above the CBE mid corridor and could be amended by the bank at its sole discretion and without the need for Digma's approval. The bank also had the right to close the bank account at any time at its sole discretion, while the guarantees provided by Digma would remain in place. Digma's obligations in relation to the facility are guaranteed by a promissory note in the amount of the facility, and a pledge over the movable property deposited with the bank. The facility further authorizes the bank to receive any bonus shares to be issued or pledged for the benefit of the bank. The amount of this facility includes the credit balance of the previous facility agreement dated August 20, 2013 entered into with Banque Misr amounting to EGP 470,167.28.

Credit Agricole—Digma facility line letter

On June 22, 2014, Digma signed a facility line letter in which Credit Agricole granted Digma the following facilities: (i) a first line of credit for clean overdraft in the amount of EGP 5,000,000, to finance its working investment; (ii) a second line in the amount of EGP 500,000, for the issuance of bid bonds, performance bonds and advance payment guarantees in relation to public and private tenders; and (iii) a third line of credit in the amount of EGP 7,000,000 to refinance the outstanding medium term loan. The term of the first and second lines of credit is one year, while the term of the third line of credit is three years including a one year grace period and availability period.

Banque Misr—ECI credit facility agreement

ECI entered into a short term facility in the form of a credit line with a maximum amount of EGP 1,500,000. The term of the facility expired on June 30, 2014, but may be renewed or extended by the bank for other terms at its sole discretion. Interest is payable at a rate of 0.5% above the CBE mid corridor and may be amended by the bank at its sole

discretion and without the need for ECI's approval. The bank also has the right to close the account at any time at its sole discretion, while the guarantees provided by ECI would remain in place. ECI's obligations in relation to the facility are guaranteed by a promissory note in the amount of the facility, and a pledge over the movable property deposited with the bank. The facility further authorizes the bank to receive any bonus shares to be issued or pledged for the benefit of the bank. The amount of this facility includes the credit balance of the previous facility agreement dated August 20, 2013 entered into with Banque Misr amounting to EGP 10,341.11.

Banque Misr—ECI loan agreement

On April 18, 2011, ECI and the Company entered into a multipurpose mid-term loan agreement with Banque Misr, in which the bank granted ECI a loan with a value of EGP 31,000,000. The term of the loan is six years, which includes the availability period and grace period. The twelve month grace period commenced on April 18, 2011 and ended on April 17, 2012. Payment is to be made over ten equal semi-annual instalments which commenced on October 17, 2012 and will end on April 17, 2017. Interest is 0.5% above the CBE mid corridor. The loan provides a commitment fee of 0.2% to be applied on the unused balance of the loan, a 0.3% LC commission, a 0.2% documents collection fee and a prepayment fee of 1%. In case of delaying the payment of outstanding amounts, whether loan or interest, a penalty interest rate of 1% shall be applied on a monthly basis until the actual date of payment. The Company may prepay part or all of the loan with fifteen days prior written notice to the bank. The provisions of the loan include various covenants and events of default, among others, covenants by ECI (jointly with the Company) (i) not to grant any mortgages or privileges or grant rights to third parties over the assets and funds of ECI that may prejudice the status and rights of the bank without the prior written consent of the bank; and (ii) not to distribute profits to shareholders unless the principal and interest are repaid consistently within each given fiscal year. In addition, the loan contains a change of control provision, where if the Company's shareholding stake in ECI falls below 51%, it is deemed to constitute an event of default. ECI's obligations in relation to the loan are guaranteed by a corporate guarantee by the Company for all of ECI's obligations.

Credit Agricole—ECI facility line letter

On June 22, 2014, ECI signed a facility line letter pursuant to which Credit Agricole granted ECI a first line of credit in the amount of EGP 5,000,000 and a second line of credit for clean overdraft in the amount of EGP 2,500,000 or its equivalent in foreign currency, to finance working investments. The facility is guaranteed by a corporate guarantee issued by the Company in the amount of EGP 7,500,000 or its equivalent in foreign currency, and a corporate guarantee issued by Digma in the amount of EGP 7,500,000 or its equivalent in foreign currency, both dated June 10, 2014.

Agreements in relation to the GDRs

Deposit Agreement

On or about April 2, 2015, the Company and the Depositary will enter into the Deposit Agreement for the establishment and maintenance of (i) the Regulation S Facility and the Regulation S GDRs issued pursuant thereto and (ii) the Rule 144A Facility and the Rule 144A GDRs issued pursuant thereto, pursuant to which it will also execute a Deed Poll in favor of the holders of the GDRs in the form attached to the Deposit Agreement. See "*Terms and Conditions of the Global Depositary Receipts*".

Termination of the Shareholders Agreement between the Company, Berco Limited, Exoder Limited, Africa Samba B.V., and Mr. Hani Berzi

On June 6, 2013, the Company entered into a shareholders agreement with Berco Limited, Exoder Limited, Africa Samba, and Mr. Hani Berzi, relating to the general guidelines for the management and corporate affairs of the Company, as a result of Africa Samba purchasing a 30% block of shares in the Company. This shareholders agreement was terminated by the parties thereto effective as of November 12, 2014, by virtue of the termination agreement dated November 12, 2014.

In addition to the material contracts summarized above we have also undertaken a number of related party transactions, for further details see "*Related Party Transactions*".

DESCRIPTION OF SHARE CAPITAL AND APPLICABLE EGYPTIAN LAW

Set out below is a summary of certain information relating to the Shares, certain provisions of the Company's constitutional document, the Capital Markets Law, the Egyptian Companies Law and certain related laws and regulations, all in effect as at the date hereof. This summary does not purport to be complete.

General

The Company was incorporated on July 9, 1996 under the name of Edita Food Industries S.A.E., as a joint venture between Chipita, a Greek snack food manufacturer, the Egyptian Company for Development and Financial Investments “**EDIC**” SAE (a company wholly owned and controlled by the Berzi family), and Hani Berzi. The Company is formed as an Egyptian joint stock company pursuant to Investment Law No. 230 of 1989 as restated by Investment Law No 8 of 1997 (the “**Investment Law**”) and in accordance with Law No. 159 of 1981 and Law No. 95 of 1992, and registered in the Commercial Register under No. 692. The Company's registered office address is at Edita Group Building, Plot No. 13 Central Pivot, El Sheikh Zayed, 6th of October, Giza, Egypt 12588.

Under Egyptian law the Company may carry out all activities described by Article 3 of its Articles of Association, as reflected in the Commercial Register.

As at the date of this prospectus, the issued share capital of the Company is EGP 145,072,580 consisting of 725,362,900 ordinary shares, each with a nominal value of EGP 0.2, all of which are fully paid. Upon incorporation, the issued share capital was US\$2,000,000 consisting of 100,000 ordinary shares, each with a nominal value of US\$20.

The duration of the Company is 25 years commencing on July 9, 1996, being the date of registration in the Commercial Register. Accordingly, its initial term shall expire on July 8, 2021. The Company's initial period of duration may always be extended by a shareholders' resolution passed at an Extraordinary General Meeting, with the approval of GAFI.

The legal objects of the Company, as stated in the commercial registry, are:

- production and manufacture of food products, packing and wrapping thereof, manufacture, production and packing of juice, jam, ready-made and dry meals, made of pastry, produced from flour, dairy products, meat, vegetables, fruits, chocolate, natural and vegetarian cream, and other types of food products with all its necessary ingredients; and
- the Company may perform other projects or amend its objectives within the provisions of the Investment Law provided that the approval of GAFI is obtained. The Company may also have an interest or participate in any manner in other companies of various types, subject to the provisions of the laws applicable in Egypt.

Changes in Share Capital

The Company was incorporated with an authorized share capital of US\$6,000,000 and issued share capital of US\$2,000,000 distributed over 100,000 shares with a nominal value per share of US\$20.

In 1997, the issued share capital of the Company was increased to US\$3,000,000 distributed over 150,000 shares with a nominal value per share of US\$20.

In 1998, the issued share capital of the Company was increased to US\$4,000,000 distributed over 200,000 shares with a nominal value per share of US\$20.

In 2000, the Company converted the denomination of its issued share capital from US\$ to EGP and the nominal value per share from US\$20 to EGP 10. The authorized share capital of the Company was increased to EGP 50,000,000 and the issued share capital was increased to EGP 31,000,000.

In 2005, the authorized share capital of the Company was increased to EGP 150,000,000 and the issued share capital was increased to EGP 72,536,290.

In 2014, the authorized share capital of the Company was increased to EGP 360,000,000, and the nominal value per share was split from EGP 10 to EGP 0.2.

In 2016, the issued share capital was increased to EGP 145,072,580, which was funded in full from the profits of the Company for the fiscal year ending December 31, 2015, and distributed to the Shareholders as free share by way of one free share per each share.

The issued capital of the Company is paid-up in full.

The shares of Edita are in registered form. They are available in the form of an entry in the share register of Edita without the issuance of a share certificate.

Subject and in accordance with Egyptian law, shares can only be transferred by the execution of the transfer of the share through the EGX by a licensed stock broker. Shareholders balances are maintained with MCDR and local custodians. A holder of shares may freely transfer the shares without the consent of other shareholders and the Company.

Limitation of Liability

Pursuant to the Egyptian Companies Law, a shareholder's liability for an Egyptian joint stock company's losses is limited to the amount of his investment in the shares of the Company, unless the shares are not fully paid in which case the shareholder shall be liable for the rest of the unpaid portion of the par value of the partly- paid shares.

Voting Rights and Shareholders' Meetings

The Egyptian Companies Law provides for two types of shareholders' meetings: ordinary and extraordinary.

According to the Company's articles of association, the Ordinary General Meeting may only take place in Giza, or in Cairo based on the decision of the Board of Directors. Shareholders wishing to attend an Ordinary General Meeting are required to deposit their Shares at the Company's headquarters, a certified bank or one of the companies certified by EFSA, or present a statement from the central depository and registry company or their custodian evidencing that the Shares have been blocked at least three days prior to convening the Ordinary General Meeting. No transfer of the blocked Shares may be effected until the meeting is adjourned. The invitation of the Ordinary General Meeting must be published at least 15 days prior to the date of convening the Ordinary General Meeting, which exclude the date of publication of the invitation and the date of the meeting.

Ordinary General Meetings are convened upon the invitation of the Chairman, the Board of Directors, or upon the request of the Company's auditor or Shareholders holding at least 5% of the issued capital of the Company or GAFI. A quorum is constituted by the attendance of Shareholders representing 50% of the issued capital. If the quorum is not met, the meeting shall be adjourned to another meeting to be held within the 30 days following the first meeting. The invitation to the first meeting may refer to the date and time of the second meeting. The second meeting shall be deemed valid irrespective of the number of Shares represented therein.

Resolutions of the Ordinary General Meeting shall be taken by an absolute majority of the Shares represented in the meeting. The Ordinary General Meeting must be convened once a year within three months from the end of each fiscal year to consider certain matters, including but not limited to, approval of the financial statements and Board of Directors report, distribution of dividends, and appointment and dismissal of the Board of Directors.

Extraordinary General Meetings are convened upon the call of the Board of Directors, or upon the request of Shareholders holding at least 10% of the issued capital for serious reasons, and provided that they deposit their Shares at the Company's headquarters, a certified bank or one of the companies certified by the EFSA, or present a statement from the central depository and registry company or their custodian evidencing that the Shares have been blocked, and may not withdraw such Shares until the meeting is adjourned. If the Board of Directors fails to call for the Extraordinary General Meeting within one month from such Shareholders submitting the request, they may submit a request to GAFI to call for the meeting to convene. A quorum is constituted by the attendance of Shareholders representing at least 50% of the issued capital, and if the said quorum is not met at the first meetings the meeting shall be adjourned to another meeting to be held within 30 days following the first meeting. The second meeting shall be deemed valid if attended by Shareholders representing at least 25% of the issued capital.

Resolutions of the Extraordinary General Meeting shall be taken by a two- third majority of the Shares represented in the meeting. However, resolutions relating to an increase or decrease of the capital, dissolution of the Company prior to its term, change in the Company's original objective, amending the articles of association of the Company or a merger shall be issued by a majority vote of at least three-quarters of the Shares represented in the meeting.

A copy of any shareholders' meeting notification must be sent to EFSA and GAFI and disclosed to EGX at the same time as notification is published in order for their representatives to attend the General Meeting. The auditors of the Company must be invited by registered mail or hand-delivery to attend the meeting and must confirm their attendance in writing. The auditors must attend the meeting for it to be valid.

The minutes of the shareholders' meetings are recorded on a register held by the Company. Such minutes are ratified by the GAFI. These registers are available for review and inspection by the shareholders, the Company's independent auditor and the competent administrative authorities, but are not available to the public. According to the EGX Listing Rules, General Meetings may not be held during EGX trading sessions. Under the EGX Listing Rules, the Company is required to notify the EGX and EFSA of the shareholders' meetings resolutions upon adjournment of the meeting and prior to the following EGX trading session. The Company is also required to provide the EGX with minutes of the shareholders' meetings certified by the Chairman and Managing Director of the Company by no later than one week from the date of convening the meeting, and shall further provide the EGX with the minutes of the shareholders' meetings as certified by the regulatory authorities within no later than three days from such certification.

The board of directors of the EFSA, based upon a request by any shareholder owning at least 5% of a company's shares, may suspend or nullify a resolution passed by any General Meeting if such resolution is found to favor or disfavor a certain group of shareholders or provides a special benefit to the board of directors.

Dividends

The Company's articles of association provide that dividends are paid annually and/or quarterly based on the generated profits according to the Company's audited financial statements prepared in accordance with EAS by virtue of a resolution adopted by the General Meeting of Shareholders. Pursuant to the Egyptian Companies Law, the Company must convene an Ordinary General Meeting not later than three months after the end of the fiscal year to determine the dividends, if any, to be distributed. The Company's articles of association and the law provide that certain portions of the Company's profits be allocated for legal reserves, institutional reserves, distribution to employees, shareholders' dividends and remuneration of the Board. See "*Dividend Policy*".

Pursuant to Egyptian legal requirements, the Company must convene an Ordinary General Meeting not later than three months after the end of the fiscal year to determine the dividends, if any, to be distributed. Dividends declared by resolution of the shareholders at an Ordinary General Meeting must be distributed within one month of the date of the Ordinary General Meeting.

Increases and Reductions in Capital

The Company's share capital may be decreased or increased only by a resolution adopted at a duly convened Extraordinary General Meeting. The approval of the EFSA is required on the issuance of any new Shares, as well as a reduction of the share capital. Certification of the minutes by GAFI is required for the minutes of the Extraordinary General Meeting or Board Meeting, as the case may be, approving the increase or reduction of the share capital. The amendment to the Company's articles of association is required for such resolutions to become effective, which would require the approval of GAFI. An amendment to the share capital of the Company must further be registered with MCDR and the issuance of new Shares shall be listed on the EGX within three months of the date of issuance, while a capital reduction shall be registered with EGX within three months of the date of the resolution of the Extraordinary General Meeting approving the reduction in share capital. Any amendment of the Company's share capital must be registered in the Commercial Register of the Company.

An increase in the issued share capital is made at the fair value in accordance with a fair valuation report prepared by an independent financial advisor, provided that rights issues allocating among existing Shareholders of the Company may be made at par value subject to approval of the Extraordinary General Meeting. Subscription rights may be traded by the holders of the Shares together with the Shares before the commencement of the subscription period and independently following the commencement of the subscription period.

According to the EGX Listing Rules, the Company may not increase or decrease its share capital, or publish the invitation for the Extraordinary General Meeting to consider matters such as an increase or decrease in share capital, or carry out the required procedures, without submitting a disclosure report to EFSA in the form prescribed and the relevant Board minutes approving the increase or decrease of the share capital. Further, the said report must be approved by EFSA and published on the EGX trading screens. The invitation to the Extraordinary General Meeting and/or commencement of the capital increase or decrease procedures must be made within no later than one week from the date of the EFSA approval on the disclosure report and its publication on the EGX trading screens. The Board minutes should further authorize the Chairman and Managing Director to undertake those procedures.

Certificates, Registry, and Transfer

The Shares are registered on the MCDR system in dematerialized form and cannot be held in certificated form.

The Company is entitled to request the MCDR at any time to issue a detailed statement of the registered owners of the Shares. All transfers of Shares will be transacted on the EGX and are recorded in the electronic book-entry system of MCDR and reflected in the statements of account issued by authorized custodians.

According to the EGX Listing Rules, any shareholder acquiring, including through related parties, 5% or multiples thereof of the Shares or subscription rights must disclose such acquisition, and must further disclose any decrease of their shareholdings below 5% of the Shares. The said threshold is reduced to 3% with respect to Directors and related parties thereof. In the event that the stake acquired represents 25% or more of the Shares or voting rights, the purchasing shareholder must disclose its future investment plan and direction with regards to the Company's Management. Disclosures must be made to the EGX in required form and prior to the commencement of the following trading session, which are published immediately by the EGX on its trading screens and on its website. Further, any person desiring to acquire any number of shares, which would result in the percentage interest exceeding 10%, must notify the Company 2 weeks ahead of the transaction, and the Company would need to notify each shareholder holding 1% or more, this applies equally to directors and employees, however at a decreased threshold of 5%.

The Capital Market Law and its Executive Regulations set forth detailed rules regulating tender offers and disclosures. Pursuant to the tender offer rules, a person may acquire, independently or together with related parties, less than one third of the share capital or voting rights of the Company through open market transactions or through a voluntary tender offer. Further, the obligation to launch a mandatory tender offer for the acquisition of 100% of the Shares, voting securities and convertible securities of the Company, would arise in any of the following instances:

- (a) if a person acquires, independently or together with related parties, one-third or more of the share capital or voting rights of the Company, provided, however, that EFSA may temporarily exempt such person from such obligation if the percentage in excess does not exceed 3% of the share capital or voting rights of the Company, and is disposed of within a period not exceeding six months from reaching the one-third threshold, and that the excess shares do not entitle its holder to any voting rights until the disposal of the excess percentage takes place;
- (b) if a person holding, independently or together with related parties, between one third and one half of the shares or voting rights of the Company, and independently or through related parties (i) acquires more than an additional 2% of the share capital or voting rights within 12 consecutive months; or (ii) exceeds one half of the share capital or voting rights at any point of time; or
- (c) if a person holding, independently or together with related parties, between one half and three quarters of the share capital or voting rights of the Company, and independently or through related parties (i) acquires more than an additional 2% of the share capital or voting rights within 12 consecutive months, or (ii) exceeds three quarters of the share capital or voting rights at any point in time.

The foregoing is not applicable in the case of a decrease of capital as result of cancellation of treasury Shares or the increase of the share capital in cash through debt-to-equity swaps.

Liquidation Rights and Other Distributions

In the event of the liquidation, dissolution or winding-up of the Company, the assets of the Company are to be applied to satisfy its liabilities. If any surplus remains, shareholders would participate equally on a pro-rata basis in any such surplus, provided, however, that if the nominal value of the outstanding share capital of the Company is not fully paid, the surplus is distributed to shareholders in proportion to the percentage of the paid-in nominal value of the outstanding share capital represented by each holder's shares.

If, during the Company's fiscal year, the losses of the Company exceed 50% or more of its capital, an Extraordinary General Meeting must be convened upon an invitation of the Board of Directors to decide whether to dissolve the Company or to continue its activities. A resolution of the Extraordinary General Meeting in relation to the dissolution or continuation of the Company may only be adopted by a three quarters majority of the Shares present or represented at the meeting.

Listing of Shares on the EGX

The Shares have been listed on the EGX as of November 26, 2014. Trading in the Shares commenced on April 2, 2015.

Pre-emptive Rights

In the event of an increase in the share capital by the issuance of Closed Subscription Shares for cash, Companies Law No. 159 of 1981 and the Company's articles of association provide that the existing shareholders have pre-emptive rights in connection with the shares to be issued on a pro rata basis with respect to the percentage held by each existing shareholder of the share capital outstanding prior to the issuance of such Closed Subscription Shares. Shareholders may waive pre-emptive rights on behalf of all shareholders by vote of at least 75% of the voting shares present at an Extraordinary General Meeting only in the case of a public offering. This procedure has also been used in the context of private offerings, with EFSA approval. However, in the case of private offerings, according to established practice in Egypt, if a shareholder objects to the decision to waive pre-emptive rights it will be permitted to acquire its pro rata portion of the shares in the capital increase. In the event that the shareholders of the Company pass a resolution by a vote of at least 75% of the voting shares present at the Extraordinary General Meeting, the Company may waive the pre-emptive rights on behalf of all shareholders of the Company. In the event of such a waiver, the existing shareholders would experience dilution.

Although any pre-emptive rights in connection with any future issuance of shares for cash will be (unless waived) available to the holders of Shares, US holders of Shares may not be entitled to exercise their pre-emptive rights unless a registration statement under the Securities Act has been declared effective in respect of such rights and such Shares or an exemption from the registration requirements thereunder is available. We intend to evaluate at the time of any pre-emptive rights offering the costs and potential liabilities associated with the filing of any such registration statement or qualifying for any such exemption, if required, as well as the indirect benefits to it of enabling the exercise of pre-emptive rights by US holders of Shares and any other factors we consider appropriate at such time, and then to make a decision regarding whether to file such registration statement or seek to qualify for such exemption. See *"Risk Factors—Risks Relating to the Shares and GDRs—Shareholders in the United States may be unable to participate in future rights offerings"*.

Acquisition of Our Own Shares

The Company may purchase its Shares in order to reduce its outstanding share capital, to make a distribution to its employees as a means of profit sharing, or to de-list. If the Company acquires its own Shares in any case, it must either resell those shares within a maximum of one year of the date of acquisition or cancel such shares with a corresponding reduction in share capital. Shares purchased by the Company will not have distribution or voting rights.

Additionally, the Company must comply with Article 51 of the EGX Listing Rules. Pursuant to the said article, the Company that intends to acquire part of its shares shall notify EFSA and the EGX at least three business days prior to such action and include the reasons and the source of financing for such purchase, indicate whether the purchase process will be through a single transaction or through a specific program and state the Company's plan for disposal or cancellation of the shares purchased. The Company may not acquire more than 10% of its listed shares, and must hold the shares for not less than three months and not more than one year. In the event that the shares that the Company intends to purchase or hold exceed 5% of the Company's shares, the shares must be purchased from all shareholders wishing to sell their shares on a pro rata basis, as necessary.

The shares acquired by the Company must be local shares, and may not be depository receipts or other. The Company must disclose to the EGX the percentage of treasury shares acquired or disposed at the end of each day in which a transaction on treasury shares was concluded, and the EGX shall publish the disclosed information on its trading screens and website.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

The following terms and conditions (subject to completion and amendment and excepting sentences in italics) will apply to the Global Depositary Receipts, and will be endorsed on each Global Depositary Receipt certificate:

The Global Depositary Receipts (“**GDRs**”) represented by this certificate are issued in respect of ordinary shares (the “**Shares**”) in Edita Food Industries S.A.E. (the “**Company**”) pursuant to and subject to an agreement dated April 2, 2015, and made between the Company and The Bank of New York Mellon in its capacity as depositary (the “**Depositary**”) for the “Regulation S Facility” and for the “Rule 144A Facility” (such agreement, as amended from time to time, herein referred to as the “**Deposit Agreement**”). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed Commercial International Bank (Egypt) S.A.E. as Custodian (the “**Custodian**”) to receive and hold on its behalf any relevant documentation respecting certain Shares (the “**Deposited Shares**”) and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the “**Deposited Property**”). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee (other than any cash comprised in the Deposited Property which is held as banker pursuant to Condition 26) in proportion to their holdings of GDRs. In these terms and conditions (the “**Conditions**”), references to the “Depositary” are to The Bank of New York Mellon and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the “Custodian” are to Commercial International Bank (Egypt) S.A.E. or any other custodian from time to time appointed under the Deposit Agreement and references to the “Main Office” mean, in relation to the relevant Custodian, its head office in the city of Cairo or such other location of the head office of the Custodian in Egypt as may be designated by the Custodian with the approval of the Depositary (if outside the city of Cairo) or the head office of any other custodian from time to time appointed under the Deposit Agreement.

The GDRs will upon issue be represented by interests in a Regulation S Master GDR, evidencing Regulation S GDRs, and by interests in a Rule 144A Master GDR, evidencing Rule 144A GDRs (as each such term is defined in the Deposit Agreement). The GDRs are exchangeable in the circumstances set out in “Summary of the Provisions Relating to the Global Depositary Receipts Whilst in Master Form” for a certificate in definitive registered form in respect of GDRs representing all or part of the interest of the holder in the Master GDR.

References in these Conditions to the “**Holder**” of any GDR shall mean the person or persons registered on the books of the Depositary maintained for such purpose (the “**Register**”) as holder. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the certificates in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and each Agent (as defined in Condition 17) and at the Main Office of the Custodian. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. **Holders of GDRs are not party to the Deposit Agreement and thus, under English Law, have no contractual rights against, or obligations to, the Company or Depositary. However, the Deed Poll executed by the Company in favor of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the “Depositary” in respect of that number of Deposited Shares to which the GDRs of which he is the Holder relate. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement on behalf of any Holder of a GDR or any other person.**

1. **Withdrawal of Deposited Property and Further Issues of GDRs**

- 1.1 Any Holder may request withdrawal of, and the Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence of the entitlement of the Holder to the relative GDR as the Depositary may reasonably require, at the specified office of the Depositary or any Agent accompanied by:
 - (a) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Main Office of the Custodian, or (at the request, risk and expense of the Holder, and only if permitted by applicable law from time to time) at the specified office located in New York, London or Egypt of the Depositary or any Agent, or to the order in writing of, the person or persons designated in such order;

- (b) the payment of such fees, taxes, duties, charges, costs, expenses and governmental charges as; may be required under these Conditions or the Deposit Agreement;
- (c) the surrender (if appropriate) of GDR certificates in definitive registered form properly endorsed in blank or accompanied by proper instruments of transfer satisfactory to the Depositary to which the Deposited Property being withdrawn is attributable; and
- (d) the delivery to the Depositary of a duly executed and completed certificate substantially in the form set out either (i) in Schedule 3, Part B to the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8), if Deposited Property is to be withdrawn or delivered during the Distribution Compliance Period (such term being defined as the 40 day period beginning on the later of the commencement of the Combined Offering and the original issue date of the GDRs) in respect of surrendered Regulation S GDRs, or (ii) in Schedule 4, Part B to the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8), if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs.

1.2 Upon production of such documentation and the making of such payment as aforesaid for withdrawal of the Deposited Property in accordance with Condition 1.1, the Depositary will direct the Custodian, by tested telex, facsimile or SWIFT message, within a reasonable time after receiving such direction from such Holder, to deliver at its Main Office to, or to the order in writing of, the person or persons designated in the accompanying order:

- (a) a certificate (if any) for, or other appropriate instrument of title (if any) to or evidence of a book-entry transfer in respect of the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and
- (b) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof; **provided however that** the Depositary may make delivery at its specified office in New York of any Deposited Property which is in the form of cash;

PROVIDED THAT the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

- (i) will direct the Custodian to deliver the certificates for, or other instruments of title to, or book-entry transfer in respect of, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraphs 1.2(a) and (b) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or its agent and is attributable to such Deposited Shares); and/or
- (ii) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof);

in each case to the specified office located in New York or London of the Depositary (if permitted by applicable law from time to time) or at the specified office in Egypt of any Agent as designated by the surrendering Holder in the order accompanying such GDR.

- 1.3 Delivery by the Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.
- 1.4 The Depositary may, in accordance with the terms of the Deposit Agreement and upon delivery of a duly executed order (in a form reasonably approved by the Depositary) and a duly executed certificate substantially in the form of (a) Schedule 3, Part A of the Deposit Agreement (which is described in the following paragraph) (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8) by or on behalf of any investor who is to become the beneficial owner of the Regulation S GDRs or (b) Schedule 4, Part A of the Deposit Agreement (*which is described in the second following paragraph*) (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8) by or on behalf of any investor who is to become the beneficial owner of Rule 144A GDRs from time to time execute

and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects (or the same in all respects except for the first dividend payment on the Shares represented by such further GDRs) and, subject to the terms of the Deposit Agreement, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

*The certificate to be provided in the form of Schedule 3, Part A of the Deposit Agreement certifies, among other things, that the person providing such certificate is not a U.S. person (as defined in Regulation S under the US Securities Act of 1933, as amended (“the “**Securities Act**”), is located outside the United States and will comply with the restrictions on transfer set forth under “Transfer Restrictions”.*

The certificate to be provided in the form of Schedule 4, Part A, of the Deposit Agreement certifies, among other things, that the person providing such certificate is a qualified institutional buyer (as defined in Rule 144A under the Securities Act (“QIB”)) or is acting for the account of another person and such person is a QIB and, in either case, will comply with the restrictions on transfer set forth under “Transfer Restrictions”.

- 1.5 Any further GDRs issued pursuant to Condition 1.4 which (i) represent Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares represented by the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will be represented by a GDR certificate in definitive form or a separate temporary Regulation S Master GDR and/or temporary Rule 144A Master GDR. Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Regulation S Master GDR and/or a Rule 144A Master GDR (by increasing the total number of GDRs evidenced by the relevant Regulation S Master GDR or Rule 144A Master GDR by the number of such further GDRs, as applicable).
- 1.6 The Depositary may issue GDRs against rights to receive Shares from the Company (or any agent of the Company recording Share ownership). No such issue of GDRs will be deemed a “Pre-Release” as defined in Condition 1.7.
- 1.7 Unless requested in writing by the Company to cease doing so, and notwithstanding the provisions of Condition 1.4, the Depositary may execute and deliver GDRs or issue interests in a Regulation S Master GDR or a Rule 144A Master GDR, as the case may be, prior to the receipt of Shares (a “**Pre-Release**”). The Depositary may, pursuant to Condition 1.1, deliver Shares upon the receipt and cancellation of GDRs, which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such GDR has been Pre-Released. The Depositary may receive GDRs in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom GDRs or Deposited Property is to be delivered (the “**Pre-Releasee**”) that such person, or its customer, (i) owns or represents the owner of the corresponding Deposited Property or GDRs to be remitted (as the case may be), (ii) assigns all beneficial right, title and interest in such Deposited Property or GDRs (as the case may be) to the Depositary in its capacity as such and for the benefit of the Holders, and (iii) will not take any action with respect to such GDRs or Deposited Property (as the case may be) that is inconsistent with the transfer of beneficial ownership (including without the consent of the Depositary, disposing of such GDRs or Deposited Property, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralised with cash or such other collateral as the Depositary determines in good faith will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days’ notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of GDRs which are outstanding at any time as a result of Pre-Release will not normally represent more than thirty per cent. of the total number of GDRs then outstanding; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate and may, with the prior written consent of the Company, change such limit for the purpose of general application. The Depositary will also set dollar limits with respect to Pre-Release transactions hereunder with any particular Pre-Releasee on a case by case basis as the Depositary deems appropriate. The collateral referred to in sub-paragraph (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee’s obligations in connection herewith, including the Pre-Releasee’s obligation to deliver Shares and/or other securities or GDRs upon termination of a Pre-Release transaction anticipated hereunder (and shall not, for the avoidance of doubt, constitute Deposited Property hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing including, without limitation, earnings on the collateral.

The person to whom any Pre-Release of Rule 144A GDRs or Rule 144A Shares is to be made pursuant to this Condition 1.7 shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 4 Part A of the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8). The person to whom any Pre-Release of Regulation S GDRs or Regulation S Shares is to be made pursuant to this paragraph shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 3 Part A of the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8).

- 1.8 The Depositary may make such amendments to the certificates contained in the Deposit Agreement in Schedule 3 Parts A and B and in Schedule 4 Parts A and B as it may determine are required in order for the Depositary to perform its duties under the Deposit Agreement, or to comply with any applicable law or with the rules and regulations of any securities exchange, market or automated quotation system upon which the GDRs may be listed or traded, or to comply with the rules or requirements of any book entry system by which the GDRs may be transferred, or to confirm compliance with any special limitations or restrictions to which any particular GDRs are subject.
- 1.9 In order to comply with any applicable laws and regulations, the Depositary may from time to time request each Holder of GDRs to, and each Holder shall upon receipt of such request, provide to the Depositary information relating to: (a) the capacity in which such Holder and/or any owner holds GDRs; (b) the identity of any owners of GDRs or other person or persons then or previously interested in such GDRs; (c) the nature of any such interests in the GDRs; and (d) any other matter where disclosure of such matter is required to enable compliance by the Depositary with applicable laws and regulations or the constitutional documents of the Company.
- 1.10 In order to comply with any applicable laws and regulations, the Depositary may from time to time request Euroclear, Clearstream and DTC to provide the Depositary with details of the accountholders within such settlement systems that hold interests in GDRs and the number of GDRs recorded in the account of each such accountholder, and each Holder or owner of GDRs, or intermediary acting on behalf of such Holder or owner, hereby authorizes each of Euroclear, Clearstream and DTC to disclose such information to the Depositary as issuer of the GDRs.
- 1.11 Notwithstanding any other provisions of these Conditions, the Depositary may, with (to the extent reasonably practicable) prior notice to the Company and the Holders, cancel a number of the GDRs then outstanding, sell (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) the Deposited Property formerly represented by such GDRs and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto, and thereby reduce the Depositary's holdings of any class of Deposited Property below an amount that the Depositary determines to be necessary or advisable, if (i) the Depositary or its agent receives any notice from any governmental or regulatory authority advising that the existence or operation of a Facility or the holding by the Depositary (or its Custodian or any of their respective nominees) of the Deposited Property violates applicable law or regulation, or that the Depositary (or its Custodian or any of their respective nominees) is required to make any filing or obtain any consent, approval or license to operate that facility or to own or exercise any rights with respect to the Deposited Shares or other Deposited Property (other than such filings, consents, approvals or licenses which the Depositary in its reasonable discretion considers to be of a routine administrative nature required in the ordinary course of business) or (ii) the Depositary or the Custodian receives advice from legal counsel that the Depositary (or the Custodian or any of their respective nominees) reasonably could be subject to criminal or civil or other liabilities as a result of the existence or operation of the facility or the holding or exercise by the Depositary (or the Custodian or any of their respective nominees) of any rights with respect to the Deposited Shares or other Deposited Property. If the Depositary cancels GDRs and sells Deposited Property under the preceding sentence, the Depositary shall allocate the cancelled GDRs converted under the preceding sentence and the net proceeds of the sale of the Deposited Property previously represented thereby, among the Holders pro rata to their respective holdings of GDRs immediately prior to the cancellation, except that the allocations may be adjusted by the Depositary, in its sole discretion, so that no fraction of a cancelled GDR is allocated to any Holder. Any payment pursuant to this Clause in connection with GDRs represented by a Master GDR shall be made according to the usual practice between the Depositary and the relevant settlement system. Any payment pursuant to this Clause in connection with a GDR in definitive registered form shall be made to the relevant Holder only after surrender to the Depositary of the GDR certificate by such Holder for cancellation of the relevant number of GDRs.

2. Suspension of Issue of GDRs and of Withdrawal of Deposited Property

The Depositary shall be entitled, at its reasonable discretion, at such times as it shall determine, to suspend the issue or transfer of GDRs (and the deposit of Shares) generally or in respect of particular Shares. In particular, to

the extent that it is in its opinion practicable for it to do so, the Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Company in writing that the Deposited Shares or GDRs or any depositary receipts representing Shares are listed on a U.S. Securities Exchange or quoted on a U.S. automated inter-dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”). Further, the Depositary may suspend the withdrawal of Deposited Property during any period when the Register, or the register of shareholders of the Company is closed or, generally or in one or more localities, suspend the withdrawal of Deposited Property or deposit of Shares if deemed necessary or desirable or advisable by the Depositary in good faith at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations or any provision of the Deposit Agreement or for any other reason. The Depositary shall (unless otherwise notified by the Company) restrict the withdrawal of Deposited Shares where the Company notifies the Depositary in writing that such withdrawal would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Company’s constitutive documents or would otherwise violate any applicable laws.

3. **Transfer and Ownership**

The GDRs are in registered form. Title to the GDRs passes by registration in the Register and accordingly, transfer of title to a GDR is effective only upon such registration. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in violation of any applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated by the Depositary and the Company as its beneficial owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or theft or loss of any certificate issued in respect of it) and no person will be liable for so treating the Holder.

Interests in Rule 144A GDRs represented by the Rule 144A Master GDR may be transferred to a person whose interest in such Rule 144A GDRs is subsequently represented by the Regulation S Master GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act. Prior to expiration of the Distribution Compliance Period, no owner of Regulation S GDRs may transfer Regulation S GDRs or Shares represented thereby except in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or to, or for the account of, a qualified institutional buyer as defined in Rule 144A under the Securities Act (each a “QIB”) in a transaction meeting the requirements of such Rule 144A. There shall be no transfer of Regulation S GDRs by an owner thereof to a QIB except as aforesaid and unless such owner (i) withdraws Regulation S Shares from the Regulation S Facility in accordance with Clause 3.5 of the Deposit Agreement and (ii) instructs the Depositary to deliver the Shares so withdrawn to the account of the Custodian to be deposited into the Rule 144A Facility for issuance thereunder of Rule 144A GDRs to, or for the account of, such QIB. Issuance of such Rule 144A GDRs shall be subject to the terms and conditions of the Deposit Agreement, including, with respect to the deposit of Shares and the issuance of Rule 144A GDRs, delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the beneficial owner of such Rule 144A GDRs certifying that such person is a QIB and agreeing that it will comply with the restrictions on transfer set forth therein and to payment of the fees, charges and taxes provided therein.

4. **Cash Distributions**

Whenever the Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property, the Depositary shall, as soon as practicable, convert the same into United States dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the earliest date, determined by the Depositary, for transmission of such payment to Holders and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 11; **PROVIDED THAT:**

- (a) in the event that the Depositary is aware that any Deposited Shares are not entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly; and

- (b) the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary, and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16.1(d).

5. **Distributions of Shares**

Whenever the Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend or free distribution of Shares, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such distribution. Such additional GDRs shall be distributed by an increase in the number of GDRs represented by the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; **PROVIDED THAT**, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) sell such Shares so received and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. **Distributions other than in Cash or Shares**

Whenever the Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; **PROVIDED THAT**, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof, in such way as the Depositary may determine to be equitable and practicable, including, without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) and shall (in the case of a sale) distribute the resulting net proceeds as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

7. **Rights Issues**

If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Depositary shall as soon as practicable give notice to the Holders, in accordance with Condition 23, of such offer or invitation, specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, specifying details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:

- (a) if and to the extent that the Depositary shall, at its discretion, deem it to be lawful and reasonably practicable, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in EGP or other relevant currency together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and to distribute the Shares, securities or other assets so subscribed or acquired to the Holders entitled thereto by an increase in the numbers of GDRs represented by the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or
- (b) if and to the extent that the Depositary shall at its discretion, deem it to be lawful and reasonably practicable, the Depositary will distribute such rights to the Holders entitled thereto in such manner as the Depositary may at its discretion determine; or

- (c) if and to the extent that the Depositary deems any such arrangement and distribution as is referred to in paragraphs (a) and (b) above to all or any Holders not to be lawful and reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary (i) will, **PROVIDED THAT** Holders have not taken up rights through the Depositary as provided in (a) above, sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws and regulations) or (ii) may, if such rights are not transferable, in its discretion, arrange for such rights to be exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.
- (d) (i) Notwithstanding the foregoing, in the event that the Depositary offers rights pursuant to Condition 7(a) (the “**Primary GDR Rights Offering**”), if authorised by the Company to do so, the Depositary may, in its discretion, make arrangements whereby in addition to instructions given by a Holder to the Depositary to exercise rights on its behalf pursuant to Condition 7(a), such Holder is permitted to instruct the Depositary to subscribe on its behalf for additional rights which are not attributable to the Deposited Shares represented by such Holder’s GDRs (“**Additional GDR Rights**”) if at the date and time specified by the Depositary for the conclusion of the Primary GDR Rights Offering (the “**Instruction Date**”) instructions to exercise rights have not been received by the Depositary from the Holders in respect of all their initial entitlements. Any Holder’s instructions to subscribe for such Additional GDR Rights (“**Additional GDR Rights Requests**”) shall specify the maximum number of Additional GDR Rights that such Holder is prepared to accept (the “**Maximum Additional Subscription**”) and must be received by the Depositary by the Instruction Date. If by the Instruction Date any rights offered in the Primary GDR Rights Offering have not been subscribed by the Holders initially entitled thereto (“**Unsubscribed Rights**”), subject to Condition 7(d)(iii) and receipt of the relevant subscription price in EGP or other relevant currency, together with such fees, taxes, duties, charges, costs and expenses as it may deem necessary, the Depositary shall make arrangements for the allocation and distribution of Additional GDR Rights in accordance with Condition 7(d)(ii).
- (ii) Holders submitting Additional GDR Rights Requests shall be bound to accept the Maximum Additional Subscription specified in such Additional GDR Rights Request but the Depositary shall not be bound to arrange for a Holder to receive the Maximum Additional Subscription so specified but may make arrangements whereby the Unsubscribed Rights are allocated pro rata on the basis of the extent of the Maximum Additional Subscription specified in each Holder’s Additional GDR Rights Request.
- (iii) In order to proceed in the manner contemplated in this Condition 7(d), the Depositary shall be entitled to receive such opinions from Egyptian counsel and U.S. counsel as in its discretion it deems necessary which opinions shall be in a form and provided by counsel satisfactory to the Depositary and at the expense of the Company and may be requested in addition to any other opinions and/or certifications which the Depositary shall be entitled to receive under the Deposit Agreement and these Conditions. For the avoidance of doubt, save as provided in these Conditions and the Deposit Agreement, the Depositary shall have no liability to the Company or any Holder in respect of its actions or omissions to act under this Condition 7(d) and, in particular, the Depositary will not be regarded as being negligent, fraudulent, or in wilful default if it elects not to make the arrangements referred to in Condition 7(d)(i).

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law or regulation, give its consent to, and if requested use all reasonable endeavors (subject to the next paragraph) to facilitate, any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Conditions 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the Depositary concerning such matters as the Depositary may reasonably specify).

If the Company notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Conditions 4, 5, 6, 7 or 10 or the securities to which such rights relate in order for the Company to offer such rights or distribute such securities or other property to the Holders or owners of GDRs and to sell the securities corresponding to such rights, the Depositary will not offer such rights or distribute such securities or other property to the Holders or sell such securities unless and until the Company procures the receipt by the Depositary of an opinion from counsel reasonably satisfactory to the Depositary that a registration statement is in effect or that the offering and sale of such rights or securities to such

Holders or owners of GDRs are exempt from registration under the provisions of such law. Neither the Company nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in paragraphs (a), (b), (c) and (d) above, the Depositary shall permit the rights to lapse. The Depositary will not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders or owners of GDRs in general or to any Holder or owner of a GDR or Holders or owners of GDRs in particular.

8. Conversion of Foreign Currency

Whenever the Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgment of the Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the Depositary shall as soon as practicable convert or cause to be converted, by sale or in any other manner that it may reasonably determine, the currency so received into United States dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary may make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may deem desirable. If at any time the Depositary shall determine that in its judgment any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency without liability for interest for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the Depositary may at its discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance for the account of, the Holders entitled thereto, and notify the Holders accordingly.

9. Distribution of any Payments

- 9.1 Any distribution of cash under Conditions 4, 5, 6, 7 or 10 will be made by the Depositary to Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in accordance with Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the Depositary and Clearstream, Euroclear or DTC, as the case may be. The Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law or regulation in respect of such GDR or the relative Deposited Property.
- 9.2 Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable), subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited Property and received by the Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Deposit Agreement, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Depositary shall (except for any distribution upon the liquidation of the Company when the Depositary shall retain the same) return the same to the Company for its own use and benefit subject, in all cases, to the provisions of applicable law or regulation.

10. **Capital Reorganization**

Upon any change in the nominal or par value sub division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital, or upon any reorganization, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders and at its discretion may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto, or may execute and deliver additional GDRs in respect of Shares or may require the exchange of existing GDRs for new GDRs which reflect the effect of such change.

11. **Withholding Taxes and Applicable Laws**

11.1 Payments to Holders of dividends or other distributions on or in respect of the Deposited Shares will be subject to deduction of Egyptian and other withholding taxes, if any, at the applicable rates.

11.2 If any governmental or administrative authorization, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in Egypt in order for the Depositary to receive from the Company Shares or other securities to be deposited under these Conditions, or in order for Shares, other securities or other property to be distributed under Condition 4, 5, 6 or 10 or to be subscribed under Condition 7 or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company has agreed to apply for such authorization, consent, registration or permit or file such report on behalf of the Holders within the time required under such laws. In this connection, the Company has undertaken in the Deposit Agreement to the extent reasonably practicable to take such action as may be required in obtaining or filing the same. The Depositary shall not be obliged to distribute GDRs representing such Shares, Shares, other securities or other property deposited under these Conditions or make any offer of any such rights or sell any securities corresponding to any such rights with respect to which (as notified to the Depositary by the Company) such authorization, consent, registration or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorization, consent, registration or permit, or to file any such report.

12. **Voting Rights**

12.1 Holders will have voting rights with respect to the Deposited Shares to the extent permitted by Egyptian law. The Company has agreed to notify the Depositary of any resolution to be proposed at a General Meeting of the Company and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 12.

The Company has agreed with the Depositary that it will in accordance with the timeline prescribed by Egyptian law and the EGX listing rules, promptly provide to the Depositary sufficient copies, as the Depositary may reasonably request, of notices of meetings of the shareholders of the Company and the agenda therefor as well as written requests containing voting instructions by which each Holder may give instructions to the Depositary to vote for or against each and any resolution specified in the agenda for the meeting which the Depositary shall send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be the same as the corresponding record date set by the Company or as near as practicable thereto) as soon as practicable after receipt of the same by the Depositary in accordance with Condition 23. The Company has also agreed to provide to the Depositary appropriate proxy forms to enable the Depositary to appoint a representative to attend the relevant meeting and vote on behalf of the Depositary.

12.2 In order for each voting instruction to be valid, the voting instructions form must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message) in accordance with the written request containing voting instructions and returned to the Depositary by such record date as the Depositary may specify.

12.3 The Depositary will exercise or cause to be exercised the voting rights in respect of the Deposited Shares so that a portion of the Deposited Shares will be voted for and a portion of the Deposited Shares will be voted against any resolution specified in the agenda for the relevant meeting in accordance with the voting instructions it has received.

12.4 If the Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permitted by Egyptian law to exercise the voting rights in respect of the Deposited Shares differently (so that a portion of the Deposited Shares may be voted for a resolution and a portion of the Deposited Shares may be voted against a resolution), the Depositary shall, if the opinion referred to in Condition 12.7 below confirms it to be permissible

under Egyptian law, calculate from the voting instructions that it has received from all Holders (x) the aggregate number of votes in favor of a particular resolution and (y) the aggregate number of votes opposed to such resolution and cast or cause to be cast in favor of or opposed to such resolution the number of votes representing the net positive difference between such aggregate number of votes in favor of such resolution and such aggregate number of votes opposed to such resolution.

- 12.5 The Depositary will only endeavor to vote or cause to be voted the votes attaching to Shares in respect of which voting instructions have been received, except that if no voting instructions are received by the Depositary (either because no voting instructions are returned to the Depositary or because the voting instructions are incomplete, illegible or unclear) from a Holder with respect to any or all of the Deposited Shares represented by such Holder's GDRs on or before the record date specified by the Depositary, such Holder shall be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Shares, and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Shares, **PROVIDED THAT** no such instruction shall be deemed given, and no such discretionary proxy shall be given, with respect to any matter as to which the Company informs the Depositary (and the Company has agreed to provide such information in writing as soon as practicable) that (i) the Company does not wish such proxy to be given, or (ii) such matter materially and adversely affects the rights of holders of Shares.
- 12.6 If the Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permissible under Egyptian law or the Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Shares in accordance with Conditions 12.3, 12.4 or 12.5, the Depositary shall not vote or cause to be voted such Deposited Shares.
- 12.7 Where the Depositary is to vote in respect of each and any resolution in the manner described in Conditions 12.3, 12.4 or 12.5 above, the Depositary shall notify the Chairman of the Company and appoint a person designated by him as a representative of the Depositary to attend such meeting and vote the Deposited Shares in the manner required by this Condition. The Depositary is entitled to request the Company to provide to the Depositary, and where such request has been made shall not be required to take any action required by this Condition 12 unless it shall have received, an opinion from the Company's legal counsel (such counsel being reasonably acceptable to the Depositary) at the expense of the Company to the effect that such voting arrangement is valid and binding on Holders under Egyptian law and the constitutional documents of the Company and that the Depositary is permitted to exercise votes in accordance with the provisions of this Condition 12 but that in doing so the Depositary will not be deemed to be exercising voting discretion.
- 12.8 By continuing to hold the GDRs, all Holders shall be deemed to have agreed to the provisions of this Condition 12 as it may be amended from time to time in order to comply with applicable Egyptian law.
- 12.9 The Depositary shall not, and the Depositary shall ensure that the Custodian and its nominees do not, vote or attempt to exercise the right to vote that attaches to the Deposited Shares, other than in accordance with instructions given, or deemed given, in accordance with this Condition.

13. Recovery of Taxes, Duties and other Charges, and Fees and Expenses due to the Depositary

The Depositary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR (the "**Charges**") shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. The Depositary may sell (whether by way of public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) for the account of the Holder an appropriate number of Deposited Shares or amount of other Deposited Property and will discharge out of the proceeds of such sale any Charges, and any fees or expenses due to the Depositary from the Holder pursuant to Condition 16, and subsequently pay any surplus to the Holder. Any request by the Depositary for the payment of Charges shall be made by giving notice pursuant to Condition 23.

14. Liability

- 14.1 In acting hereunder, the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or owners of GDRs or any other person.

- 14.2 Neither the Depositary, the Custodian, the Company, any Agent, nor any of their agents, officers, directors or employees shall incur any liability to any other of them or to any Holder or owner of a GDR or any other person with an interest in any GDRs if, by reason of any provision of any present or future law or regulation of Egypt or any other country or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, or in the case of the Depositary, the Custodian, any Agent, or any of their agents, officers, directors or employees, by reason of any provision, present or future, of the constitutive documents of the Company, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder or owner of GDRs or any other person with an interest in any GDRs by reason of any exercise of, or failure to exercise, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).
- 14.3 Neither the Depositary nor any Agent shall be liable (except for its own wilful default, negligence or fraud or that of its agents, officers, directors or employees) to the Company or any Holder or owner of GDRs or any other person, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic or for its failure to perform any obligations under the Deposit Agreement or these Conditions.
- 14.4 The Depositary and its agents may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates, or in relation to the Deposited Property (including without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may, at any time, hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to Holders or any other person for any profit arising therefrom.
- 14.5 The Depositary shall endeavor to effect any such sale as is referred to or contemplated in Conditions 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures but shall have no liability (in the absence of its own wilful default, negligence or fraud or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable.
- 14.6 The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions.
- 14.7 The Depositary shall have no responsibility whatsoever to the Company, any Holders or any owner of GDRs or any other person as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.
- 14.8 In connection with any proposed modification, waiver, authorization or determination permitted by the terms of the Deposit Agreement, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or the owners of GDRs or any other person.
- 14.9 Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.
- 14.10 The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the Depositary or otherwise, and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfers thereof.

- 14.11 Any such advice, opinion, certificate or information (as discussed in Condition 14.10 above) may be sent or obtained by letter or facsimile transmission and the Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be conveyed by any such letter or facsimile transmission although (without the Depositary's knowledge) the same shall contain some error or shall not be authentic.
- 14.12 The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company by a director of the Company or by a person duly authorized by a director of the Company or such other certificate from persons specified in Condition 14.10 above which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.
- 14.13 The Depositary shall have no obligation under the Deposit Agreement except to perform its obligations as are specifically set out therein without wilful default, negligence or fraud.
- 14.14 The Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint Depositary of the Deposit Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may, in the interests of the Holders think fit, provided that no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the Depositary's ultimate holding company. Any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Company in making such delegation. The Company shall not in any circumstances and the Depositary shall not (**provided that** it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the Depositary shall, if practicable, and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Condition which includes the power to sub-delegate shall provide that the delegate shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice thereof to the Company and the Depositary.
- 14.15 The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a solicitor or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.
- 14.16 The Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute, and the Depositary shall not (in the case of deposit with itself, in the absence of its own negligence, wilful default, or fraud or that of its agents, directors, officers or employees) be responsible for any losses, liability or expenses incurred in connection with any such deposit.
- 14.17 Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with its performance or non-performance, or the exercise or attempted exercise of (or the failure to exercise any of) its powers or discretions, under the Deposit Agreement, except to the extent that such loss or damage arises from the wilful default, negligence or fraud of the Depositary or that of its agents, officers, directors or employees. Without prejudice to the generality of the foregoing, in no circumstances shall the Depositary have any liability for any act or omission of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Shares or otherwise.
- 14.18 No provision of the Deposit Agreement or these Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- 14.19 For the avoidance of doubt, the Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Egyptian law as the same

may be amended from time to time. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issuance of GDRs if notified by the Company, or the Depositary becomes aware of the fact, that such transfer or issuance would result in a violation of the limitations set forth above.

14.20 No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.

15. Issue and Delivery of Replacement GDRs and Exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of the destruction, loss or theft) at the specified office of the Depositary or (at the request, risk and expense of the Holder) at the specified office of any Agent.

16. Depositary's Fees, Costs and Expenses

16.1 The Depositary shall be entitled to charge the following remuneration and to receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:

- (a) for the issue of GDRs (other than upon the issue of GDRs pursuant to the Company's initial public offering in April 2015) or the cancellation of GDRs: U.S.\$5.00 or less per 100 GDRs (or portion thereof) issued or cancelled, including for the avoidance of doubt, but not limited to, transfers between the Regulation S Master GDR and the Rule 144A Master GDR which transfers shall be treated as cancellations of GDRs represented by one Master GDR and issuances of GDRs represented by the other Master GDR;
- (b) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;
- (c) for issuing GDR certificates in definitive registered form (other than pursuant to (b) above): the greater of U.S.\$1.50 per GDR certificate (plus printing costs) or such other sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work plus costs (including but not limited to printing costs) and expenses involved;
- (d) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.\$0.05 or less per GDR for each such dividend or distribution;
- (e) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution: U.S.\$5.00 or less per 100 outstanding GDRs (or portion thereof) for each such issue of rights, dividend or distribution;
- (f) a fee of U.S.\$0.05 or less per GDR (or portion thereof) per calendar year for depositary services which shall be payable as provided in paragraph (h) below;
- (g) a fee of U.S.\$0.01 or less per GDR per annum for local share registry inspection and related services by the Depositary or the Custodian or their respective agents, which shall be payable as provided in paragraph (h) below; and
- (h) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents, in connection with the servicing of Deposited Shares or other Deposited Property (which charge shall be assessed against Holders as of the date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or deducting such charge from one or more cash dividends or other cash distributions),

together with all expenses (including currency conversion expenses), transfer and registration fees, taxes, duties and charges payable by the Depositary, any Agent or the Custodian, or any of their agents, in connection with any of the above.

- 16.2 The Depositary is entitled to receive from the Company the fees, taxes, duties, charges costs and expenses as specified in a separate agreement between the Company and the Depositary.
- 16.3 From time to time, the Depositary may make payments to the Company to reimburse and / or share revenue from the fees collected from Holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the GDR facilities established pursuant to the Deposit Agreement. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers or other service providers that are affiliates of the Depositary and that may earn or share fees and commissions.
17. **Agents**
- 17.1 The Depositary shall be entitled to appoint one or more agents (the “**Agents**”) for the purpose, inter alia, of making distributions to the Holders.
18. **Listing**
- The Company has undertaken in the Deposit Agreement to use its reasonable endeavors to obtain and thereafter maintain, so long as any GDR is outstanding, a listing for the GDRs on the Official List maintained by the Financial Conduct Authority (the “**Official List**”) and admission to trading on the regulated market of the London Stock Exchange.
- For that purpose, the Company will pay all fees and sign and deliver all undertakings required by the Financial Conduct Authority and the London Stock Exchange in connection with such listings. In the event that the listing on the Official List of the Financial Conduct Authority and admission to trading on the regulated market for listed securities of the London Stock Exchange is not maintained, the Company has undertaken in the Deposit Agreement to use its reasonable endeavors with the reasonable assistance of the Depositary (provided at the Company’s expense) to obtain and maintain a listing of the GDRs on any other internationally recognized stock exchange in Europe.
19. **The Custodian**
- The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian **PROVIDED THAT** the Custodian shall not be obliged to segregate cash comprised in the Deposited Property from cash otherwise held by the Custodian. The Custodian shall be responsible solely to the Depositary **PROVIDED THAT**, if and so long as the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Company. The Custodian may resign or be removed by the Depositary by giving prior notice, except that if a replacement Custodian is appointed which is a branch or affiliate of the Depositary, the Custodian’s resignation or discharge may take effect immediately on the appointment of such replacement Custodian. Upon the removal of or receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian which shall, upon acceptance of such appointment, and the expiry of any applicable notice period, become the Custodian. The Depositary, in its discretion, may appoint a substitute or additional custodian or custodians, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. The Depositary shall notify Holders of such change in accordance with Condition 23. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited Property in a manner or a place other than as therein specified; **PROVIDED THAT**, in the case of such temporary deposit in another place, the Company shall have consented to such deposit, and such consent of the Company shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Company if and to the extent that the obtaining of such insurance is reasonably practicable and the premiums payable are of a reasonable amount.
20. **Resignation and Termination of Appointment of the Depositary**
- 20.1 The Company may terminate the appointment of the Depositary under the Deposit Agreement by giving at least 90 days’ prior notice in writing to the Depositary and the Custodian, and the Depositary may resign as Depositary by giving at least 90 days’ prior notice in writing to the Company and the Custodian. Within 30 days

after the giving of either such notice, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23.

The termination of the appointment or the resignation of the Depositary shall take effect on the date specified in such notice; **PROVIDED THAT** no such termination of appointment or resignation shall take effect until the appointment by the Company of a successor depositary under the Deposit Agreement and the acceptance of such appointment to act in accordance with the terms thereof and of these Conditions, by the successor depositary. The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to procure the appointment of a successor depositary with effect from the date of termination specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23.

- 20.2 Upon the termination of the appointment or resignation of the Depositary and against payment of all fees and expenses due to the Depositary from the Company under the Deposit Agreement, the Depositary shall deliver to its successor as depositary sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor depositary all property and cash held by it under the Deposit Agreement. The Deposit Agreement provides that, upon the date when such termination of appointment or resignation takes effect, the Custodian shall be deemed to be the Custodian thereunder for such successor depositary, and shall hold the Deposited Property for such successor depositary, and the Depositary shall thereafter have no obligation under the Deposit Agreement or the Conditions (other than liabilities accrued prior to the date of termination of appointment or resignation or any liabilities stipulated in relevant laws or regulations).

21. Termination of Deposit Agreement

- 21.1 Either the Company or the Depositary but, in the case of the Depositary, only if the Company has failed to appoint a replacement Depositary within 60 days of the date on which the Depositary has given notice pursuant to Condition 20 that it wishes to resign, may terminate the Deposit Agreement by giving 60 days' prior notice to the other and to the Custodian. Within 30 days after the giving of such notice, notice of such termination shall be duly given by the Depositary to Holders of all GDRs then outstanding in accordance with Condition 23.
- 21.2 During the period beginning on the date of the giving of such notice by the Depositary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to the provisions of Condition 1.1 and upon compliance with Condition 1, payment by the Holder of the charge specified in Condition 16.1(a) and Clause 10.1(a)(i) of the Deposit Agreement for such delivery and surrender, and payment by the Holder of any sums payable by the Depositary and/or any other expenses incurred by the Depositary (together with all amounts which the Depositary is obliged to pay to the Custodian) in connection with such delivery and surrender, and otherwise in accordance with the Deposit Agreement.
- 21.3 If any GDRs remain outstanding after the date of termination, the Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, shall not pass on dividends or distributions or take any other action, except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, pro rata to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they are the Holders. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligation to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest.

22. Amendment of Deposit Agreement and Conditions

- 22.1 Subject to Condition 22.3, all and any of the provisions of the Deposit Agreement and these Conditions may at any time and from time to time be amended by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary, and any amendment which shall increase or impose fees payable by Holders, which amends this Condition 22 or which in the opinion of the Depositary, would be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders until the expiration of 30 calendar days after such notice shall have been given. During such period of 30 calendar days, each Holder shall be entitled to obtain, subject to and upon compliance with Condition 1, delivery of the Deposited Property relative to each GDR held by it upon surrender thereof, payment of the charge specified in Condition 16.1(a) for such delivery and surrender and

otherwise in accordance with the Deposit Agreement and these Conditions. Each Holder at the time when such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 1, the Deposited Property attributable to the relevant GDR.

22.2 For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares **PROVIDED THAT** temporary GDRs will represent such Shares until they are so consolidated.

22.3 The Company and the Depositary may at any time by agreement in any form amend the number of Shares represented by each GDR, provided that each outstanding GDR represents the same number of Shares as each other outstanding GDR, and at least 30 calendar days notice of such amendment is given to the Holders, but in no circumstances shall any amendment pursuant to this Condition 22.3 be regarded as an amendment requiring 30 calendar days notice in accordance with Condition 22.1.

23. Notices

23.1 Any and all notices to be given to any Holder shall be duly given if personally delivered, or sent by mail (if domestic, first class, if overseas, first class airmail) or air courier, or by facsimile transmission confirmed by letter sent by mail or air courier, addressed to such Holder at the address of such Holder as it appears on the transfer books for GDRs of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.

23.2 Delivery of a notice sent by mail or air courier shall be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) after dispatch, and any notice sent by facsimile transmission, as provided in this Condition, shall be effective when the intended recipient has confirmed by telephone to the transmitter thereof that the recipient has received such facsimile in complete and legible form. The Depositary or the Company may, however, act upon any facsimile transmission received by it from the other or from any Holder, notwithstanding that such facsimile transmission shall not subsequently be confirmed as aforesaid.

24. Reports and Information on the Company

24.1 The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with six copies in the English language (and to make available to the Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of:

- (a) in respect of the financial year ending on December 31, 2014 and in respect of each financial year thereafter, the consolidated financial statements for such financial year in respect of the Company, prepared in conformity with IFRS and reported upon by independent public accountants selected by the Company, as soon as practicable (and in any event within 180 days) after the end of such year;
- (b) if the Company publishes semi-annual financial statements for holders of Shares, such semi-annual financial statements of the Company, as soon as practicable, after the same are published and in any event no later than three months after the end of the period to which they relate; and
- (c) if the Company publishes quarterly financial statements for holders of Shares, such quarterly financial statements, as soon as practicable, after the same are published, and in any event no later than three months after the end of the period to which they relate.

24.2 The Depositary shall upon receipt thereof give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.

24.3 For so long as any of the GDRs remains outstanding and are “**restricted securities**” within the meaning of Rule 144(a)(3) under the Securities Act, if at any time the Company is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement to supply to the Depositary such information, in the English language and in such quantities as the Depositary may from time to

time reasonably request, as is required to be delivered to any Holder or beneficial owner of GDRs or to any holder of Shares or a prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Company in favor of such persons and the information delivery requirements of Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of GDRs or Shares or interests therein in reliance on Rule 144A under the Securities Act and otherwise to comply with the requirements of Rule 144A(d)(4) under the Securities Act. Subject to receipt, the Depositary will deliver such information, during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144A(d)(4), to any such holder, beneficial owner or prospective purchaser but in no event shall the Depositary have any liability for the contents of any such information.

25. **Copies of Company Notices**

The Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary on or before the day when the Company first gives notice, by mail, publication or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, such number of copies of such notice and any other material (which contains information having a material bearing on the interests of the Holders) furnished to such holders by the Company (or such number of English translations of the originals if the originals were prepared in a language other than English) in connection therewith as the Depositary may reasonably request. If such notice is not furnished to the Depositary in English, either by the Company or the Custodian, the Depositary shall, at the Company's expense, arrange for an English translation thereof (which may be in such summarised form as the Depositary may deem adequate to provide sufficient information) to be prepared. Except as provided below, the Depositary shall, as soon as practicable after receiving notice of such transmission or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to Condition 9.1, and shall make the same available to Holders in such manner as it may determine.

26. **Moneys held by the Depositary**

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest thereon, except as otherwise agreed and shall not be obliged to segregate such moneys from other moneys belonging to the Depositary.

27. **Severability**

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

28. **Governing Law**

- 28.1 The Deposit Agreement, the GDRs, and all non-contractual obligations arising from or connected with the Deposit Agreement and the GDRs, are governed by, and shall be construed in accordance with, English law except that the certifications set forth in Schedules 3 and 4 to the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The rights and obligations attaching to the Deposited Shares will be governed by Egyptian law. The Company has submitted in respect of the Deposit Agreement and the Deed Poll to the exclusive jurisdiction of the English courts. The Company has also agreed in the Deposit Agreement and the Deed Poll to allow, respectively, the Depositary and the Holders to elect that Disputes are resolved by arbitration.
- 28.2 The Company has irrevocably appointed Capita Trust Secretaries Limited, as its agent in England to receive service of process in any Proceedings in England based on the Deed Poll. The Company has agreed that, if for any reason it does not have such an agent in England or New York as the case may be, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- 28.3 The courts of England shall have exclusive jurisdiction to settle any disputes (each a “**Dispute**”) which may arise out of or in connection with the GDRs (including any dispute relating to the existence, validity or termination of the GDRs, or any non-contractual obligation arising out of or in connection with the GDRs, or the consequences of the nullity of the GDRs), and accordingly any legal action or proceedings arising out of or in connection with the GDRs (“**Proceedings**”) may be brought in such courts. The Depositary irrevocably

submits to the exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

- 28.4 These submissions are made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions (whether concurrently or not).
- 28.5 In the event that the Depositary is made a party to, or is otherwise required to participate in, any litigation, arbitration, or Proceeding (whether judicial or administrative) which arises from or is related to or is based upon any act or failure to act by the Company, or which contains allegations to such effect, upon notice from the Depositary, the Company has agreed to fully cooperate with the Depositary in connection with such litigation, arbitration or Proceeding.
- 28.6 The Depositary irrevocably appoints The Bank of New York Mellon, London Branch, (Attention: The Manager) of 49th Floor, One Canada Square, London E14 5AL as its agent in England to receive service of process in any Proceedings in England based on any of the GDRs. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- 28.7 To the extent that the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Company or its assets or revenues, the Company has agreed not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

29. Arbitration and Submission

- 29.1 Notwithstanding any other provision of these Conditions, the Holders agree that the Depositary may elect, by notice in writing to the Holders issued no later than the filing of a defence in any Proceedings, that the Dispute be resolved by arbitration and not litigation. In such case, the Dispute shall be referred to arbitration under the Rules of the London Court of International Arbitration (the “**Rules**”) and finally resolved by arbitration under the Rules which Rules are deemed to be incorporated by reference into this Condition. Judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.
- 29.2 If the Depositary elects arbitration proceedings in accordance with Condition 29.1, the Depositary and the Holders agree that:
- (a) The number of arbitrators shall be three, appointed by the London Court of International Arbitration in accordance with its Rules;
 - (b) The place of the arbitration shall be London;
 - (c) The language to be used in the arbitration proceedings shall be English; and
 - (d) The decision and award of the arbitration shall be final and binding on the parties from the day it is made.
- 29.3 The governing law of this arbitration agreement shall be the substantive law of England, excluding conflict of law rules.
- 29.4 If a Proceeding has been initiated by any Holder in a court of competent jurisdiction at the time that the Depositary elects to submit the matter to arbitration in accordance with Condition 29.1, then such Holder agrees that it shall discontinue such Proceeding without delay.
- 29.5 If any Dispute raises issues which are substantially the same as or connected with issues raised in a Dispute which has already been referred to arbitration (an “**Existing Dispute**”), or arises out of substantially the same facts as are the subject of an Existing Dispute, or a dispute, controversy or claim, arising out of or in connection with the Conditions or the Deed Poll, whether in tort, contract, statute or otherwise, including any question regarding their existence, validity, interpretation, breach or termination (in any such case a “**Related Dispute**” provided that such Related Dispute has been or is to be submitted to arbitration), the arbitrators appointed or to

be appointed in respect of any such Existing Dispute shall also be appointed as the arbitrators in respect of any Related Dispute, save where the arbitrators consider such appointment to be inappropriate.

- 29.6 The arbitrators, upon the request of one of the parties to a Dispute or Related Dispute or a Holder or the Depositary which itself wishes to be joined in any reference to arbitration proceedings in relation to a Dispute or Related Dispute, may join any Holder or any party to the Deposit Agreement, these Conditions or the Deed Poll to any reference to arbitration proceedings in relation to that Dispute or Related Dispute and may make a single, final award determining all Disputes and Related Disputes between them. Each of the Holders and the Depositary hereby consents to be joined to any reference to arbitration proceedings in relation to any dispute at the request of a party to that Dispute or Related Dispute, and to accept joinder of any party requesting to be joined in accordance with this Condition 29.6.
- 29.7 Where, pursuant to the above provisions, the same arbitrators have been appointed in relation to an Existing Dispute and one or more Related Disputes, the arbitrators may, with the agreement of all the parties concerned or upon the application of one of the parties, being a party to each of the Disputes, order that the whole or part of the matters at issue shall be heard together upon such terms or conditions as the arbitrators think fit.
- 29.8 The arbitrators shall have power to make such directions and any provisional, interim or partial awards as they consider just and desirable.
- 29.9 Nothing in these dispute resolution provisions shall be construed as preventing either party from seeking conservatory or similar interim relief in any court of competent jurisdiction.
- 29.10 The Holders hereby agree to waive any right of appeal to any court of law or other judicial authority insofar as such waiver may be validly made.
- 29.11 Without prejudice to the powers of the arbitrators provided in the Rules, statute or otherwise, the arbitrators shall have power at any time, following the written request (with reasons) of any party at any time, and after due consideration of any written and/or oral response(s) to such request made within such time periods as the arbitrators shall determine, to make an award in favour of the claimant(s) (or the respondent(s) if a counterclaim) in respect of any claims (or counterclaims) if it appears to the arbitrators that there is no reasonably arguable defence to those claims (or counterclaims), either at all or except as to the amount of any damages or other sum to be awarded.
- 29.12 The Depositary and the Holders agree that in no circumstances will they request the arbitrators to, and the arbitrators shall have no authority to, exercise any power to award damages which are not calculated by reference to the party's actual costs or to award any loss of profit whatsoever or any consequential, special or punitive damages.
- 29.13 The Depositary irrevocably appoints the Bank of New York Mellon, London Branch (Attention: The Manager), of 48th Floor, One Canada Square, London E14 5AL as its agent in England to receive service of process on any suit or proceedings in England based on any of the GDRs. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

30. Language

Although the Deposit Agreement or these Conditions may be translated into the Arabic language, the Arabic version of the Deposit Agreement and these Conditions is for informational purposes only. In the event of any discrepancies between the English version and the Arabic version of the Deposit Agreement or these Conditions, or any dispute regarding the interpretation of any provision in the English version or Arabic version of the Deposit Agreement or these Conditions, the English version of the Deposit Agreement and these Conditions shall prevail and questions of interpretation shall be addressed solely in the English language.

SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS

WHILST IN MASTER FORM

The GDRs will initially be evidenced by (i) a single Regulation S Master GDR in registered form and (ii) a single Rule 144A Master GDR in registered form. The Regulation S Master GDR will be registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon, London Branch, as common depository for Euroclear and Clearstream on the date the GDRs are issued and the Rule 144A Master GDR will be deposited with The Bank of New York Mellon in New York as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Master GDRs contain provisions that apply to the GDRs while they are in master form, some of which modify the effect of the terms and conditions of the GDRs (the “**Conditions**”) set out in this prospectus. The following is a summary of certain of those provisions. Unless otherwise defined herein, the terms defined in the Conditions shall have the same meaning herein.

Any increase or decrease in the number of GDRs evidenced thereby from that initially notified to the Holder, as defined in the Conditions, will be promptly notified to the Holder by the Depositary in accordance with the Conditions.

For risks related to potential future limitations on the exercise of voting and/or dividends rights by a GDRs holder, see “Risk Factors—Risks Relating to the Securities and the Trading Market”.

Exchange

The Master GDRs will be exchanged for certificates in definitive registered form representing GDRs only in the circumstances described in (i), (ii), (iii), or (iv) below, in whole but not in part. The Depositary will irrevocably undertake in the Master GDRs to deliver certificates in definitive registered form representing GDRs in exchange for the relevant Master GDR, to Holders of GDRs within 60 calendar days in the event that:

- (i) either DTC (in the case of the Rule 144A Master GDR), or Euroclear or Clearstream (in the case of the Regulation S Master GDR) or any successor advises the Company in writing at any time that it is unwilling or unable to continue as a depository and a successor depository is not appointed within 90 calendar days; or
- (ii) either DTC (in the case of the Rule 144A Master GDR), or Euroclear or Clearstream (in the case of the Regulation S Master GDR) is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depositary is available within 45 calendar days; or
- (iii) in respect of the Rule 144A Master GDR, DTC or any successor ceases to be a “clearing agency” registered under the United States Securities Exchange Act of 1934, as amended; or
- (iv) the Depositary has determined that, on the occasion of the next payment in respect of the Master GDRs, the Depositary or its agent would be required to make any deduction or withholding from any payment in respect of the Master GDRs which would not be required were the GDRs represented by certificates in definitive registered form (provided that the Depositary shall have no obligation to so determine or to attempt to so determine).

Any such exchange shall be at the expense (including printing costs) of the relevant Holders of GDRs receiving definitive certificates.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through: Euroclear; Clearstream; or DTC.

Upon any exchange of a Master GDR for certificates in definitive registered form, or any exchange of interests between the Rule 144A Master GDR and the Regulation S Master GDR pursuant to Clause 4 of the Deposit Agreement, or any distribution of GDRs pursuant to Conditions 5, 7 or 10 or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property or increase in the number of GDRs following the deposit of Shares pursuant to Condition 1, the relevant details shall be entered by the Depositary on the register maintained by the Depositary whereupon the number of GDRs represented by a Master GDR shall be reduced or increased (as the case may be) for all purposes by the number so exchanged and entered on the register. If the number of GDRs represented by a Master GDR is reduced to zero, such Master GDR shall continue in existence until the obligations of the Company under

the Deposit Agreement and the obligations of the Depositary pursuant to the Deposit Agreement and the Conditions have terminated.

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) will, in the case of GDRs represented by the Regulation S Master GDR, be made by the Depositary through Euroclear and Clearstream and, in the case of GDRs represented by the Rule 144A Master GDR, will be made by the Depositary through DTC, on behalf of persons entitled thereto upon receipt of funds therefor from the Company. A free distribution or rights issue of Shares to the Depositary on behalf of the Holders will result in the record maintained by the Depositary being marked up to reflect the enlarged number of GDRs represented by the relevant Master GDR.

Holders of GDRs will have voting rights as set out in the Conditions.

Surrender of GDRs

Any requirement in the Conditions or relating to the surrender of a GDR to the Depositary shall be satisfied by the production by Euroclear, or Clearstream (in the case of GDRs represented by the Regulation S Master GDR), or DTC (in the case of GDRs represented by the Rule 144A Master GDR), on behalf of a person entitled to an interest therein of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by Euroclear or Clearstream, or DTC, as appropriate. The delivery or production of any such evidence shall be sufficient evidence in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs.

Notices

For as long as the Regulation S Master GDR is registered in the name of a nominee for a common depository holding on behalf of Euroclear and Clearstream, and the Rule 144A Master GDR is registered in the name of DTC or its nominee, notices to Holders may be given by the Depositary by delivery of the relevant notice to Euroclear and Clearstream, or (as appropriate) DTC, for communication to persons entitled thereto in substitution for delivery of notices in accordance with the Conditions.

Information

For so long as any of the Rule 144A GDRs or Shares represented thereby remain outstanding and are “restricted securities” within the meaning of Rule 144(a) (3) under the Securities Act, if at any time the Company is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed to supply to the Depositary such information in the English language and in such quantities as the Depositary may from time to time reasonably request, as is required to be delivered to any Holder or beneficial owner of Rule 144A GDRs or to any holder of Shares or prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Company in favor of such persons and the information delivery requirements of Rule 144A(d)(4) under the Securities Act, as amended, to permit compliance with Rule 144A in connection with resales of Rule 144A GDRs or Shares or interests therein in reliance on Rule 144A under the Securities Act and otherwise will comply with the requirements of Rule 144A(d)(4) under the Securities Act.

Governing Law

The Master GDRs, and all non-contractual obligations arising from or connected with the Master GDRs, shall be governed by and construed in accordance with English law.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

Information relating to the Depositary

The Depositary is an entity established in the State of New York, and is a state chartered New York banking corporation and a member of the United States Federal Reserve Board and the New York State Department of Financial Services. The Bank of New York Mellon was constituted in 1784 in the State of New York. It is a wholly owned subsidiary of the Bank of New York Mellon Corporation, a Delaware bank holding company. The Depositary's principal executive office is 225 Liberty Street, New York, New York 10286 and its principal administrative offices are located at 101 Barclay Street, 22 Floor, New York, New York 10286. A copy of the Depositary's Articles of Association, as amended, is available for inspection at the offices of The Bank of New York Mellon, London branch, at One Canada Square, London, E14 5AL, United Kingdom.

Rights of Holders of GDRs

Relationship of Holders of GDRs with the Depositary

The rights of Holders against the Depositary are governed by the Conditions and the Deposit Agreement, which are governed by English law (except that the certifications to be given upon deposit or withdrawal of Shares (in Schedules 3 and 4 of the Deposit Agreement) are governed by the laws of the State of New York). The Depositary and the Company are parties to the Deposit Agreement. Holders of GDRs have contractual rights against the Depositary under the Conditions in relation to cash held by the Depositary, and rights against the Depositary under the Conditions under a bare trust in respect of Deposited Property other than cash (including Deposited Shares, which are Shares of the Company represented by GDRs) deposited with the Depositary under the Deposit Agreement, and certain limited rights against the Company by virtue of the Deed Poll.

The Depositary (The Bank of New York Mellon) will be registered in the central securities depositary in Egypt as the owner of the Shares underlying the GDRs. The Deposit Agreement and the Conditions are governed by English law. The Company and the Depositary have agreed that any disputes under the Deposit Agreement or the Conditions shall be resolved by proceedings in the courts of England, or the courts of New York State or United States Federal Court sitting in the Borough of Manhattan, New York City, or where the Depositary so elects by arbitration under the rules of the London Court of International Arbitration.

Voting: With respect to voting of Deposited Shares and other Deposited Property represented by GDRs, the Conditions and the Deposit Agreement provide that, if instructed by the Company, the Depositary shall send to any person who is a Holder on the record date established by the Depositary for that purpose voting materials and instructions for voting. The Deposit Agreement and the Conditions provide that the Depositary will endeavor to exercise or cause to be exercised the voting rights with respect to Deposited Shares in accordance with the voting instructions it has received from Holders, subject to applicable Egyptian laws. (See Condition 12 if the “*Terms and Conditions of the Global Depository Receipts*”).

Delivery of Shares

The Deposit Agreement and the Conditions provide that the Deposited Shares can only be delivered out of the Regulation S and Rule 144A GDR facilities to, or to the order of, a Holder of related GDRs upon receipt and cancellation of such GDRs.

Cancellation of GDRs and Withdrawal of Shares

Whenever the Depositary in good faith deems it necessary or desirable or advisable at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations, the Depositary may close its books to deposits of additional Shares, including where the Depositary believes that the deposit of Shares against issuance of GDRs would result in GDRs representing a percentage exceeding any limit established by any applicable law, directive, regulation or permit, or trigger any condition for the making of any filing, application, notification or registration or for obtaining any approval, license or permit under any applicable law, directive or regulation, or for taking any other action.

Where the Depositary or its agent receives any notice from any governmental or regulatory authority advising that the GDR arrangements violates applicable law or regulation, or that the Depositary (or its agents) is required to

obtain any authorisation to operate the GDR arrangements, or advice from legal counsel that the Depositary (or its agents) could be subject to criminal, civil or other liabilities as a result of operating the GDR facility, including a situation where Shares represented by GDRs exceed any limit established by any applicable law, directive, regulation or permit, or trigger any condition for the making of any filing, application, notification or registration or for obtaining any approval, license or permit under any applicable law, directive or regulation, or for taking any other action, the Depositary may, with (to the extent reasonably practicable) prior notice to the Company and the Holders, cancel a number of the GDRs then outstanding, sell (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) the Shares formerly represented by such GDRs and distribute the net proceeds of such sale as a cash distribution to the Holders entitled thereto, and thereby reduce the Depositary's holdings of any class of Shares.

As is customary in such circumstances, the Depositary will put in place systems and procedures to monitor the number of Shares represented by outstanding GDRs. This monitoring is intended to ensure that the number of Shares represented by outstanding GDRs at any time does not exceed 33% of the number of the Company's currently outstanding Shares as permitted by the approval given to the Company by the EFSA on March 8, 2015. The Custodian, Commercial International Bank of Egypt, will be informed of the 33% limit. The Custodian will, in turn, code its systems not to accept deposits of shares in excess of this 33% limit. As a secondary back up, the Depositary will also code its systems with this same limit—"Maximum Allowable Limit". Once this limit is reached, the Depositary will close its books to deposits of shares and will not allow further issuances of GDRs. It will also publish a notice on its website to inform brokers that the books are closed for the GDR facility and will not be reopened until the number of shares falls below the Maximum Allowable limit.

In the unlikely event of governmental or regulatory intervention or unforeseen corporate action resulting in the current or any future percentage limit on the number of our Shares represented by GDRs being exceeded, the Depositary may take such steps as are necessary to remedy the consequences of such limit being exceeded. Where voluntary withdrawals of Shares from the GDR program do not bring the number of Shares representing outstanding GDRs below the applicable limit, the Depositary may undertake a pro rata cancellation of GDRs among the existing holders of GDRs in order to bring the number of Shares representing outstanding GDRs below such limit. In such circumstances, the Depositary may sell the Deposited Property and remit the net proceeds of such sale among the relevant holders pro-rata to their respective holdings of GDRs immediately prior to the cancellation, except that the allocations may be adjusted by the Depositary, in its sole discretion, so that no fraction of a cancelled GDR is allocated to any holder. Any payment in connection with GDRs represented by a Master GDR shall be made according to the usual practice between the Depositary and the relevant settlement system.

Rights of the Company

The Company has broad rights to remove the Depositary under the terms of the Deposit Agreement, but no specific rights under the Deposit Agreement which are triggered in the event of the insolvency of the Depositary.

Insolvency of the Depositary

Applicable insolvency law

If the Depositary becomes insolvent, the insolvency proceedings will be governed by U.S. law applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash

The Conditions state that any cash held by the Depositary for Holders is held by the Depositary as banker. Under current U.S. law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary's insolvency for such cash, and such cash would be also be available to general creditors of the Depositary or the U.S. Federal Deposit Insurance Corporation ("FDIC").

Effect of applicable insolvency law in relation to non-cash assets

The Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's liquidator to deliver to them such Depositary Shares and other

non-cash assets, and such Depositary Shares and other non-cash assets would be unavailable to general creditors of the Depositary or the FDIC.

Default of the Depositary

If the Depositary fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the Conditions or otherwise engages in a default for which it would be liable under the Conditions, the Depositary will be in breach of its contractual obligations under the Conditions. In such case, Holders will have a claim under English law against the Depositary to the extent that the Depositary is in breach of its contractual obligations under the Conditions.

The Custodian

The Custodian is Commercial International Bank (Egypt) S.A.E., an entity established under Egyptian law. The Custodian holds securities for the Depositary subject to a custody agreement between the Custodian and the Depositary which is governed by New York law.

The Custodian may resign or be discharged from its duties by prior notice except that if a replacement Custodian is appointed which is a branch or an affiliate of the Depositary, the Custodian's resignation or discharge may take place immediately on the appointment of such replacement Custodian. Notice of any change of Custodian shall be given to Holders by the Depositary, following such change. The Depositary shall promptly appoint a successor Custodian which shall upon acceptance of such appointment and the expiry of any applicable notice period become the Custodian and the retiring Custodian shall vest the Deposited Property and the relevant records in the replacement Custodian.

Relationship of Holders of GDRs with the Custodian

The Holders do not have any contractual relationship with, or rights enforceable against, the Custodian. All of the Company's Shares, including the Deposited Shares, will be held through the local central securities depository, MCDR. The account of the Depositary will be shown in the books of MCDR as the registered owner of a global account containing the Deposited Shares and managed by the Custodian.

Default of the Custodian

Failure to deliver cash

Cash payments from the Company (which are expected to be denominated in EGP) will initially be received by the Depositary in an account held by the Custodian in the Depositary's name. Subject to Egyptian legislation (which currently permits amounts in EGP to be removed from Egypt and converted into U.S. dollars by the Depositary without restriction), amounts received from the Company by the Depositary will then be exchanged for U.S. dollars in accordance with the Conditions and the U.S. dollars will be received by the Depositary in New York. After deduction of any fees and expenses of the Depositary, the U.S. dollars will then be paid by the Depositary to the Holders in accordance with the Conditions. If the Custodian fails to deliver cash to the Depositary as required under the custody agreement or otherwise engages in a default for which it would be liable under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations under the custody agreement. In such case, the Depositary would have a claim under New York law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

Failure to deliver non-cash assets

If the Custodian fails to deliver Deposited Shares or other non-cash assets held for the Depositary as required by the Depositary, the Custodian will be in breach of its obligations to the Depositary. In such case, the Depositary will have a claim under New York law against the Custodian for the Custodian's breach of its obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

The Depositary's obligations

The Depositary has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of Holders.

The Depositary is not responsible for and shall incur no liability in connection with or arising from default by the Custodian. Holders will have a claim against the Depositary under the Conditions to the extent that any act or

omission to act on the part of the Custodian constitutes wilful default, negligence or fraud of the Depositary, or its agents, officers, directors or employees.

Applicable law

The custody agreement is governed by New York law.

Bankruptcy of the Custodian

Applicable law

If the Custodian becomes bankrupt, the bankruptcy proceedings will be governed by applicable Egyptian law.

Effect of applicable bankruptcy law in relation to cash

Cash held by the Depositary on deposit with the Custodian may be reimbursed to the Depositary in the event of the Custodian's bankruptcy if it is allocated in a separate account in the Depositary's name and, provided that such reimbursement is approved by the trustee in bankruptcy and the competent court. Any remaining cash would form part of the Custodian's insolvent estate and would be available to satisfy the claims of the Custodian's creditors. Generally, there can be no assurance that in the event of such bankruptcy, cash will be available for distribution to the shareholders.

Under the Egyptian Commercial Code, in the event of the Custodian's bankruptcy, creditors may request the annulment of any transaction entered into within a two year period prior to the date the Custodian is judged to be bankrupt if there is evidence that such transaction harmed the interests of the creditors and the third party beneficiaries of such transaction knew at that time that the Custodian had suspended payments to its creditors.

Effect of applicable bankruptcy law in relation to non-cash assets

The Depositary will maintain ownership rights in the Deposited Shares held at MCDR in an account managed by the Custodian at the time of its bankruptcy. Applicable Egyptian rules and regulations provide for and empower the responsible authorities to ensure continuous operations of the Depositary's account at the MCDR until another Custodian is appointed by the Depositary and take over the management of the account held at MCDR.

The Depositary's liability

The Depositary is only liable to Holders for loss incurred by Holders as a result of the Custodian's bankruptcy to the extent such loss arises from the wilful default, negligence or bad faith of the Depositary or that of its agents, officers, directors or employees.

The Depositary's obligations

The Depositary has no obligation to pursue a claim in the Custodian's bankruptcy on behalf of the Holders. The Depositary has no responsibility for, and will incur no liability in connection with or arising from, the insolvency of any custodian. In the event of the bankruptcy of the Custodian, the Holders have no direct recourse to the Custodian under the Deposit Agreement, though the Depositary can remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

TAXATION

The following summary of certain U.S. federal, United Kingdom and Egyptian tax consequences of ownership of the Shares or the GDRs based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date hereof. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming. Any such changes or interpretations could affect the tax consequences to holders of the GDRs, possibly on a retroactive basis, and could alter or modify the statements and conclusions set forth herein. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the GDRs. Each prospective holder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the ownership and disposition of the GDRs, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as at the date hereof, and of any actual changes in applicable tax laws after such date.

Certain United States Federal Income Tax Considerations

The following is a summary of certain US federal income tax consequences with respect to the acquisition, ownership and disposition of the Shares or the GDRs by a US Holder (as defined below). This summary deals only with holders of GDRs that use the US Dollar as their functional currency and will hold the GDRs as capital assets.

This discussion does not address all US tax consequences that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership and disposition of the GDRs and does not address aspects of US federal income taxation that may be applicable to investors that are subject to special tax rules, including without limitation:

- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment entities or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt entities, including “Section 401” pension plans, individual retirement accounts and other tax deferred accounts;
- persons who receive the Shares or the GDRs as compensation for the performance of services;
- persons who will hold the Shares or the GDRs as part of a “hedging”, “conversion” or constructive sale transaction, or as a position in a “straddle” for US federal income tax purposes;
- certain US expatriates;
- “dual resident” corporations;
- persons who are resident in or have a permanent establishment in Egypt; or
- holders that own (directly, indirectly or constructively) ten per cent or more, by voting power or value, of the equity interests of the Company.

Further, this description does not address state, local, foreign or other tax laws, nor does it address the 3.8 per cent US federal Medicare tax on net investment income, the alternative minimum tax or the US federal gift and estate tax consequences of the acquisition, ownership or disposition of the Shares or the GDRs.

This summary is based on the US Internal Revenue Code of 1986, as amended (the “**Code**”), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, as well as on the Income Tax Convention Between the United States of America and Egypt (the “**US Treaty**”), in each case as of the date of this Offering, all of which are subject to change (or to changes in interpretation), possibly with retroactive effect. The Company has not requested, and does not intend to request, a ruling from the US Internal Revenue Service (the “**IRS**”) with respect to matters addressed herein.

US Holders

For the purposes of this summary, a “**US Holder**” is a beneficial owner of the Shares or the GDRs that is, for US federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organized in or under the laws of the United States or any political subdivision thereof, including the District of Columbia;
- an estate, the income of which is subject to US federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of the substantial decisions of such trust, or (ii) such trust has a valid election in effect to be treated as a US person for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds the Shares or the GDRs will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to the US federal income tax consequences of the acquisition, ownership or disposition of the Shares or the GDRs.

Holders of the GDRs generally will be treated for US federal income tax purposes as holding Shares represented by the GDRs. No gain or loss will be recognized on an exchange of Shares for the GDRs or an exchange of the GDRs for Shares, provided the Depositary has not taken any action inconsistent with either the material terms of the Deposit Agreement or the US Holder's ownership of the Shares. Upon an exchange, the tax basis and holding period of the Shares would be the same as the tax basis and holding period of the GDRs.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN. IT IS NOT INTENDED TO BE RELIED UPON BY PURCHASERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE CODE. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SHARES OR THE GDRS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Distributions

General. Subject to the passive foreign investment company (“PFIC”) rules discussed below, distributions with respect to the Shares or the GDRs paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes), before reduction for any Egyptian withholding tax paid by the Company, with respect thereto, generally will be taxable to a US Holder as foreign source dividend income and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the GDRs and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. Therefore, US Holders should assume that any distribution by the Company with respect to the Shares or the GDRs will be reported as ordinary dividend income. US Holders should consult their own tax advisors with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

The US Dollar amount of dividends received by an individual, trust or estate will be subject to taxation at a maximum rate of 20.0 per cent if the dividends are “qualified dividends”. Dividends will be treated as qualified dividends (a) if certain holding period requirements are satisfied, (b) if the US Treaty is a qualified treaty and the Company is eligible for the benefits under the US Treaty, and (c) provided that the Company was not, in the taxable year prior to the year in which the dividend was paid, and is not, in the taxable year in which the dividend is paid, a PFIC. The Company does not believe it has been a PFIC or will become one in the future. See the discussion below under “—*Passive Foreign Investment Company Considerations*”. The IRS has determined that the US Treaty is a qualified treaty. Relevant US Holders should consult their tax advisors regarding whether such dividends will qualify for the reduced rates provided by the “qualified dividend” rules.

Dividends paid in Egyptian Pounds will be includable in income in a US Dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the US Holder, regardless of whether the Egyptian Pounds are converted into US Dollars at that time. If dividends received in Egyptian Pounds are converted into US Dollars on the day they are received, the US Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

A US Holder may have foreign currency gain or loss if the dividend is converted into US dollars after the date of receipt. Any such foreign currency gain or loss generally will be treated as ordinary income or loss from sources within the United States.

Under current Egyptian law (see “—*Egypt—Dividend Withholding Tax*”), dividends paid by an Egyptian corporation to a US Holder will ordinarily be subject to Egyptian withholding tax. For US federal income tax purposes, US Holders will be treated as having received the amount of Egyptian taxes withheld by the Company, and as then having paid over the withheld taxes to the Egyptian taxing authorities. As a result of this rule, the amount of dividend income included in gross income for US federal income tax purposes by a US Holder with respect to a payment of dividends by the Company to a US Holder may be greater than the amount of cash actually received (or receivable) by the US Holder.

A US Holder generally will be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or to a deduction, if elected, in computing its US federal taxable income, for non-refundable Egyptian income taxes withheld from dividends not exceeding the applicable rate under the US Treaty. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all foreign taxes paid or accrued in the taxable year. US Holders that are eligible for benefits under the US Treaty will not be entitled to a foreign tax credit for the amount of any Egyptian taxes withheld in excess of the applicable rate or for any Egyptian taxes which are refundable because they were imposed at a rate in excess of the applicable US Treaty rate. In most circumstances, the Egyptian statutory withholding tax rate on dividends should be less than the applicable withholding tax rate on dividends under the US Treaty. Aspects of the Egyptian legislation remain unclear and a US Holder should consult its tax advisor to determine whether it needs to apply for a reduced US Treaty rate and what US Treaty certification requirements would be required under Egyptian law.

Sale, Exchange or Other Disposition of the GDRs

Subject to the PFIC rules discussed below, on the sale, exchange or other disposition of the Shares or the GDRs, a US Holder generally will recognize gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realized on the sale, exchange or other disposition and the US Holder’s adjusted tax basis in such Shares or GDRs, each determined in US Dollars. This capital gain or loss will be long-term capital gain or loss if the US Holder’s holding period in the Shares or the GDRs exceeds one year. Deductions for capital losses are subject to limitations.

Any gain or loss will generally be US source gain or loss for foreign tax credit limitation purposes.

If a US Holder receives Egyptian Pounds (or other currency other than US Dollars) upon a sale, exchange or other disposition of the Shares or the GDRs, the amount realized generally will be the US Dollar value of the payment received determined on the date of disposition. If the Shares or the GDRs are traded on an “established securities market”, a cash basis taxpayer or, if it so elects, an accrual basis taxpayer, will determine the US Dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale. A US Holder will have a tax basis in the foreign currency received equal to the amount realized. Any currency exchange gain or loss realized on the settlement date or a subsequent conversion sale or other disposition of the foreign currency into US Dollars for a different amount generally will be treated as ordinary income or loss from sources within the United States.

Under current Egyptian law (see “—*Egypt—Taxation of Capital Gains*”), an Egyptian capital gains tax will ordinarily be levied on the sale or exchange of listed shares on an Egyptian stock exchange at a rate of 10.0%. This rate should be reduced to zero pursuant to the terms of the US Treaty. If Egypt were to apply the statutory Egyptian tax notwithstanding the terms of the US Treaty, US Holders would likely not be able to credit such taxes under the US foreign tax credit limitations either because the tax would not be seen as a compulsory tax for foreign tax credit purposes or, even if the tax were treated as a compulsory tax for foreign tax credit purposes, because the resulting gain would be treated as US source income. In the latter case, any Egyptian tax would not be creditable except to the extent the US Holder had other foreign source income in the same category from other sources.

If Egypt would otherwise exempt a US Holder from the Egyptian capital gain tax because of the terms of the US Treaty, but the US Holder failed to certify its status as a taxpayer entitled to exemption under the terms of the US Treaty (with the consequence that Egypt imposed the capital gains tax), the US Holder would also not be able to credit such taxes for US foreign tax credit purposes because, in such a case, the Egyptian tax would not be seen as a compulsory tax for foreign tax credit purposes.

The precise application of the Egyptian capital gains tax remains uncertain (particularly with respect to its application to Shares or the GDRs). US Holders are urged to consult their tax advisors regarding the US federal income

tax consequences were an Egyptian capital gains tax to be imposed on a disposition of the Shares or the GDRs, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Considerations

A non-US corporation will be classified as a PFIC, for US federal income tax purposes in any taxable year in which, after applying certain look-through rules, either:

- at least 75.0 per cent of its gross income is “passive income”; or
- at least 50.0 per cent of the quarterly average value of its gross assets is attributable to assets that produce “passive income” or are held for the production of passive income.

Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. However, rents and gains derived in the active conduct of a trade or business in certain circumstances are considered active income. In determining whether a non-US corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25.0 per cent interest (by value) is taken into account.

The Company does not believe that it was a PFIC for US federal income tax purposes for its most recent taxable year and does not expect that it will be a PFIC for its current taxable year or in the foreseeable future. However, the determination of PFIC status is a factual determination that must be made annually at the close of each taxable year and therefore, there can be no certainty as to its status in this regard until the close of the current or any future taxable year. The Company’s status could change depending upon, among other things, the trading price of its Shares or GDRs, changes in the composition and relative values of its assets, and the sources of its income. If the Company were a PFIC in any year during a US Holder’s holding period for the Shares or the GDRs, the Company generally would continue to be treated as a PFIC for each subsequent year during which the US Holder owned the Shares or the GDRs.

If the Company were a PFIC for a taxable year during a US Holder’s holding period for the Shares or the GDRs, such US Holder generally would be subject to additional taxes on any “excess distributions” received from the Company and on any gain realized from a sale, exchange or other disposition of the Shares or the GDRs. A US Holder would have an excess distribution to the extent that distributions on the Shares or the GDRs during a taxable year exceed 125 per cent of the average of the annual distributions received during the three preceding taxable years (or, if shorter, the US Holder’s holding period). To compute the tax on excess distributions, (i) the excess distribution would be allocated ratably over the US Holder’s holding period, (ii) amounts allocated to the current taxable year and any year before the Company became a PFIC would be taxed as ordinary income in the current year and (iii) amounts allocated to other taxable years would be taxed at the highest applicable marginal rate in effect for each such year (i.e., at ordinary income tax rates) and (iv) an interest charge would be imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year described in (iii) above. Gain on the disposition of the Shares or the GDRs will be subject to taxation in the same manner as an excess distribution, described immediately above.

Furthermore, if the Company were a PFIC with respect to a US Holder for any taxable year, to the extent any of the Company’s subsidiaries were also PFICs, the US Holder may be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by the Company in the proportion to which the value of the Shares or the GDRs such US Holder owns bears to the value of all of the Company’s shares, and the US Holder may be subject to the tax consequences described above with respect to the Shares of such lower-tier PFIC that such US Holder would be deemed to own. As a result, if the Company were a PFIC and received a distribution from any lower-tier PFIC or any shares in a lower-tier PFIC were disposed of (or deemed disposed of), a US Holder may be subject to tax under the PFIC rules described above in the same manner as if the US Holder had held its proportionate share of the lower-tier PFIC stock directly even though such US Holder has not received the proceeds of the distribution or disposition directly. US Holders should consult their tax advisors regarding the application of the PFIC rules to any of the Company’s subsidiaries.

If the Company were a PFIC and the Shares or the GDRs were “regularly traded” on a “qualified exchange”, a US Holder could make a mark-to-market election that would result in tax treatment different from the treatment described above. The IRS has not identified specific foreign exchanges that are “qualified exchanges” for this purposes. The Company expects the London Stock Exchange, on which the Shares or the GDRs will be listed, would be considered a qualified exchange; however, no assurance can be given as to whether the Shares or the GDRs will be traded in sufficient frequency to be considered regularly traded for these purposes. Additionally, because a mark-to-market election cannot be made for equity interests in any lower tier PFICs that the Company may own, a US Holder that makes a mark-to-market election with respect to the Company may continue to be subject to the PFIC rules with respect to any

indirect investments held by the Company that are treated as an equity interest in a PFIC for US federal income tax purposes.

A US Holder would not be able to avoid the tax consequences described above by electing to treat the Company as a qualified electing fund (“**QEF**”), because the Company does not intend to provide US Holders with the information that would be necessary to make a QEF election with respect to the Shares or the GDRs.

If the Company were regarded as a PFIC, a US Holder would be required to file an annual information return on IRS Form 8621 relating to the US Holder’s ownership of the Shares or the GDRs.

The PFIC rules are particularly complex. Prospective purchasers should consult their tax advisors regarding the potential application of the PFIC regime.

Backup Withholding and Reporting Requirements

Payments of dividends with respect to the Shares or the GDRs and proceeds from the sale, exchange or other disposition of the Shares or the GDRs, by a US paying agent or other US intermediary, or made into the United States, will be reported to the IRS and to the US Holder as may be required under applicable Treasury regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders (including, among others, corporations) are not subject to backup withholding and information reporting. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a US Holder will be refunded (or credited against such US Holder’s US federal income tax liability, if any), provided the required information is timely furnished to the IRS. Prospective investors should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Certain individual US Holders (and under proposed Treasury regulations, certain entities) may be required to report to the IRS information with respect to their investment in the Shares or the GDRs not held through an account with a US financial institution. US Holders who fail to report required information could become subject to substantial penalties. US Holders are encouraged to consult with their own tax advisors regarding foreign financial asset reporting requirements with respect to their investment in the Shares or the GDRs.

US Holders who acquire any of the Shares or the GDRs for cash may be required to file an IRS Form 926 (Return by a US Transferor of Property to a Foreign Corporation) with the IRS and to supply certain additional information to the IRS if (i) immediately after the transfer, the US Holder owns directly or indirectly (or by attribution) at least 10 per cent of the Company’s total voting power or value or (ii) the amount of cash transferred to the Company in exchange for the Shares or the GDRs when aggregated with all related transfers under applicable regulations, exceeds US\$100,000. Substantial penalties may be imposed on a US Holder that fails to comply with this reporting requirement. Each US Holder is urged to consult with its own tax advisor regarding this reporting obligation.

United Kingdom Tax Considerations

The following is a general summary of certain United Kingdom tax considerations relating to the ownership and disposal of the Shares or the GDRs. It is based on current United Kingdom tax law and published HM Revenue & Customs (“**HMRC**”) practice as at the date hereof, as well as the provisions of the 1977 double taxation treaty between the United Kingdom and Egypt, as amended, each of which is subject to change, possibly with retrospective effect.

The summary applies only to persons who are resident (and, in the case of individuals, resident and domiciled) in the United Kingdom for tax purposes and who are not resident for tax purposes in any other jurisdiction and do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of the Shares or the GDRs is connected (“**U.K. Holders**”). Persons (a) who are not resident (or, if resident, are not domiciled and to whom “split year” treatment does not apply) in the United Kingdom for tax purposes, including those individuals and companies who trade in the United Kingdom through a branch, agency or permanent establishment in the United Kingdom to which the Shares or the GDRs are attributable, or (b) who are resident or otherwise subject to tax in a jurisdiction outside the United Kingdom, are recommended to seek the advice of professional advisors in relation to their taxation obligations.

This summary is for general information only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor. It does not address all of the tax considerations that may be relevant to specific investors in light of their particular circumstances or to investors subject to special treatment under United Kingdom tax law. In particular:

- this summary only applies to the absolute beneficial owners of the Shares, the GDRs and any dividends paid in respect of the Shares where the dividends are regarded for United Kingdom tax purposes as that person's own income (and not the income of some other person);
- this summary: (a) only addresses the principal United Kingdom tax consequences for U.K. Holders who hold their Shares and/or GDRs as capital assets, (b) does not address the tax consequences which may be relevant to certain special classes of investor such as dealers, brokers or traders in shares or securities and other persons who hold the Shares or the GDRs otherwise than as an investment, (c) does not address the tax consequences for U.K. Holders that are trustees, financial institutions, insurance companies, collective investment schemes, pension schemes, charities or tax-exempt organizations, (d) assumes that the U.K. Holder is not one of the Company's officers or employees (or of any related company) and has not (and is not deemed to have) acquired the Shares or the GDRs by virtue of an office or employment, and (e) assumes that the U.K. Holder does not control or hold (and is not deemed to control or hold), either alone or together with one or more associated or connected persons, directly or indirectly (including through the holding of the Shares or the GDRs), an interest of 10% or more in the Shares, voting power, rights to profits or capital, and is not otherwise connected with the Company.

This summary further assumes that (a) a holder of the Shares or the GDRs is, for United Kingdom tax purposes, absolutely beneficially entitled to such Shares, or to the Shares underlying the relevant GDRs, and to the dividends on those Shares and (b) dividends paid by the Company will be treated as income distributions for United Kingdom tax purposes.

Potential investors in the Shares or the GDRs should satisfy themselves prior to investing as to the overall tax consequences, including, specifically, the consequences under United Kingdom tax law and HMRC practice of the acquisition, ownership and disposal of the Shares or the GDRs, in their own particular circumstances by consulting their own tax advisors.

Taxation of dividends

Withholding tax

Dividend payments in respect of the Shares or the GDRs may be made without withholding or deduction for or on account of United Kingdom tax.

Currency of Dividends

U.K. Holders of GDRs should note that their liability to United Kingdom tax in respect of dividends paid by the Company will be determined by reference to the amount of the dividend in the currency in which it is paid, which may not be the same as the US Dollar amount received by such U.K. Holders from the Depositary in respect of such dividend.

Income tax

Dividends received by individual U.K. Holders will be subject to United Kingdom income tax on the full amount of the dividend paid (before the deduction of any Egyptian withholding tax (see “—*Egyptian Tax Considerations—Dividend Withholding Tax*”)) grossed up for the amount of the non-refundable United Kingdom dividend tax credit referred to below, with potential credit for Egyptian tax deducted at source (as described below).

The rate of United Kingdom income tax which is chargeable on dividends received in the tax year 2014/2015 by (i) additional rate taxpayers is 37.5%, (ii) higher rate taxpayers is 32.5%, and (iii) basic rate taxpayers is 10%. Individual U.K. Holders will be entitled to a non-refundable tax credit equal to one-ninth of the full amount of the dividend received from the Company (before the deduction of any Egyptian withholding tax), which will be taken into account in computing the gross amount of the dividend which is chargeable to United Kingdom income tax. The tax credit will be credited against the U.K. Holder's liability (if any) to United Kingdom income tax on the gross amount of the dividend. An individual shareholder who is not subject to United Kingdom income tax on dividends received from us will not be entitled to claim payment of the tax credit in respect of such dividends. An individual's dividend income is treated as the top slice of their total income which is chargeable to United Kingdom income tax.

Corporation tax

A U.K. Holder within the charge to United Kingdom corporation tax should generally be entitled to exemption from United Kingdom corporation tax in respect of dividend payments. If the conditions for the exemption are not satisfied, or a U.K. Holder elects for an otherwise exempt dividend to be taxable, United Kingdom corporation tax will be

chargeable on the gross amount of any dividends received from the Company (before deduction of any Egyptian withholding tax), subject to any applicable credit for Egyptian tax deducted at source (as described below). If potential investors are in any doubt as to their position, they should consult their own professional advisors.

Credit for Egyptian tax

Credit may be given for Egyptian tax withheld from dividends, subject to general rules regarding the calculation and availability of such credit, including a requirement to take all reasonable steps to minimize the amount of Egyptian tax on such dividends, including obtaining relief at source and any available refunds. See also “—*Egyptian Tax Considerations—Dividend Withholding Tax*”. Where a dividend paid by the Company is treated as exempt from U.K. corporation tax or United Kingdom income tax, a United Kingdom Holder will not be entitled to claim relief by way of credit in the United Kingdom in respect of any Egyptian tax paid by such holder, either directly or by deduction, in respect of that dividend.

Provision of information

Information relating to securities may be required to be provided to HMRC in certain circumstances. This may include details of the beneficial owners of the Shares, the GDRs (or the Shares represented by such GDRs) or the persons for whom such securities are held, details of the persons to whom payments derived from the Shares or the GDRs (or the Shares represented by such GDRs) are or may be paid and information and documents in connection with transactions relating to the Shares or the GDRs (or the Shares represented by such GDRs). Information may be required to be provided by, amongst others, the holders of the Shares, the GDRs, the Depositary, the Custodian, persons by (or via) whom payments derived from the Shares or the GDRs (or the Shares represented by such GDRs) are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Shares or the GDRs (or the Shares represented by such GDRs) on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HMRC may be exchanged with tax authorities in other countries. However, in accordance with guidance published by HMRC applicable for the 2014/2015 tax year, dividend payments in respect of the Shares or the GDRs (or the Shares represented by such GDRs) should not be treated as falling within the scope of the requirement. There is no guarantee that equivalent guidance will be issued in respect of future years.

Taxation of disposals

A disposal or deemed disposal of the Shares or the GDRs by an individual U.K. Holder may, depending on his or her individual circumstances, give rise to a chargeable gain or to an allowable loss for the purpose of United Kingdom capital gains tax. The principal factors that will determine the capital gains tax liability of an individual U.K. Holder on a disposal of the Shares or the GDRs are the extent to which the holder realizes any other chargeable gains in the tax year in which the disposal is made, the extent to which the holder has incurred allowable losses in that or any earlier tax year and the level of the annual allowance of tax-free gains for that tax year (the “**Annual Exemption**”). The Annual Exemption for the 2014/2015 tax year is £11,000 and for the 2015/2016 tax year is to be £11,100. If, after all allowable deductions, an individual U.K. Holder’s taxable income for the year exceeds the basic rate income tax limit, taxable chargeable gains will be taxed at 28%. In other cases, taxable chargeable gains may be taxed at 18% or 28% or at a combination of both rates.

An individual U.K. Holder who ceases to be resident in the United Kingdom for a period of five years or less and who disposes of his or her Shares or GDRs during that period of temporary non-residence may be liable to United Kingdom capital gains tax on a chargeable gain accruing on such disposal on his or her return to the United Kingdom (subject to available exemptions or reliefs).

A disposal of the Shares or the GDRs by a corporate U.K. Holder may give rise to a chargeable gain or an allowable loss for the purpose of United Kingdom corporation tax. Such a holder should be entitled to an indexation allowance, which (broadly) applies to reduce capital gains to the extent that such gains arise due to inflation. The allowance may reduce a chargeable gain but will not create an allowable loss.

Any gains or losses in respect of currency fluctuations between US Dollars and sterling (or, in the case of certain corporate U.K. Holders, their functional currency) between the date of acquisition and the date of disposal of the Shares or the GDRs would be brought into account in computing any chargeable gain or allowable loss on the disposal.

Credit for Egyptian withholding tax

Certain capital gains may be subject to Egyptian withholding tax. See “—*Egyptian Tax Considerations—Taxation of Capital Gains*”. Credit against United Kingdom tax may be given for Egyptian tax withheld, subject to

general rules regarding the calculation and availability of such credit, including a requirement to take all reasonable steps to minimize the amount of Egyptian tax on such capital gains.

Stamp duty and stamp duty reserve tax (“SDRT”)

Provided that the Shares are only registered on a register outside the United Kingdom and provided that no instrument of transfer either is executed in the United Kingdom or relates to any matter or thing done in the United Kingdom, there will be no United Kingdom stamp duty or SDRT payable on the issue or transfer of the Shares.

No United Kingdom stamp duty or SDRT will be payable on the issue of the GDRs or their delivery into DTC, Euroclear or Clearstream (as applicable).

No United Kingdom stamp duty or SDRT will be payable on any transfer of the GDRs once they are issued into DTC, Euroclear or Clearstream (as applicable), where such transfer is effected in electronic book-entry form in accordance with the procedures of DTC, Euroclear or Clearstream (as applicable).

No United Kingdom stamp duty should be payable in respect of the transfer of the GDRs, where the document of transfer is not executed in the United Kingdom and does not relate to any property situate or to any matter or thing done or to be done in the United Kingdom. No United Kingdom SDRT should be payable in respect of any agreement to transfer the GDRs.

Inheritance tax

United Kingdom inheritance tax may be chargeable on the death of, or in certain circumstances on a gift by, the holder of Shares or GDRs, where the holder is an individual who is domiciled or is deemed to be domiciled in the United Kingdom. If the Shares or the GDRs (or the Shares underlying such GDRs) are considered to be a United Kingdom situs asset for inheritance tax purposes, regardless of the holder’s domicile, the asset may be subject to United Kingdom inheritance tax upon the death of the holder or in certain circumstances on the gift by the holder of the Shares or the GDRs. For United Kingdom inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor receives or retains some benefit in the gifted property.

Egyptian Tax Considerations

The following is a summary of the principal tax consequences for holders of ordinary shares and GDRs who are not resident in Egypt (“**Non- Residents**”). From an Egyptian taxation point of view, the contribution of Shares into the deposit facility (i.e. the conversion of Shares into GDRs) or withdrawal of ordinary shares from the deposit facility (i.e. the conversion of GDRs into their underlying Shares) is considered as a transfer of ordinary shares. This summary addresses only the tax consequences for investors who hold the ordinary shares or GDRs as capital assets and does not address the tax consequences which may be relevant to other classes of investors, such as dealers in securities.

In 2014, Law No. 53 was issued amending the then existing tax law to, among other thing, introduce taxation on dividend distributions and capital gains on sales of securities. To date there has been limited interpretive guidance from the tax authorities regarding Law No. 53, and the corresponding executive regulations have not yet been issued. As a result, there is significant uncertainty regarding the proper application and calculation of tax with respect to securities, in particular GDRs. The following summary is based on the wording of Law No. 53 and the limited available guidance relating to this new law. However, there can be no assurance that the tax authorities will not take differing interpretations of Law No. 53 or that the executive regulations, once adopted, will not materially change the application of the taxes described below. Investors should seek independent tax advice with respect to their tax position arising out of trading of the Shares or GDRs.

Dividend Withholding Tax

Under Law No. 53, for Non-Residents, dividends of an Egyptian company are currently taxed at a rate of 10%, which is reduced to 5% for shareholdings in excess of 25% of the company’s capital or shareholding rights, provided that the ordinary shares or GDRs have been owned by the holder for not less than two years. This Company and MCDR are required to withhold this tax on dividends on all Shares, including the Shares underlying the GDRs.

Taxation of Capital Gains

Under Law No. 53, for Non-Residents capital gains tax is levied on the net gain on a sale or exchange of securities listed in Egypt at a rate of 10%. The MCDR is required to withhold 6% of the amount of realized capital gains for each trade on the EGX in accordance with procedures to be set forth in the executive regulations to Law No. 53.

The tax laws have not addressed the contribution of Shares into or the withdrawal of Shares from the deposit facility. Such contribution or withdrawal should not give rise to capital gains tax, however, this remains uncertain, and the tax authorities may apply capital gains tax.

Stamp Duty

Under Law No. 111 of 1980 (as amended), no stamp duty is to be levied on the sale or exchange of securities listed in Egypt. Accordingly, no stamp duty would apply to the GDRs or Shares.

Inheritance Tax

Under Law No. 227 of 1996, Egypt has abolished all inheritance taxes. Accordingly, no inheritance taxes in Egypt will be chargeable on the death of an owner of GDRs or Shares.

TRANSFER RESTRICTIONS

Purchasers are advised to consult legal counsel prior to making any resale, pledge or transfer of GDRs.

Rule 144A GDRs

Each purchaser of the GDRs pursuant to Rule 144A, by its acceptance of delivery of this prospectus and the GDRs, will be deemed to have represented, agreed and acknowledged as follows:

1. The purchaser is aware that the GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.
2. The purchaser (i) is a qualified institutional buyer, or QIB, as that term is defined by Rule 144A under the Securities Act, (ii) is aware that, and each beneficial owner of such GDRs has been advised that, the sale to it is being made in reliance on Rule 144A under the Securities Act or pursuant to another exemption from, or transaction not subject to, the registration requirements of the Securities Act, (iii) is acquiring such GDRs for its own account or for the account of one or more QIBs and (iv) if it is acquiring such GDRs for the account of one or more QIBs, has sole investment discretion with respect to each such account and has full power to make the acknowledgements, representations and agreements herein on behalf of each such account.
3. The purchaser is aware that the GDRs, purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, have not been and will not be registered under the Securities Act and are being offered in the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act only in transactions not involving any public offering in the United States and are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act (“**Restricted Securities**”), and no representation is made as to the availability of the exemption provided by Rule 144 for the resale of any GDRs.
4. In the future, if the purchaser decides to offer, resell, pledge or otherwise transfer the GDRs purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, such GDRs may be offered, sold, pledged or otherwise transferred only in accordance with the following legend, which the GDRs, purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, will bear unless otherwise determined by us and the Depositary in accordance with applicable law:

THIS RULE 144A MASTER GLOBAL DEPOSITARY RECEIPT AND THE ORDINARY SHARES OF EDITA FOOD INDUSTRIES S.A.E. REPRESENTED HEREBY (THE “**SHARES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF BY PURCHASING THE GDRs, AGREES FOR THE BENEFIT OF EDITA FOOD INDUSTRIES S.A.E. THAT THE GDRs AND THE SHARES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER (“**QIB**”) (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER OF THE GDRs WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF SUCH GDRs OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE BENEFICIAL OWNER OF SHARES RECEIVED UPON CANCELLATION OF ANY RULE 144A GLOBAL DEPOSITARY RECEIPT MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SHARES INTO ANY DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RULE 144A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SHARES ARE “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED

BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SHARES OR ANY RULE 144A GLOBAL DEPOSITARY RECEIPTS.

5. For so long the GDRs are Restricted Securities, it will not deposit such GDRs into any unrestricted depositary receipt facility in respect of GDRs established and maintained by a depositary bank unless and until such time as the GDRs are no longer Restricted Securities. We shall not recognize any offer, sale, pledge or other transfer of the GDRs other than in compliance with the above-stated restrictions.
6. The Company will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Prospective purchasers are hereby notified that sellers of the GDRs purchased within the United States pursuant to Rule 144A may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

Regulation S GDRs

Each purchaser of GDRs pursuant to Regulation S, by its acceptance of the delivery of this prospectus and the GDRs, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. the purchaser is, at the time of the offer to it of GDRs and at the time the buy order originated, outside the United States for the purposes of Rule 903 under the Securities Act;
2. the purchaser is aware that the GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States, are being offered outside the United States in reliance on Regulation S and are subject to significant restrictions on transfer;
3. the purchaser is aware of the restrictions on the offer and sale of the Securities pursuant to Regulation S in this document;
4. the purchaser is aware that the GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States, and subject to certain exceptions, may not be offered or sold within the United States;
5. any offer, sale, pledge or other transfer made other than in compliance with the above-stated restrictions shall not be recognized by us;
6. The Company will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements; and
7. the purchaser understands that the Regulation S GDRs and the Master Regulation S GDR will bear a legend substantially to the following effect:

THIS REGULATION S MASTER GLOBAL DEPOSITARY RECEIPT AND THE ORDINARY SHARES OF EDITA FOOD INDUSTRIES S.A.E. REPRESENTED HEREBY (THE “**SHARES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, PRIOR TO THE EXPIRATION OF A DISTRIBUTION COMPLIANCE PERIOD (DEFINED AS THE PERIOD ENDING 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE GDR OFFERING, AND THE ORIGINAL ISSUE DATE OF THE GDRs) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER (“**QIB**”) (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES; **PROVIDED THAT** IN CONNECTION WITH ANY TRANSFER UNDER (B) ABOVE, THE TRANSFEROR SHALL PRIOR TO THE SETTLEMENT OF SUCH SALE, WITHDRAW THE SHARES FROM THE REGULATION S FACILITY (AS DEFINED IN THE DEPOSIT AGREEMENT) IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE DEPOSIT

AGREEMENT AND INSTRUCT THAT SUCH SHARES BE DELIVERED TO THE CUSTODIAN UNDER THE DEPOSIT AGREEMENT FOR DEPOSIT IN THE RULE 144A FACILITY (AS DEFINED IN THE DEPOSIT AGREEMENT) THEREUNDER AND THAT RULE 144A GLOBAL DEPOSITARY RECEIPTS REPRESENTED BY A RULE 144A MASTER GLOBAL DEPOSITARY RECEIPT BE ISSUED, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE DEPOSIT AGREEMENT, TO OR FOR THE ACCOUNT OF SUCH QIB.

UPON THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, THE GLOBAL DEPOSITARY RECEIPTS AND THE SHARES REPRESENTED THEREBY SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND IF, AT THE TIME OF SUCH EXPIRATION, THE OFFER AND SALE OF THE GLOBAL DEPOSITARY RECEIPTS AND THE SHARES REPRESENTED THEREBY BY THE HOLDER IN THE UNITED STATES WOULD NOT BE RESTRICTED UNDER THE SECURITIES LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES.

If a purchaser of GDRs is acquiring such GDRs as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements on behalf of each account.

Other provisions regarding transfers of the GDRs

Interests in the Rule 144A GDRs may be transferred to a person whose interest in such GDRs is subsequently represented by a Regulation S GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that, among other things, such transfer is being made in accordance with Regulation S. Interests in Regulation S GDRs may be transferred to a person whose interest in such GDRs is subsequently represented by a Rule 144A GDR only upon receipt by the depositary of written certifications from the transferor and the transferee (in the forms provided in the Deposit Agreement) to the effect that, among other things, such transfer is being made in accordance with Rule 144A. Any interest in GDRs represented by one of the GDRs that is transferred to a person whose interest in such GDRs is subsequently represented by the other GDR will, upon transfer, cease to be an interest in the GDRs represented by such first GDR and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to interests in GDRs represented by such other GDR for so long as it remains such an interest.

SETTLEMENT AND TRANSFER

Clearing and Settlement of GDRs

Custodial and depositary links have been established between Euroclear, Clearstream and DTC to facilitate the initial issue of the GDRs and cross-market transfers of the GDRs associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the GDRs held through Euroclear or Clearstream will be credited, to the extent received by the Depositary, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

DTC

DTC has advised the Company as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the GDRs holding through DTC will receive, to the extent received by the Depositary, all distributions of dividends or other payments with respect to book-entry interests in the GDRs from the Depositary through DTC and DTC participants. Distributions in the United States will be subject to relevant U.S. tax laws and regulations. See "*Taxation*".

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book-entry interests in the GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book-entry interests in the GDRs, may be limited.

Registration and form

Book-entry interests in the GDRs held through Euroclear and Clearstream will be represented by the Regulation S Master GDR registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee of The Bank of New York Mellon, London Branch, as common depositary for Euroclear and Clearstream. Book-entry interests in the GDRs held through DTC will be represented by the Rule 144A Master GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by The Bank of New York Mellon in New York as custodian for DTC. As necessary, the Depositary will adjust the amounts of GDRs on the relevant register for the accounts of the common nominee and nominee, respectively, to reflect the amounts of GDRs held through Euroclear, Clearstream and DTC, respectively. Beneficial ownership in the GDRs will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream and DTC.

The aggregate holdings of book-entry interests in the GDRs in Euroclear, Clearstream and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream and DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the GDRs, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the GDRs. The Depositary will be responsible for maintaining a record of the aggregate holdings of GDRs registered in the name of the common nominee for Euroclear and Clearstream and the nominee for DTC. The Depositary will be responsible for ensuring that payments received by it from the Company for holders holding through Euroclear and Clearstream are paid to Euroclear or Clearstream, as the case may be, and the Depositary will also be responsible for ensuring that payments received by it from the Company for holders holding through DTC are received by DTC. The address for DTC is P.O. Box 5020, New York, New York 10274, United States. The address for Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address for Clearstream is 42 Avenue J.F Kennedy, L-1855 Grand Duchy of Luxembourg, Luxembourg.

The Company will not impose any fees in respect of the GDRs; however, holders of book-entry interests in the GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream or DTC and certain fees and expenses payable to the Depositary in accordance with the terms of the Conditions.

Global Clearance and Settlement Procedures

Initial settlement

The GDRs will be in global form evidenced by the two Master GDRs. Purchasers electing to hold book-entry interests in the GDRs through Euroclear and Clearstream accounts will follow the settlement procedures applicable to depositary receipts. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the GDRs through DTC will follow the delivery practices applicable to depositary receipts.

Transfer restrictions

For a description of the transfer restrictions relating to the GDRs, see “Terms and Conditions of the Global Depositary Receipts” and “Selling and Transfer Restrictions”.

Trading between Euroclear and Clearstream participants

Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the normal procedures applicable to depositary receipts.

Trading between DTC participants

Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream purchaser

When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the DTC participant must send to DTC a delivery free of payment instruction at least two business days prior to the settlement date. DTC will in turn transmit such instruction to Euroclear or Clearstream, as the case may be, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the Depositary to instruct Euroclear or Clearstream, as the case may be, to credit the relevant account of the Euroclear or Clearstream participant, as the case may be. In addition, on the settlement date, DTC will instruct the Depositary to (1) decrease the amount of book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Rule 144A Master GDR and (2) increase the amount of book-entry interests in the GDRs registered in the name of the common nominee for Euroclear and Clearstream and represented by the Regulation S Master GDR.

Trading between Clearstream/Euroclear seller and DTC purchaser

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream participant to the account of a DTC participant, the Euroclear or Clearstream participant must send to Euroclear or Clearstream a delivery free of payment instruction at least one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant, as the case may be. On the settlement date, Euroclear or Clearstream, as the case may be, will debit the account of its participant and will instruct the Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, as the case may be, and will deliver such book-entry interests in the GDRs free of payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, as the case may be, shall on the settlement date instruct the Depositary to (1) decrease the amount of the book-entry interests in the GDRs registered in the name of the common nominee and evidenced by the Regulation S Master GDR and (2) increase the amount of the book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Rule 144A Master GDR.

General

Although the foregoing sets out the procedures of Euroclear, Clearstream and DTC in order to facilitate the transfers of interests in the GDRs among participants of Euroclear, Clearstream and DTC, none of Euroclear, Clearstream or DTC are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Depositary or, the Custodian or their respective agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

Settlement and Clearance of the Shares on the EGX

Egypt is a beneficiary owner market. Accordingly, all investors in Shares must have established a valid client-specific custody account with a local custodian within Egypt and must have a unique, personalised stock exchange code for the EGX (a “**Unified Code**”). Investors will need to provide, among other things, information as to their legal name and any sub-account details, together with details of their custody account and their Unified Code when submitting a request for an allocation of Shares. Accordingly, requests for an allocation of Shares can only be taken from an investor if such investor already has a valid custody account open with an Egyptian custodian. Investors should contact their global custodian to set up a custody account in Egypt. It can take up to two weeks to set up such an account. All transfers of ownership of the Shares must be effected on the EGX by an EFSA-licensed broker. Ownership of the Shares will be shown on, and the transfer of that ownership will be executed on the EGX books and will be effected through the records of the MCDR. Transfer of Shares will settle in the same day funds. Settlement of share transfers on the EGX occurs on a delivery-versus-payment basis, with transfers of dematerialised securities such as the Shares settling at T+2. Non-Egyptian purchasers of Shares must arrange for their Shares to be delivered to a custodian authorised by the EFSA (a “**Local Custodian**”) to hold dematerialised Shares. The Local Custodian designated by the purchaser will hold the Shares in accordance with the purchaser’s instructions. Subject to compliance with the transfer restrictions set forth herein, purchasers of the Shares wishing to sell their Shares must instruct an EGX-licensed broker to block such Shares. The broker then effects such sale through the EGX who will register such transfer on the registry. The Company will not have any responsibility for the performance by the Local Custodians or their agents of their respective obligations under the rules and procedures governing their operations.

Egypt’s trading and settlement mechanisms have been significantly improved over the past few years. A computerized trading system at the EGX allows for automatic electronic matching of bids and offers. The electronic trading system links the EGX and allows brokers remote access to the trading floor. It also links all independent bookkeeping activities to the MCDR, which helps ensure greater speed and efficiency in the settlement process. Trading on the EGX takes place between 10:30 a.m. and 2:30 p.m., Sunday through Thursday, excluding official public holidays.

During each trading session, the price of the stocks is generally restricted to a 5% ceiling and floor from its previous closing price. The EGX removes the price restrictions or increases them on the request of a broker who is willing to effect a transaction above the ceiling or below the floor, provided the pricing committee at the EGX approves. The closing price of traded shares is determined by calculating a volume-weighted average price of the traded shares for the session. Cumulative transactions below 100 shares do not affect the closing price of the relevant underlying security.

Brokerage commissions for transactions are not fixed by the EGX or other regulatory bodies, but instead vary depending on the size of the transaction and the brokerage house executing the trade.

INFORMATION RELATING TO THE DEPOSITARY

The Depositary is a state-chartered New York banking corporation and a member of the United States Federal Reserve System subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The Depositary was constituted in 1784 in the State of New York. It is a wholly-owned subsidiary of The Bank of New York Mellon Corporation, a Delaware bank holding company. The principal office of the Depositary is located at One Wall Street, New York, NY 10286. Its principal administrative offices are located at 101 Barclay Street, New York, NY 10286. A copy of the Depositary's Articles, as amended, together with copies of The Bank of New York Mellon Corporation's most recent quarterly financial statements and annual report are available for inspection at www.bnymellon.com or the principal office of the Depositary located at One Wall Street, New York, NY 10286 and at The Bank of New York Mellon, One Canada Square, London E14 5AL.

INDEPENDENT AUDITORS

Edita Food Industries S.A.E and its subsidiaries' audited consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013 included in this Prospectus have been audited by Mansour & Co. PricewaterhouseCoopers, independent auditors, as stated in their audit report appearing herein (the "**Independent Auditor's Report**"). The address of Mansour & Co. PricewaterhouseCoopers is Plot no. 211, Second Sector, City Center, New Cairo 11835 Egypt.

The Unaudited Consolidated Interim Financial Statements have been reviewed by Mansour & Co. PricewaterhouseCoopers, in accordance with International Standard on Review Engagements No. 2410 "Review of Interim Financial Statements performed by the Independent Auditor of the Entity." Its report dated 12 May 2016 appearing herein ("Limited Review Report") states it did not audit and does not express an opinion on this information. Accordingly, the degree of reliance on its review report should be restricted in light of the limited nature of the review procedure applied.

For the purposes of paragraph 5.5.4R(2)(f) of the Prospectus Rules, Mansour & Co. PricewaterhouseCoopers is responsible for the Independent Auditor's Report, as part of the Prospectus, and declare that it has taken all reasonable care to ensure that the information contained in the Independent Auditor's Report is, to the best of Mansour & Co. PricewaterhouseCoopers's knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex X in Appendix 3 to the Prospectus Rules.

For the purpose of compliance with item 23.1 of Annex X in Appendix 3 to the Prospectus Rules, Mansour & Co. PricewaterhouseCoopers has given and not withdrawn its written consent to the inclusion of the Independent Auditor's Report, in the form and context in which it is included and has authorized the content of the Independent Auditor's Report.

A written consent under the Prospectus Rules is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the Securities Act, which is applicable only to transactions involving securities registered under the Securities Act. As the Securities have not and will not be registered under the Securities Act, Mansour & Co. PricewaterhouseCoopers has not filed a consent under Section 7 of the Securities Act.

GENERAL INFORMATION

1. We have obtained all consents, approvals and authorizations required under Egyptian law in connection with the issue of the GDRs.
2. Copies of the following documents will be available for inspection free of charge, during normal business hours on any weekday, at the registered offices of the Company for a period of 12 months from the date of publication of this prospectus:
 - this prospectus;
 - the Company's constitutional documents;
 - the Deposit Agreement;
 - the Deed Poll; and
 - the Company's Financial Statements as of and for the years ended December 31, 2014, 2013 and 2012, together with the independent auditors' report relating thereto.

The registered office of the Company is located at Edita Group Building, Plot No. 13 Central Pivot, El Sheikh Zayed, 6th of October City, Giza, Egypt 12588 and its telephone number is +202 38516464.

3. If definitive certificates are issued in exchange for the Master GDRs, the Company will appoint an agent in the United Kingdom.
4. There has been no significant change in the financial or trading position of the Company and its consolidated subsidiaries since March 31, 2016, the end of the last financial period for which financial information has been published.
5. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this prospectus which may have, or have had in the recent past, significant effects on the Company and/or the financial position or profitability of the Company and its consolidated subsidiaries.
6. The GDRs are denominated in US Dollars and have no nominal value.
7. The ISIN for the Rule 144A GDRs is US28106T1007, the Common Code for the Rule 144A GDRs is 120426052, the CUSIP number for the Rule 144A GDRs is 28106T100 and the SEDOL for the Rule 144A GDRs is BVFZKF1.
8. The ISIN for the Regulation S GDRs is US28106T2096, the Common Code for the Regulation S GDRs is 120426079, the CUSIP number for the Regulation S GDRs is 28106T209 and the SEDOL for the Regulation S GDRs is BVFZKG2.
9. The London Stock Exchange trading symbol for the GDRs is EFID.

DEFINITIONS

The following definitions apply throughout this prospectus, unless the context requires otherwise:

“**CAGR**” means compound annual growth rate;

“**Capital Market Law**” means Egyptian Capital Market Law No. 95 of 1992;

“**CAPMAS**” means the Central Agency for Public Mobilization and Statistics;

“**CMA**” means the Egyptian Capital Market Authority which, on July 1, 2009, was superseded by the EFSA;

“**Commercial Register**” means the commercial registration of the company in question at the relevant commercial registry office;

“**Company**” means Edita Food Industries S.A.E., the joint stock company incorporated under the laws of Egypt;

“**Competition Authority**” means the authority responsible for protection of competition and prohibition of monopolistic practices in Egypt established in accordance with law No. 3 of 2005 pertaining to protection of competition and prohibition of monopolistic practices;

“**Consumer**” means the end user of our products;

“**Controlled Manufacturing**” refers to the systematic planning and coordinating of manufacturing activities to ensure goods are delivered on time, of satisfactory quality and at a reasonable cost;

“**Deed Poll**” means the deed poll executed by the Company in favour of the Holders of the GDRs in connection with the Deposit Agreement;

“**EAS**” means Egyptian Accounting Standards;

“**EEAA**” means the Egyptian Environmental Affairs Agency;

“**EFSA**” means the Egyptian Financial Supervisory Authority, established by Law No. 10 of 2009 (published on March 1, 2009) and which replaced the CMA, as of July 1, 2009;

“**EGX**” means the Egyptian Stock Exchange (formerly the Cairo and Alexandria Stock Exchange or “CASE”);

“**Egypt**” means the Arab Republic of Egypt;

“**Egyptian Companies Law**” means Law 159 of the year 1981 and the amendments thereof;

“**Egyptian Pound**” or “**Egyptian Pounds**” or “**EGP**” refers to the lawful currency of Egypt;

“**EU**” means the European Union;

“**Euro**” or “**€**” refers to the single currency of the participating Member States in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;

“**Extraordinary General Meeting**” means a shareholders’ meeting that requires a quorum of at least 75% of the attending and represented shares and at least a quorum of 75% of votes cast for the resolutions to be adopted;

“**Financial Statements**” means the Company’s audited consolidated financial statements as of and for the financial years ended December 31, 2014, 2013 and 2012;

“**GAFI**” means the Egyptian General Authority for Investment and Free Zones, being the administrative authority solely responsible for applying the provisions of Investment Law No. 8 of 1997, Companies Law No. 159 of 1981, Financial Lease Law No. 95 of 1995 and the executive regulations of such laws, without prejudice to the provisions of Capital Market Law No. 90 of 1992 and Real Estate Finance Law No. 148 of 2002;

“**General Meeting**” means the supreme governing body of the Company. Depending on the nature of the resolutions being passed at the meeting, they can be either Ordinary General Meetings or Extraordinary General Meetings;

“**Gross domestic product**”, or “**GDP**”, is a measure of the total value of final products and services produced in a country in a specific year. Real GDP measures the total value of final production in constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effect of inflation. In this prospectus, GDP figures are real GDP figures based on constant prices, the year used by the State for purposes of maintaining real GDP statistics;

“**Gross Rating Points**” means the impact of advertising, i.e. the size of an audience reached by a specific media or schedule;

“**FATCA**” means the parts relating to the Foreign Account Tax Compliance Act contained in the United States Hiring Incentives to Restore Employment Act 2010;

“**IFRS**” means International Financial Reporting Standards;

“**IMF**” means the International Monetary Fund;

“**Investment Law**” means Investment Law No. 230 of 1989;

“**ISA**” means International Standards on Auditing;

“**London Stock Exchange**” means London Stock Exchange plc;

“**LIBOR**” means the London Interbank Offered Rate;

“**Management**” means the members of our management;

“**Market penetration**” is the number of customers who said they consumed a product divided by the total sample size (representative of the population), expressed as a percentage. Our market penetration is measured monthly;

“**MCDR**” means Misr for Central Clearing, Depositary and Registry;

“**MENA**” means Middle East and North Africa;

“**Modern Trade**” means entities that retail fast moving consumer goods, namely supermarkets and hypermarkets;

“**Ordinary General Meeting**” means a shareholders’ meeting where resolutions are passed with a simple majority of votes cast, i.e. a quorum of at least 50% plus one vote of present and represented shareholders;

“**Osoul Fund**” means the money market mutual fund managed by Commercial International Bank (Egypt) S.A.E.;

“**Principal Shareholders**” means Africa Samba B.V., Berco Limited and Exoder Limited, each of whom hold a significant proportion of the Company’s share capital;

“**PwC**” means Mansour & Co. PricewaterhouseCoopers

“**Regulation S**” means Regulation S under the Securities Act;

“**Relevant Member State**” means the separate account created in the books and records of the Custodian in the name of the Depositary in which the Deposited Property corresponding to GDRs are deposited;

“**Rule 144A**” means Rule 144A under the Securities Act, as amended;

“**Securities**” means the Shares and the GDRs;

“**Securities Act**” means the United States Securities Act of 1933, as amended;

“**Shares**” means the ordinary shares in the share capital of the Company;

“Shareholders” means holders of Shares from time to time;

“SKU” means stock keeping units;

“Snack Food” means within the following categories: cakes; candy; chocolates, biscuits and gum; packaged croissants; salty snacks; and wafers, which is the definition used by IPSOS and Nielsen;

“State” means the Government of Egypt;

“Traditional Trade” means the traditional form of trading whereby goods are sold via retail stores.

“US Dollar”, “US Dollars” or “US\$” refers to the lawful currency of the United States of America;

“variety stores” means haberdasheries and mekka; and

“we”, “us”, “our” refers to the Company or and its subsidiaries.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
The Group's unaudited consolidated financial statements as of and for the three months ended March 31, 2016 and 2015	
Independent auditor's limited review report.....	F-1
Consolidated balance sheet.....	F-4
Consolidated statement of income.....	F-6
Consolidated statement of comprehensive income.....	F-7
Consolidated statement of changes in shareholders' equity.....	F-8
Consolidated statements of cash flows.....	F-10
Notes.....	F-11
 The Group's audited consolidated financial statements as of and for the year ended December 31, 2015	
Independent auditor's report.....	F-60
Consolidated balance sheet.....	F-62
Consolidated statement of income.....	F-64
Consolidated statement of comprehensive income.....	F-65
Consolidated statement of changes in shareholders' equity.....	F-66
Consolidated statements of cash flows.....	F-68
Notes.....	F-69
 The Group's audited consolidated financial statements as of and for the year ended December 31, 2014	
Independent auditor's report.....	F-118
Consolidated balance sheet.....	F-120
Consolidated statement of income.....	F-122
Consolidated statement of comprehensive income.....	F-123
Consolidated statement of changes in shareholders' equity.....	F-124
Consolidated statements of cash flows.....	F-126
Notes.....	F-127
 The Group's audited consolidated financial statements as of and for the year ended December 31, 2013	
Independent auditor's report.....	F-171
Consolidated balance sheet.....	F-173
Consolidated statement of income.....	F-175
Consolidated statement of comprehensive income.....	F-176
Consolidated statement of changes in shareholders' equity.....	F-177
Consolidated statements of cash flows.....	F-179
Notes.....	F-180

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

**LIMITED REVIEW REPORT AND CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS PERIOD ENDED 31 MARCH 2016
“IFRS”**

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

Consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

Contents	Page
Limited review report.....	F-3
Consolidated balance sheet	F-4 - F-5
Consolidated statement of profit or loss.....	F-6
Consolidated statement of comprehensive income	F-7
Consolidated statement of changes in equity	F-8 - F-9
Consolidated cash flows statement	F-10
Notes to the consolidated interim financial statements	F11 - F-57

Limited review report

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Edita Food Industries Company (S.A.E.) and its Subsidiaries (the Group) as of 31 March 2016 and the related Consolidated statements of Profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of limited review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements does not present fairly in all material respects, the financial position of the Group as at 31 March 2016, and of its financial performance and its cash flows for the three months period then ended in accordance with International Financial Reporting Standards.

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

12 May 2016
Cairo

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

Consolidated balance sheet "IFRS" - At 31 March 2016

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
Assets			
Non-current assets			
Property, plant and equipment	<u>5</u>	1,325,795,142	1,299,529,732
Intangible Assets	<u>6</u>	161,654,402	161,968,712
Total non-current assets		<u>1,487,449,544</u>	<u>1,461,498,444</u>
Current assets			
Inventories	<u>7</u>	135,510,450	140,297,471
Trade and other receivables	<u>8</u>	84,441,592	67,843,179
Treasury bills	<u>9</u>	150,203,714	149,591,114
Cash and cash equivalents (excluding bank overdrafts)	<u>10</u>	257,507,247	313,344,052
Total current assets		<u>627,663,003</u>	<u>671,075,816</u>
Total assets		<u>2,115,112,547</u>	<u>2,132,574,260</u>
Liabilities			
Non-current liabilities			
Long-term loans	<u>11</u>	362,646,133	346,217,286
Deferred tax liabilities	<u>13</u>	94,476,196	94,536,302
Employee benefit obligations	<u>14</u>	2,533,203	2,533,203
Total non-current liabilities		<u>459,655,532</u>	<u>443,286,791</u>

Current liabilities

Trade and other payables	<u>15</u>	273,186,794	255,248,981
Current tax liabilities	<u>16</u>	33,309,010	24,281,519
Current portion of long-term liabilities	<u>17</u>	128,974,057	145,235,152
Bank overdraft	<u>18</u>	77,327,168	73,698,428
Provisions	<u>19</u>	16,225,196	16,000,854
Total current liabilities		<u>529,022,225</u>	<u>514,464,934</u>
Total liabilities		<u>988,677,757</u>	<u>957,751,725</u>
Net assets		<u>1,126,434,790</u>	<u>1,174,822,535</u>

Equity

Share capital	<u>20</u>	72,536,290	72,536,290
Bonus shares issuance under capital increase	<u>20</u>	72,536,290	-
Legal reserve	<u>21</u>	38,947,275	38,947,275
Foreign currency translation reserve		(17,936)	5,568
Retained earnings		935,654,324	1,057,715,965
Capital and reserves attributable to owners of the parent		<u>1,119,656,243</u>	<u>1,169,205,098</u>
Non-controlling interest	<u>22</u>	6,778,547	5,617,437
Total equity		<u>1,126,434,790</u>	<u>1,174,822,535</u>

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

Mr Sherif Fathy
Vice President - Finance

Giza , 11 May 2016
Review report attached

Eng Hani
Berzi
Chairman

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

Consolidated statement of profit or loss

For the three months period ended 31 March 2016

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>31 March 2016</u>	<u>31 March 2015</u>
Revenue		518,090,393	528,901,675
Cost of goods sold		(312,418,795)	(326,348,418)
Gross profit		205,671,598	202,553,257
Distribution cost		(74,906,759)	(70,178,764)
Administrative expenses		(43,516,226)	(45,732,788)
Other income	<u>23</u>	4,124,013	1,808,773
Other (losses) / gains - net	<u>24</u>	(46,304,491)	3,571,466
Profit from operations		45,068,135	92,021,944
Finance income	25	8,444,241	6,551,546
Finance cost	<u>25</u>	(10,599,519)	(4,572,548)
Finance (cost) income, net		(2,155,278)	1,978,998
Profit before income tax		42,912,857	94,000,942
Income tax expense	26	(10,245,035)	(34,536,270)
Net profit for the period		32,667,822	59,464,672
Earnings per share (expressed in EGP per share):			
Basic earnings per share	27	0.05	0.08
Diluted earnings per share	27	0.05	0.08
Net Profit is attributable to			
Shareholders' equity		31,506,712	58,716,974
Non-controlling interest		1,161,110	747,698
Net profit for the period		32,667,822	59,464,672

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

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES**Consolidated statement of comprehensive income
For the three months period ended 31 March 2016****(All amounts in Egyptian Pounds)**

	31 March 2016	31 March 2015
Profit for the period	32,667,822	59,464,672
Items that may be reclassified to profit or loss		
Other comprehensive income for the period net of tax	(23,504)	5,519
Items that will not be reclassified to profit or loss		
Assets revaluation reserve	-	(600)
Total comprehensive income for the period	32,644,318	59,469,591
Total comprehensive income is attributable to		
Owners of the parent	31,483,208	58,721,893
Non-controlling interest	1,161,110	747,698
Total comprehensive income for the period	32,644,318	59,469,591

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

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES
Consolidated statement of changes in equity
For the three months period ended 31 March 2016
(All amounts in Egyptian Pounds)

	Paid up capital	Bonus shares under capital increase	Legal reserve	Foreign currency translation reserve	Retained earnings	Total Owners' Equity		
						Total shareholders	Non-controlling interest	Total owners' equity
Balance at 1 January 2015	72,536,290	-	31,103,903	3,501	720,137,920	823,781,614	1,966,793	825,748,407
Net profit for the period	-	-	-	-	58,716,974	58,716,974	747,698	59,464,672
Other comprehensive income for the period	-	-	-	5,519	-	5,519	(600)	4,919
Total other comprehensive income for the period	-	-	-	5,519	58,716,974	58,722,493	747,098	59,469,591
Transfer to legal reserve						-		-
Balance at 31 March 2015	72,536,290	-	31,103,903	9,020	778,854,894	882,504,107	2,713,891	885,217,998

Balance at 1 January 2016	72,536,290	-	38,947,275	5,568	1,057,715,965	1,169,205,098	5,617,437	1,174,822,535
Net profit for the period	-	-	-		31,506,712	31,506,712	1,161,110	32,667,822
Other comprehensive income for the period	-	-	-	(23,504)	-	(23,504)	-	(23,504)
Total other comprehensive income for the period	-	-	-	(23,504)	31,506,712	31,483,208	1,161,110	32,644,318
Dividends distribution for 2015	-	-	-	-	(81,032,063)	(81,032,063)	-	(81,032,063)
Bonus shares under capital increase	-	72,536,290	-	-	(72,536,290)	-	-	-
Balance at 31 March 2016	72,536,290	72,536,290	38,947,275	(17,936)	935,654,324	1,119,656,243	6,778,547	1,126,434,790

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

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

Consolidated statement of cash flows For the three months period ended 31 March 2016

(All amounts in Egyptian Pounds)

	Notes	31 March 2016	31 March 2015
<u>Cash flows from operating activities</u>			
Cash (outflow) inflow operations	29	(7,234,969)	47,536,094
Interest paid		(14,360,613)	(4,289,719)
Income tax paid		(1,277,650)	(1,727,768)
Net cash (outflow) inflow operating activities		(22,873,232)	41,518,607
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	5	(48,714,226)	(72,640,156)
Proceeds from sale of property, plant and equipment		400,320	230,506
Interest received		9,612,340	6,551,546
Payment for purchase of treasury bills		(148,440,349)	(106,850,000)
Proceeds from sale of treasury bills		146,644,260	107,909,802
Net cash outflow investing activities		(40,497,655)	(64,798,302)
<u>Cash flows from financing activities</u>			
Repayment of borrowings		(134,916,606)	(30,134,554)
Proceeds from borrowings		138,845,452	33,453,565
Net cash inflow financing activities		3,928,846	3,319,011
Net (decrease) in cash and cash equivalents		(59,442,041)	(19,960,684)
Cash and cash equivalents at beginning of the Period		239,645,624	172,883,255
Effects of exchange rate on cash and cash equivalents		(23,504)	(4,919)
Cash and cash equivalents at end of the Period	10	180,180,079	152,917,652

** non cash transaction relating to dividends amounted to EGP 153,568,353

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

1. General information

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

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

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

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

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

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

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 a distributor for local and foreign factories and companies producing these goods and also imports and exports, in accordance with laws and regulations. The company buys from Edita confectionery industries and Edita food industries and distributes to others.

Edita Confectionery Industries:

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

Edita participation limited:

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

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

Notes to the consolidated interim financial statements "IFRS" For the three months period ended 31 March 2016

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

General information (continued)

	Principle place of business	Interest held by non- controlling interest
Digma for trading	Egypt	0.20%
Edita Confectionery Industries	Egypt	22.3%
Edita participation limited	Cyprus	-

Financial information about the subsidiaries of the group as at 31 March 2016

Name of subsidiary	Total Assets	Total Equity	Total Sales	Net Profit/ (loss)
Digma for trading	317,670,293	233,177,930	483,301,664	16,005,516
Edita Confectionery Industries	116,379,850	29,931,506	24,169,291	5,065,497
Edita participation limited	174,255	(138,547)	-	(11,467)

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

2. Summary of significant accounting policies

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

A. Basis of preparation

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

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

The preparation of the Interim 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 Interim Consolidated financial statements are disclosed in note 4.

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

Basis of preparation (continued)

New standards and amendments

Certain standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2015 which includes IFRS 8 which requires disclosure of the judgments made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported, also the Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) as The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits.

Certain new accounting standards and interpretations have been published that are not mandatory for the current year and have not been early adopted by the group related to:

- (i) IFRS 9 that introduces new rules for hedge accounting that made further changes to the classification and measurement rules and also introduced a new impairment model,
- (ii) IFRS 15 relates to revenue from contracts with customers this will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.
- (iii) IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.

The group is examining the impact of these standards in its financial statements.

B. Basis of consolidation

1. Subsidiaries

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

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

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

Basis of consolidation (continued)

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. Unless the transaction provides evidence of an impairment of transferred asset. When necessary amounts reported by subsidiaries have been adjusted to confirm to the group's accounting policies.

2. Changes in ownership interests

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

3. Principles of consolidation and equity accounting

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

C. Foreign currency translation

(1) Functional and presentation currency

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

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

(2) Transactions and balances

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

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

Notes to the consolidated interim financial statements "IFRS" For the three months period ended 31 March 2016

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

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.

Foreign currency translation (continued)

(3) Group companies

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

- (a) Monetary assets and monetary liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) All resulting exchange differences are recognized in other comprehensive income.
The foreign currency exchange arising from translation of the net investment in foreign entities and loans or financial instruments in foreign currencies allocated to cover these investments are recognized in the equity in the Interim Consolidated financial statement. The foreign currencies exchange charged to the equity are recognized as part of gain or loss upon the disposal of these investments.

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

D. Property, plant and equipment

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

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

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

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

Property, plant and equipment (continued)

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

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

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

E. Impairment of non-financial assets

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

F. Financial assets

(1) Classification

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

(a) Loans and receivables

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

(b) Held to maturity investments

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

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

Financial assets (continued)

(2) Recognition and derecognition

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

(3) Measurement

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

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

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

(4) Impairment

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

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

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

G. Intangible assets

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

The trademark is recognized as an intangible asset as the license is perpetual, irrevocable and exclusive including the trademark in the territory in connection with the cake products, the brand has an established presence in the territory in which it is licensed to operate for over 23 years in addition the company has a strong historic financial track record and forecasts continued growth also, the knowhow and perpetual license not exposed to typical obsolescence as it relates to a food stuff. The brand remain popular in the Middle East and the company does not foresee any decline in the foreseeable future)

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, the Company’s management put into consideration the following factors in determining the useful lives of the intangible assets that have finite useful lives:

- The expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team;
- Typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way;
- Technical, technological, commercial or other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;
- The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level;
- The period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
- Whether the useful life of the asset is dependent on the useful life of other assets of the entity.

H. Inventories

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

I. Trade receivables

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

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

J. Cash and cash equivalents

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

K. Share capital

Ordinary shares are classified as equity.

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

L. Trade payables

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

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

M. Borrowings

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

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

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

N. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

O. Income tax

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

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

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

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

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

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

Income tax (continued)

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

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

P. Employee benefits

(1) Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contribution when the conditions illustrated in the Company's policy is met. The Company has no legal obligation to pay further contributions to its employees which is related to employee service in the current and prior periods. A defined benefit plan is a pension plan of the staff.

(2) Defined benefit pension plans

The Company has a defined benefit plan which is a plan that defines an amount of benefits to be provided in the form of half month payment for each year they had worked for the Company for employees who reach the age of sixty, according to the following criteria:

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

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government bonds, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to retirement plans are recognized in other comprehensive income

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

Employee benefits (continued)

(3) 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.

(4) Dividends distribution

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

(5) Termination benefits

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

Q. Provisions

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

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

R. Revenue recognition

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

(1) Sales of goods – whole sale

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

(2) Interest income

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

(3) Dividend income

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

(4) Export subsidy

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

S. Leases

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

T. Dividend distribution

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

U. Earnings per share

(1) Basic earnings per share

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

(2) Diluted earnings per share

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

V. 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 chief operating decision-maker who assess the financial performance and position of the group, and makes strategic decisions. Which has been identified as the chief executive officer.

W. Comparative figures

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

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.

(A) Market risk

(i) Foreign exchange risk

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

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

Notes to the consolidated interim financial statements "IFRS" For the three months period ended 31 March 2016

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

Financial risk management (continued)

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

During the period / year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	31 March 2016	31 December 2015
Amounts recognised in profit or loss		
Net foreign exchange (loss) / gain included in other income/other expenses net of tax	(34,506,982)	1,095,862
	(34,506,982)	1,095,862
Net gains recognised in other comprehensive income		
Foreign currency translation reserve net of tax	(23,504)	2,067
	(23,504)	2,067

At period end, major financial liabilities in foreign currencies were as follows:

	Assets	Liabilities	Net 31 March 2016	Net 31 December 2015
Euros	18,364,921	(134,128,649)	(115,763,728)	(186,657,909)
United States Dollars	5,358,754	(62,894,354)	(57,535,600)	(34,730,182)

At 31 March 2016, if the Egyptian Pounds had weakened / strengthened by 2% against the Euro with all other variables held constant, post-tax profit for the period would have been LE 2,315,275 (31 December 2015: LE 3,733,158) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 31 March 2016, 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 5,753,560 (31 December 2015: LE 3,473,018) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

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

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

Notes to the consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

Financial risk management (continued)

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term time deposits which are renewed with the applicable interest rate at the time of renewal. Borrowings measured at amortized cost with fixed rates do not expose the company to fair value interest rate risk

At 31 March 2016, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, post-tax profit for the period would have been LE 149,289 (31 December 2015: LE 342,889) 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 481,073,378 (31 December 2015: LE 480,905,613).

Overdraft at the balance sheet on 31 March 2016 amounted to LE 77,327,168 (31 December 2015: LE 73,698,428).

(B) Credit risk

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

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

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

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

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

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

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

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

Notes to the consolidated interim financial statements "IFRS" For the three months period ended 31 March 2016

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

Financial risk management (continued)

Trade receivables

Counter parties without external credit rating:

	31 March 2016	31 December 2015
Other parties	11,423,847	6,387,918
Total	11,423,847	6,387,918

Outstanding trade receivables are current and not impaired

Cash at bank and short-term bank deposits:

	31 March 2016	31 December 2015
AA	125,085	823,278
A	117,706,541	156,075,388
BBB	112,784,384	137,853,764
B	16,634,280	1,201,037
Total	247,250,290	295,953,467

We had excluded the cash on hand.

The table below summarizes the maturities of the Company's trade receivables at 31 March 2016:

	31 March 2016	31 December 2015
Less than 30 days	8,900,254	4,591,020
From 31 to 60 days	2,399,693	1,645,476
From 61 to 90 days	73,290	65,896
From 91 to 120 days	50,610	85,526
More than 120 days	-	-
	11,423,847	6,387,918

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

Notes to the consolidated interim financial statements "IFRS" For the three months period ended 31 March 2016

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

Financial risk management (continued)

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

	31 March 2016	31 December 2015
At 1 January	20,556	138,785
Receivables written off during the period / year as uncollectible	-	(118,229)
	20,556	20,556

(C) Liquidity risk

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

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 March 2016 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

At 31 March 2016	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	76,115,686	42,311,547	110,766,425	251,879,707
Future interest payments	4,512,630	2,508,502	13,133,900	29,866,116
Trade and other payables	222,568,152	-	-	-
Bank overdraft	77,327,168	-	-	-
Notes payable	33,083,116	10,546,825	-	--
Total	413,606,752	55,366,874	123,900,325	281,745,823
At 31 December 2015				
Borrowings	63,735,176	70,953,151	97,684,524	248,532,762
Future interest payments	2,578,269	3,240,990	6,307,605	15,705,858
Trade and other payables	198,171,853	-	-	-
Bank overdraft	73,698,428	-	-	-
Notes payable	45,087,494	10,546,825	-	-
Total	383,271,220	84,740,966	103,992,129	264,238,620

The unused amount of borrowings is amounted to EGP 93,672,949 as of 31 March 2016, also the Group will have future interest payments related to borrowings amounting to LE 50,021,148 (31 December 2015: LE 27,832,722).

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

Notes to the consolidated interim financial statements "IFRS" For the three months period ended 31 March 2016

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

Financial risk management (continued)

(2) Capital management

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

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

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

	31 March 2016	31 December 2015
Total borrowings and long term notes payable	491,620,190	491,452,438
Bank overdraft	77,327,168	73,698,428
Total borrowings and loans	568,947,358	565,150,866
Less: Cash and cash equivalents	(257,507,247)	(313,344,052)
Net debt	311,440,111	251,806,814
Total equity	1,126,434,790	1,174,822,535
Total capital	1,421,382,957	1,426,629,349
 Gearing ratio	 22%	 18%

The increase in net debt to total capital is due to the decrease in cash and cash equivalents and decrease of total equity as a result of dividends distribution.

Loan covenants

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

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

(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 consolidated interim financial statements “IFRS” For the three months period ended 31 March 2016

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

4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

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

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

Fixed assets useful lives

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

Intangible assets impairment (Trade Mark)

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

Intangible assets useful life (Knowhow)

The Group estimates the useful life of the knowhow to be 25 years based on the Group's useful life which is upon the management's expectation and intention

Inventory provision

The Group forms a provision for obsolete and slow moving items based on periodic reports related to the expiry and the quality of inventory.

Impairment of trade and other receivables

The evaluation of the impairment value in accounts and notes receivables is made through monitoring aging of the receivable. The Group management is studying the credit position and the customers' ability to pay their debts falling due within the credit limits granted to them. Impairment is recorded at values of the due amounts on the customers where the Group management determine that their credit position does not allow them to settle their liabilities.

Income tax

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

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

In general the application of the Group's accounting policies does not require from management the use of personal judgment (except relating to critical accounting estimate and

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

Notes to the consolidated interim financial statements “IFRS”

For the three months period ended 31 March 2016

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

judgments “Note 4-1” which might have a major impact on the value recognized at the financial statement.

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

Notes to the consolidated financial statements “IFRS” For the three months period ended 31 March 2016

(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
At 31 December 2014								
Cost	62,226,931	358,756,888	467,724,860	130,514,617	39,346,149	46,442,136	197,420,789	1,302,432,370
Accumulated depreciation	-	(42,535,772)	(132,481,461)	(63,583,055)	(22,910,791)	(25,051,641)	-	(286,562,720)
Net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Year ended 31 December 2015								
Opening net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Additions	44,487,197	94,541	17,057,231	36,072,030	7,893,495	15,670,686	240,492,430	361,767,610
Depreciation charge	-	(13,706,638)	(28,914,338)	(17,301,950)	(7,678,036)	(9,165,525)	-	(76,766,487)
Disposal depreciation	-	-	200,543	26,531,920	519,333	2,869,226	-	30,121,022
Disposals	-	(75,478)	(322,961)	(27,647,439)	(528,669)	(2,887,516)	-	(31,462,063)
Transfers from Projects under construction	-	119,313,063	151,186,774	-	11,206,129	198,924	(281,904,890)	-
Closing net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
At 31 December 2015								
Cost	106,714,128	478,089,014	635,645,904	138,939,208	57,917,104	59,424,230	156,008,329	1,632,737,917
Accumulated depreciation	-	(56,242,410)	(161,195,256)	(54,353,085)	(30,069,494)	(31,347,940)	-	(333,208,185)
Net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Period ended 31 March 2016								
Opening net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
Additions	-	-	9,055,223	7,391,417	1,958,767	2,165,796	28,143,023	48,714,226
Depreciation charge	-	(4,623,302)	(8,069,810)	(4,451,113)	(2,274,696)	(2,762,113)	-	(22,181,034)
Disposal depreciation	-	-	-	380,605	-	38,993	-	419,598
Disposals	-	-	-	(630,550)	-	(56,830)	-	(687,380)
Transfers from Projects under construction	-	1,001,790	107,812,034	-	8,385,045	1,923,504	(119,122,373)	-
Closing net book amount	106,714,128	418,225,092	583,248,095	87,276,482	35,916,726	29,385,640	65,028,979	1,325,795,142
At 31 March 2016								
Cost	106,714,128	479,090,804	752,513,161	145,700,075	68,260,916	63,456,700	65,028,979	1,680,764,763
Accumulated depreciation	-	(60,865,712)	(169,265,066)	(58,423,593)	(32,344,190)	(34,071,060)	-	(354,969,621)
Net book amount	106,714,128	418,225,092	583,248,095	87,276,482	35,916,726	29,385,640	65,028,979	1,325,795,142

* During 2015 The additions in land is represented in new purchased plot for the purpose of building new factory in 6th of October city, and it's being approved from the new urban communities authority.

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

(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 1,172,658 (31 December 2015: LE 9,971,079) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

	31 March 2016	31 December 2015
Allocation of the borrowing cost on Qualified Assets		
Projects under construction - Buildings	-	7,363,397
Projects under construction - Machinery	1,172,658	2,607,682
Total	1,172,658	9,971,079

6. Intangible assets

	Net Book Value	
	31 March 2016	31 December 2015
A- Intangible assets which have indefinite useful lives	131,480,647	131,480,647
B- intangible assets which have finite useful lives	30,173,755	30,488,065
Balance as of	161,654,402	161,968,712

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

	Trade Mark (HOHOS, Twinkies & Tiger Tail)	
	31 March 2016	31 December 2015
Cost		
Opening Balance	131,480,647	68,618,658
Additions during the period / year	-	62,861,989
Balance as of	131,480,647	131,480,647

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

	Know How	
	31 March 2016	31 December 2015
Cost		
Opening Balance	31,430,995	-
Additions during the period / year	-	31,430,995
Balance as of	31,430,995	31,430,995

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Intangible assets (continued)

Accumulated Amortization	31 March 2016	31 December 2015
Opening Balance	(942,930)	-
Amortization expense during the period / year	(314,310)	(942,930)
Balance as of	(1,257,240)	(942,930)
Net book value for know how	30,173,755	30,488,065
Net book value for intangible assets (a+b)	161,654,402	161,968,712

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

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

HOHOS, Twinkies and Tiger tail are related to one cash generating unit within the same operating segment

The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable value. The recoverable have been determined using value in use

Assumptions used by the Group when testing the impairment of intangible assets (indefinite useful life) as of 31 December 2015 as follows:

Average gross profit	34 %
Discount rate	19 %
Growth rate	3 %

The Group test the impairment of intangible assets depending on financial, operational, marketing position in the prior periods, and its expectation for the market in the future by preparing 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.

Sensitivity of recoverable amounts

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

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

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Intangible assets (continued)

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

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

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

7. Inventories

	31 March 2016	31 December 2015
Raw materials	88,712,718	96,827,316
Spare parts	25,457,997	26,436,664
Finished goods	13,733,741	10,177,972
Consumables	6,273,922	5,887,149
Work in process	1,810,184	1,935,464
Total	135,988,562	141,264,565
Less: provision for slow moving and obsolete inventory	(478,112)	(967,094)
Net	135,510,450	140,297,471

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

During the period ended 31 March 2016, there has been a slow moving and obsolete inventory addition amounted to LE 599,390 (Note 24) and utilized amounted to LE 1,088,372.

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

8. Trade and other receivables

	31 March 2016	31 December 2015
Trade receivables	11,423,847	6,387,918
Notes receivable	802,983	704,561
Total	12,226,830	7,092,479
Less: Provision for impairment of trade receivables	(20,556)	(20,556)
	12,206,274	7,071,923
Advances to suppliers	47,278,139	43,539,492
Prepaid expenses	12,701,971	4,708,186
Other debit balances	9,361,291	9,861,458
Deposits with others	2,191,229	2,106,229
Letters of credit	530,922	431,169
Employee loans	109,441	77,787
Accrued revenues	62,325	46,935
Total	84,441,592	67,843,179

9. Treasury bills

	31 March 2016	31 December 2015
Treasury bills par value	151,850,000	151,475,000
Unearned interest	(3,409,651)	(4,830,740)
Amount of treasury bills paid	148,440,349	146,644,260
Interest income recognized to profit or loss	1,763,365	2,946,854
Treasury bills balance	150,203,714	149,591,114

The Group purchased Egyptian treasury bills on 2st of February 2016 with par value of LE 35,900,000 with an annual interest of 11%. These treasury bills are due on 26th of April 2016. The total recognized interest income amounted to LE 612,018.

The Group purchased Egyptian treasury bills on 10nd of February 2016 with par value of LE 32,950,000 with an annual interest of 11%. These treasury bills are due on 26nd of April 2016. The total recognized interest income amounted to LE 485,362.

The Group purchased Egyptian treasury bills on 23th of February 2016 with par value amounted LE 43,000,000 with an annual interest of 8.90%. These treasury bills are due in 24rd of May 2016. The total recognized interest income amounted to LE 379,567.

The Group purchased Egyptian treasury bills on 23th of February 2016 with par value of LE 10,000,000 with an annual interest of 8.9%. These treasury bills are due on 17rd of May 2016. The total recognized interest income amounted to LE 88,404.

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Treasury bills (continued)

The Group purchased Egyptian treasury bills on 23th of February 2016 with par value of LE 10,000,000 with an annual interest of 8.9%. These treasury bills are due on 24rd of May 2016. The total recognized interest income amounted to LE 88,271.

The Group purchased Egyptian treasury bills on 8st of March 2016 with par value amounted LE 20,000,000 with an annual interest of 8.90%. These treasury bills are due in 7th of June 2016. The total recognized interest income amounted to LE 109,743.

10. Cash and cash equivalents (excluding bank overdrafts)

	31 March 2016	31 December 2015
Bank deposits	220,060,840	260,360,840
Cash at banks and on hand	37,446,407	52,983,212
Cash and cash equivalents (excluding bank overdrafts)	257,507,247	313,344,052

The average interest rate on local currency time deposits during 2015 is 7.50% (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:

	31 March 2016	31 December 2015
Cash and cash equivalents	257,507,247	313,344,052
Bank overdraft (Note 18)	(77,327,168)	(73,698,428)
Total	180,180,079	239,645,624

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

11. Loans

	31 March 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	118,427,232	362,646,133	481,073,365	134,688,327	346,217,286	480,905,613
	118,427,232	362,646,133	481,073,365	134,688,327	346,217,286	480,905,613

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

	31 March 2016	31 December 2015
Balance due within 1 year	107,956,760	120,456,761
Accrued interest	10,470,472	14,231,566
	118,427,232	134,688,327

(1) Edita Food Industries Company

	31 March 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	0	13,057,767	-	13,057,767
Second loan	11,892,708	-	11,892,708	12,645,613	-	12,645,613
Third loan	12,199,307	-	12,199,307	11,830,743	-	11,830,743
Fourth loan	18,604,687	34,999,970	53,604,657	20,558,670	43,749,965	64,308,635
Fifth loan	31,437,003	107,646,205	139,083,208	34,408,847	115,311,417	149,720,264
Sixth Loan	23,281,250	72,000,000	95,281,250	20,438,125	72,000,000	92,438,125
Seventh Loan	166,185	125,609,327	125,775,512	162,383	89,431,939	89,594,322
	97,581,140	340,255,502	437,836,642	113,102,148	320,493,321	433,595,469

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

	31 March 2016	31 December 2015
Balance due within 1 year	87,661,519	100,161,521
Accrued interest	9,919,621	12,940,627
Total	97,581,140	113,102,148

- 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 company paid the last due installments amounted to 12,500,000 in addition accrued interests on 1 February 2016.

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

Notes to the consolidated financial statements “IFRS” For the three months period ended 31 March 2016

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

Loans (continued)

- **Second loan:**

This second loan is provided by one of the Egyptian banks in August 2012 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 March 2016 after payment of accrued instalments is LE 11,666,667 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay the last installment LE 11,666,667 on 6 June 2016 in addition to the accrued interest.

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 for Trading Company “Intercompany” with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 December 2015 after payment of due instalments is LE 11,667,000 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay last instalment amounted to LE 11,667,000 on 18 May 2016 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **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 61,250,000 on 31 March 2016 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 61,250,000 on 7 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 July 2016 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.

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Loans (continued)

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma Trading Company amounted to LE 185,000,000 and the total withdrawal amount is LE 86,857,057 plus 5,587,500 USD on 31 March 2016 in addition to accrued interest. The bank committed to translate the foreign currency to Egyptian pound as the company is not obligated to pay the loan back in foreign currency.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 96,507,842 on 8 equal semi-annual installments; each installment is amounted to LE 14,413,927 and last instalment amounted to LE 10,051,585. The first installment is due on 26 June 2016 and the last on 26 June 2020. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Sixth loan:**

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

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Seventh loan:**

This seventh loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma Trading Company amounted to LE 170,000,000 and the total withdrawal amount is LE 75,024,700 plus 4,994,474 Euro plus 19,290 GBP on 31 March 2016 in addition to accrued interest. The bank committed to translate the foreign Currency to Egyptian pound as the company is not obligated to pay the loan back in foreign currency.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 170,000,000 on 11 equal semi-annual instalments; each instalment is amounted to LE 15,455,000, except for the last instalment amounted to LE 15,450,000 the first instalment is due on 19 April 2017 and the last on 18 April

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

2022. Total loan value and accrued interest to be paid to the bank in local currency without any obligation on the Company to pay foreign currency.

Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(2) Digma for Trading

	31 March 2016			31 December 2015		
	Short term portion	Long term portion	Total	Short term portion	Long term portion	Total
First loan	3,490,821	1,666,666	5,157,487	3,733,704	3,333,334	7,067,038
Second loan	3,389,770	3,333,333	6,723,103	3,637,597	5,000,000	8,637,597
Third loan	7,643,200	14,290,633	21,933,833	7,620,274	14,290,631	21,910,905
Net	14,523,791	19,290,632	33,814,423	14,991,575	22,623,965	37,615,540

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

	31 March 2016	31 December 2015
Balance due within 1 year	14,095,240	14,095,240
Accrued interest	428,551	896,335
	14,523,791	14,991,575

• The First loan

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 5,000,000 on 3 equal semi-annual instalment, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The next instalments is due on 1th of July 2016 and the last on 15th of July 2017,

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Loans (continued)

- **The Second loan**

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 6,666,667 on 4 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 2016 and the last on 20 February 2018.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Third loan**

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 21,719,205 on 5 equal semi-annual instalments, each instalment is amounted to LE 3,714,286 and the last instalment amounted to LE 3,147,774 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on April 2016 and the last on Oct 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.

(3) Edita Confectionery Industries

	31 March 2016			31 December 2015		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Long-term loan	6,322,301	3,100,000	9,422,321	6,594,604	3,100,000	9,694,604
	6,322,301	3,100,000	9,422,321	6,594,604	3,100,000	9,694,604

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

	31 March 2016	31 December 2015
Balance due within 1 year	6,200,000	6,200,000
Accrued interest	122,301	394,604

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

	<u>6,322,301</u>	<u>6,594,604</u>
Loans (continued)		

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 Confectionary 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 April 2016 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.

Compliance with debt covenants

As of 31 March 2016, the group has complied with the financial covenants of its borrowing facilities during 2016 and 2015 reporting periods.

12. Long-term notes payable

The long-term loan represents the total installment for the land purchased from Urban communities Authority – Shiekh Zayed City as the last installment on September 2016.

	31 March 2016		31 December 2015	
	Notes payable	Present value	Notes payable	Present value
Short-term notes payables				
Current portion of long-term notes payables (Note 17)	10,546,825	10,546,825	10,546,825	10,546,825
Total short-term liabilities	10,546,825	10,546,825	10,546,825	10,546,825
	31 March 2016		31 December 2015	
	Notes payable	Present value	Notes payable	Present value
Long-term notes payables:				
Notes payable due for more than one year and less than 5 years	-	-	-	-
Total long-term liabilities	-	-	-	-

The total accrued interest on the loan for the period ended at 31 March 2016 amounting to LE 177,135 (31 December 2015: LE 1,131,318) has been charged on the statements of Profit or loss as a finance cost (Note 25).

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

13. Deferred income tax liability

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

	Property, plant & equipment and intangible assets	Acquiring Digma for Trading	Total
Balance at 1 January 2015	75,367,533	4,056,641	79,424,174
Charge to the statement of profit or loss	15,352,551	(240,423)	15,112,128
Balance at 31 December 2015 and 1 January 2016	90,720,084	3,816,218	94,536,302
Charged to the statement of profit or loss	-	(60,106)	(60,106)
Balance at 31 December 2016	90,720,084	3,756,112	94,476,196

According to the tax system in Egypt, the tax losses amounted to LE 53,278,941 may be changed during the tax inspection by the tax authority, accordingly the management did not recognize deferred tax assets except the tax profit recognized in the financial period ended as of 31 March 2016.

14. Employee Benefit obligations

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

	31 March 2016	31 December 2015
Discount rate	10%	10%
Average salary increase rate	7%	7%
Turnover rate	25%	25%
Life table	49-52	49-52

The amounts recognized at the balance sheet date are determined as follows:

	31 March 2016	31 December 2015
Present value of obligations	2,533,203	2,533,203
Liability at the balance sheet	2,533,203	2,533,203

Movement in the liability recognized in the balance sheet:

	31 March 2016	31 December 2015
Balance at beginning of the period / year	2,533,203	-
Additions during period / year	-	2,533,203

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Balance at end of the period / year	2,533,203	2,533,203
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Employee Benefit obligations (Continued)

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

	31 March 2016	31 December 2015
Present cost of the service		
Cost of interest	-	-
Accrued service cost	2,533,203	2,533,203
Total	2,533,203	2,533,203

15. Trade and other payables

	31 March 2016	31 December 2015
Trade payables	97,154,283	152,325,852
Notes payable	33,083,116	45,087,494
Accrued expenses	36,224,587	37,131,266
Other credit balances	6,687,604	8,639,617
Taxes payable	11,794,758	7,952,953
Advances from customers	2,967,803	2,582,453
Social insurance	2,772,965	1,454,228
Dividends payable	82,501,678	75,118
Total	273,186,794	255,248,981

Trade payables are unsecured and are usually paid within an average of 45 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

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

Notes to the consolidated financial statements “IFRS” For the three months period ended 31 March 2016

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

16. Current income tax liabilities

	31 March 2016	31 December 2015
Balance at 1 January	24,281,519	81,588,139
Income tax paid during the period / year	-	(81,088,673)
Withholding tax	(1,277,650)	(3,789,924)
Income tax for the period / year (Note 26)	10,305,141	80,743,540
Corporate tax advance payment	-	(50,850,000)
Accrued interest – advance payment	-	(1,821,563)
Tax adjustments	-	(500,000)
Balance at end of period / year	33,309,010	24,281,519

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

17. Current portion of long-term liabilities

	31 March 2016	31 December 2015
Short-term loans (Note 11)	118,427,232	134,688,327
Current portion at long-term notes payable (Note 12)	10,546,825	10,546,825
Total	128,974,057	145,235,152

18. Bank overdraft

	31 March 2016	31 December 2015
Bank overdraft (Note 10)	77,327,168	73,698,428
Total	77,327,168	73,698,428

Bank overdraft is an integral part of the Company's cash management. Bank overdraft is secured against guarantees by cross guarantees from the group of shareholders. The effective interest rate for bank overdraft was 12.75 % as of 31 March 2016 (31 December 2015: 11.25%).

19. Provisions

	Other provisions	
	31 March 2016	31 December 2015
Balance at 1 January	16,000,854	10,916,700
Charged during the period / year	1,312,500	5,489,092
Utilized during the period / year	(1,088,158)	(404,938)
Balance at end of period / year	16,225,196	16,000,854

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 consolidated financial statements “IFRS” For the three months period ended 31 March 2016

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

20. 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) as it is the structure before going for the public offering distributed as follow:

	Capital structure before trading		
	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	151,654,150	30,330,830	41.815%
EXODER Ltd.	101,458,950	20,291,790	27.975%
Africa Samba B.V.	108,804,450	21,760,890	30.000%
Others	763,900	152,780	0.210%
	362,681,450	72,536,290	100%

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

Shareholders	Capital structure after trading		
	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 B.V.	54,402,233	10,880,447	15.000%
Others (Public stocks)	109,568,335	21,913,667	30.210%
	362,681,450	72,536,290	100%

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.

On the 30th of March 2016 an extra ordinary general assembly meeting were held in which the shareholders approved the increase of issued and paid up capital from 72,536,290 EGP to be 145,072,580 EGP. An increase amounted to 72,536,290 EGP distributed on 362,681,450 shares with a par value of LE 0.2 per share financed from the net profit for the year ended 31 December 2015 distributed as a free share for each original share but it is still in process of registration in commercial register

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Share capital (continued)

The issued capital amounted to 725,362,900 share (par value LE 0.2 per share) will be distributed as follow:

Shareholders	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	303,308,300	60,661,660	41.815%
EXODER Ltd.	94,113,464	18,822,693	12.975%
Africa Samba B.V.	108,804,466	21,760,893	15.000%
Others (Public stocks)	219,136,670	43,827,334	30.210%
	725,362,900	145,072,580	100%

21. Legal reserve

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

22. Non-controlling interest

Edita Participation Limited has non-controlling interest in Edita Food Industries

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	31 March 2016	Total 31 December 2015
Balance at 1 January	12,271,000	5,000	38,162	(6,696,725)	5,617,437	1,966,793
Non-controlling share in profit of subsidiaries	-	-	-	1,161,110	1,161,110	3,653,048
Assets revaluation reserve	-	-	-	-	0	(2,404)
Balance at end of period / year	12,271,000	5,000	38,162	(5,535,015)	6,778,547	5,617,437

23. Other income

	31 March 2016	31 March 2015
Gain from sale of production waste	1,150,648	1,318,775
Other income	1,018,816	489,998
Export subsidies	1,954,549	-
Net	4,124,013	1,808,773

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

24. Other (losses) / gains , net

	31 March 2016	31 March 2015
Other expenses		
Provision for slow moving inventory	(599,390)	-
Other Provisions	(1,312,500)	(1,250,000)
Provision for employee benefit obligation	-	-
Gain from sales of property , plant and equipment	132,538	131,547
Net Foreign exchange (Loss) / gains	(44,525,139)	4,689,919
Net	(46,304,491)	3,571,466

25. Finance cost - net

	31 March 2016	31 March 2015
Finance income		
Interest income	8,444,241	6,551,546
	8,444,241	6,551,546
Finance expense		
Interest on land's instalments	(177,135)	(282,829)
Interest expenses	(10,422,384)	(4,289,719)
	(10,599,519)	(4,572,548)
Net	(2,155,278)	1,978,998

26. Income tax expense

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

	31 March 2016	31 March 2015
Income tax for the period	10,305,141	31,331,986
Deferred tax expense	(60,10)	3,204,284
Total	10,245,035	34,536,270
Profit before tax	42,912,857	94,000,942
Tax calculated based on applicable tax rates	9,655,393	28,200,283
	9,655,393	28,200,283
Tax effect of non- deductible expenses	430,175	375,000
Tax effect of non-taxable revenues	(1,278,824)	(488,214)
Tax losses for which no deferred income tax asset was recognized	1,438,291	6,449,201
Income tax expense	10,245,035	34,536,270

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

27. Earnings per share

Basic

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

	31 March 2016	31 March 2015
Profit attributed to owners of the parent	32,667,822	59,464,672
Weighted average number of ordinary shares in issue		
Original shares	725,362,900	725,362,900
	725,362,900	725,362,900
Basic earnings per share	0.05	0.08

Diluted

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

28. Consolidated expenses by nature

	31 March 2016	31 March 2015
Cost of goods sold	312,418,795	326,348,418
Selling and marketing	74,906,759	70,178,764
General and administrative expenses	43,516,226	45,732,788
	430,841,780	442,259,970
Raw materials used	229,021,927	277,756,835
Salaries and wages	88,924,814	104,062,501
Advertising and marketing	31,031,557	24,732,081
Depreciation	22,181,064	16,737,909
Other Expenses	12,235,180	-
Employee benefits	7,058,420	8,865,362
Gas, oil, water and electricity	8,955,184	7,701,738
Vehicle expense	4,850,374	5,818,905
Rent	8,171,159	5,705,225
Transportation expenses	4,613,417	5,031,340
Maintenance	4,274,145	3,705,587
Consumable materials	2,362,915	2,236,124
Royalty	865,442	733,296
Purchases – goods for resale	1,609,097	561,004
Change in inventory	4,687,085	(21,387,937)
	430,841,780	442,259,970

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

29. Cash generated from operations

	31 March 2016	31 March 2015
Profit for the period before tax	42,912,857	94,000,942
Adjustments for:		
Additions to provision	1,312,500	1,250,000
Interest on lands' installments	177,135	282,829
Interest expense	10,422,384	4,289,719
Interest income	(8,444,241)	(6,551,546)
Depreciation of property, plant and equipment	22,181,034	16,737,909
Amortization of Intangible assets	314,310	-
Provision for slow moving and obsolete inventory	599,390	-
Gain on disposal of property, plant and equipment	(132,538)	(131,547)
	69,342,831	109,878,306
Change in working capital		
Inventories	4,187,631	(23,178,959)
Trade and other receivables	(16,583,023)	(23,633,490)
Trade payables and other credit balances	(63,094,250)	(15,497,715)
Provisions used	(1,088,158)	(32,048)
Cash generated from operations	(7,234,969)	47,536,094

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

	31 March 2016	31 March 2015
Net book amount	267,782	98,959
Profit of disposal of property, plant and equipment	132,538	131,547
Proceeds from disposal of property, plant and equipment	400,320	230,506

30. 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 knowhow of Chipita International Company.

The royalty paid during 2016 amounted to LE 513,732 (2015: LE 723,299) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 12.97% of Edita Food Industries S.A.E. shares.

2. Key management compensation

During the period ended 31 March 2016 the company paid an amount of LE 21,164,122 as salaries and benefits to the key management members (31 December 2015: LE 61,969,936).

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

Notes to the consolidated financial statements “IFRS” For the three months period ended 31 March 2016

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

31. Tax position

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

Corporate tax

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2010 and all due tax amounts paid.
- For the years 2011-2014 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

Payroll tax

- The payroll tax inspection was performed till 31 December 2013 and company paid tax due.
- As for the years 2014 and 2015 the tax inspection has not been performed and the company is submitting the quarterly tax return on due time to the Tax Authority.

Sales tax

- The sales tax inspection was performed till 31 December 2012 and tax due was paid.
- For the years 2013, 2014 and 2015 the tax inspection has not been performed and the monthly tax return were submitted on due time.

Stamp duty tax

- The stamp duty tax inspection was performed till 2006 and company paid tax due.
- Years 2007 till 2009 the company was inspected and the differences are subject to internal committee.
- Years from 2010 till 2015 tax inspection have not been performed.

Digma for Trading Company

a) Corporate tax

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

- The tax inspection was performed by the Tax Authority for the 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.

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

Notes to the consolidated financial statements “IFRS” For the three months period ended 31 March 2016

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

Tax position (continued)

b) Payroll tax

- The tax inspection was performed until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2009 to 2015 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.
- The tax inspection was performed for the years from 2009 to 2012 and the difference were sent to internal committee to study.
- For the years from 2013 to 2015 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 2013-2015 the Company submits its monthly sales tax return on due date.

Edita Confectionary Industries Company

a) Corporate tax

- The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and adjustments.
- The company's books have not been inspected yet until the financial statements date for corporate tax.

b) Payroll Tax

- The payroll tax inspection was performed from 2009 till 2012 and the company is waiting for the tax claims.
- The company hasn't been inspected for the year from 2013 till 2015.

c) Sales Tax

- The company is being inspected for the sales tax & the company didn't receive any tax claims as of the date of the financial statements.

d) Stamp Tax

- The stamp tax inspection was performed from 2009 till 2012 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year from 2013 till 2015.

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

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 2,929,519 as at 31 March 2016 (2014: LE 22,649,329).

(2) Digma for Trading Company

The Company guarantees Edita Food Industries against third parties in borrowing from one of Egyptian Bank.

At 31 March 2016 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 1,906,445 (31 December 2015: 913,869).

(3) Edita Confectionary Industries Company

At 31 March 2016 the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business at 31 March 2016 amounted to LE 1,542,409 (31 December 2015: LE 1,220,616)

32. Capital commitments

The Company has capital commitments as of 31 March 2016 amounted to LE 91,748,116 in respect of the construction of a new factory for Edita Food Industries.

33. Financial instrument by category

	31 March 2016	
	Loans & receivables	Total
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	71,739,621	71,739,621
Cash and cash equivalents	257,507,247	257,507,247
Treasury bills	150,203,714	150,203,714
Total	479,450,582	479,450,582
	31 March 2016	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	491,620,190	491,620,190
Trade and other payables (excluding non-financial liabilities)	175,922,555	175,922,555
Bank overdraft	77,327,168	77,327,168

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

Notes to the consolidated financial statements "IFRS" For the three months period ended 31 March 2016

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

Total	744,869,913	744,869,913
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Financial instrument by category (continued)

	31 December 2015	
	Loans & receivables	Total
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	63,134,993	63,134,993
Cash and cash equivalents	313,344,052	313,344,052
Treasury bills	149,591,114	149,591,114
Total	526,070,159	526,070,159

	31 December 2015	
	Other financial liabilities at amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	491,452,438	491,452,438
Trade and other payables (excluding non-financial liabilities)	243,259,347	243,259,347
Bank overdraft	73,698,428	73,698,428
Total	808,410,213	808,410,213

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

Trade and other receivables presented above excludes prepaid expenses

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

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

Notes to the consolidated financial statements “IFRS” For the three months period ended 31 March 2016

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

34. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Friska		Mimix		Other		Total	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Revenue	261,481	308,665	170,786	149,574	32,704	24,644	25,710	23,929	24,907	20,433	2,502	1,657	518,090	528,902
Gross profit	113,528	119,305	61,871	61,814	9,888	6,948	11,223	9,622	8,281	4,057	881	807	205,672	202,554
Profit from operations.	39,815	59,723	14,125	30,166	(11,114)	1,156	253	(217)	1,747	669	242	526	45,068	92,022
Credit interest	(5,350)	(2,425)	(3,494)	(1,175)	(669)	(194)	(526)	(188)	(510)	(579)	(51)	(12)	(10,600)	(4,573)
Debit interest	4,262	3,823	2,784	1,853	533	305	419	296	406	253	41	22	8,445	6,552
Income tax	(7,173)	(21,890)	(2,665)	(11,043)	-	(781)	(82)	(274)	(279)	(378)	(46)	(170)	(10,245)	(34,536)
Net profit	31,554	39,231	10,750	19,801	(11,250)	486	64	(383)	1,364	(35)	186	366	32,668	59,465

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

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

**AUDITOR'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015
“IFRS”**

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

Consolidated financial statements “IFRS” - For the year ended 31 December2015

Contents	Page
Auditor’s report.....	F-60 - F-61
Consolidated balance sheet	F-62 - F-63
Consolidated statement of profit or loss.....	F-64
Consolidated statement of comprehensive income	F-65
Consolidated statement of changes in equity	F66 - F67
Consolidated cash flows statement	F-68
Notes to the consolidated financial statements	F-69 - F-117

Auditor's report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Edita Food Industries Company (S.A.E) and its Subsidiaries, which comprise the consolidated balance sheet as at 31 December 2015 and the consolidated statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

The Shareholders of Edita Food Industries Company (S.A.E) and its Subsidiaries
Page 61

Opinion

In our opinion, the accompanying consolidated financial statements present fairly in all material respects the financial position of Edita Food Industries Company (S.A.E) and its Subsidiaries as of 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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

3 March 2016
Cairo

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

Consolidated balance sheet "IFRS" - At 31 December 2015

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets			
Non-current assets			
Property, plant and equipment	<u>5</u>	1,299,529,732	1,015,869,650
Intangible Assets	<u>6</u>	161,968,712	68,618,658
Total non-current assets		<u>1,461,498,444</u>	<u>1,084,488,308</u>
Current assets			
Inventories	<u>7</u>	140,297,471	112,481,757
Trade and other receivables	<u>8</u>	67,843,179	66,342,123
Treasury bills	<u>9</u>	149,591,114	106,014,124
Cash and cash equivalents (excluding bank overdrafts)	<u>10</u>	313,344,052	233,301,434
Total current assets		<u>671,075,816</u>	<u>518,139,438</u>
Total assets		<u>2,132,574,260</u>	<u>1,602,627,746</u>
Liabilities			
Non-current liabilities			
Long-term loans	<u>11</u>	346,217,286	204,543,390
Long-term notes payable	<u>12</u>	-	8,884,103
Deferred tax liabilities	<u>13</u>	94,536,302	79,424,174
Employee benefit obligations	<u>14</u>	2,533,203	-
Total non-current liabilities		<u>443,286,791</u>	<u>292,851,667</u>
Current liabilities			
Trade and other payables	<u>15</u>	255,248,981	205,931,191
Current tax liabilities	<u>16</u>	24,281,519	81,588,139
Current portion of long-term liabilities	<u>17</u>	145,235,152	125,176,964
Bank overdraft	<u>18</u>	73,698,428	60,418,179
Provisions	<u>19</u>	16,000,854	10,916,700
Total current liabilities		<u>514,464,934</u>	<u>484,031,173</u>
Total liabilities		<u>957,751,725</u>	<u>776,882,840</u>
Net assets		<u>1,174,822,535</u>	<u>825,744,906</u>

Equity

Share capital	<u>20</u>	72,536,290	72,536,290
Legal reserve	<u>21</u>	38,947,275	31,103,903
Foreign currency translation reserve		5,568	3,501
Retained earnings		<u>1,057,715,966</u>	<u>720,134,419</u>
Capital and reserves attributable to owners of the parent		<u>1,169,205,099</u>	<u>823,778,113</u>
Non-controlling interest	22	<u>5,617,436</u>	<u>1,966,793</u>
Total equity		<u>1,174,822,535</u>	<u>825,744,906</u>

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

Mr Sherif Fathy
Vice President - Finance

2 March 2016
Auditor's report attached

Eng Hani
Berzi
Chairman

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

Consolidated statement of profit or loss "IFRS" - For the year ended 31 December 2015

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Revenue		2,225,354,667	1,918,561,386
Cost of sales	28	<u>(1,357,884,821)</u>	<u>(1,197,772,308)</u>
Gross profit		867,469,846	720,789,078
Distribution cost	28	(282,347,968)	(211,275,916)
Administrative expenses	28	(157,323,657)	(123,581,905)
Other income	<u>23</u>	15,405,017	16,430,534
Other gains / (losses)-net	<u>24</u>	5,755,936	(7,951,259)
Operating profit		448,959,174	394,410,532
Finance income		29,470,219	23,264,342
Finance cost		(33,498,163)	(25,166,938)
Finance cost - Net	25	(4,027,944)	(1,902,596)
Profit before income tax		444,931,230	392,507,936
Income tax expense	<u>26</u>	<u>(95,853,264)</u>	<u>(126,628,100)</u>
Net profit for the year		349,077,966	265,879,836
Profit is attributable to			
Owners of the parent		345,424,919	266,083,415
Non-controlling interest		3,653,047	(203,579)
Net profit for the year		349,077,966	265,879,836
Earnings per share (expressed in EGP per share):			
Basic earnings per share	27	0.96	0.73
Diluted earnings per share	27	0.96	0.73

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

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES**Consolidated statement of comprehensive income "IFRS" - For the year ended 31 December 2015****(All amounts in Egyptian Pounds)**

	2015	2014
Profit for the year	349,077,966	265,879,836
Items that will not be reclassified to profit or loss		
Other comprehensive income for the year net of tax	2,067	4,434
Assets revaluation reserve	-2,404	(2,404)
Total comprehensive income for the year	349,077,629	265,881,866
Total comprehensive income is attributable to		
Owners of the parent	345,426,986	266,087,849
Non-controlling interest	3,650,643	(205,983)
Total comprehensive income for the year	349,077,629	265,881,866

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

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

Consolidated statement of changes in equity "IFRS" - For the year ended 31 December 2015

(All amounts in Egyptian Pounds)

	Attributable to Owners of the parent						
	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Total Owners of the parent	Non-controlling interest	Total owners' equity
Balance at 31 December 2013 and 1 January 2014	72,536,290	16,407,621	(933)	618,747,286	707,690,264	2,261,950	709,952,214
Profit for the year	-	-		266,083,415	266,083,415	-203,579	265,879,836
Foreign currency translation reserve	-	-	4,434	-	4,434	-	4,434
Assets revaluation reserve	-	-	-	-	-	(2,404)	(2,404)
Total comprehensive income for the year	-	-	4,434	266,083,415	266,087,849	(205,983)	265,881,866
Transactions with the owners in their capacity as owners:							
Dividends distribution for 2013	-	-	-	(150,000,000)	(150,000,000)	(89,174)	(150,089,174)
Transfer to legal reserve	-	14,696,282	-	(14,696,282)	-	-	-
Balance at 31 December 2014	72,536,290	31,103,903	3,501	720,134,419	823,778,113	1,966,793	825,744,906
Balance at 31 December 2014 and 1 January 2015	72,536,290	31,103,903	3,501	720,134,419	823,778,113	1,966,793	825,744,906
Profit for the year	-	-		345,424,919	345,424,919	3,653,047	349,077,966
Foreign currency translation reserve	-	-	2,067	-	2,067	-	2,067
Assets revaluation reserve	-	-	-	-	-	-2,404	

							(2,404)
Total comprehensive income for the year	-	-	2,067	345,424,919	345,426,986	3,650,643	349,077,629
Transactions with the owners in their capacity as owners:							
Transfer to legal reserve	-	7,843,372	-	(7,843,372)	-	-	-
Balance at 31 December 2015	72,536,290	38,947,275	5,568	1,057,715,966	1,169,205,099	5,617,436	1,174,822,535

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

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES
Consolidated statement of cash flows "IFRS" - For the year ended 31 December 2015
(All amounts in Egyptian Pounds)

	Notes	2015	2014
<u>Cash flows from operating activities</u>			
Cash generated from operations	29	541,184,270	450,303,056
Interest paid		(29,459,700)	(23,435,140)
Income tax paid		(136,228,597)	(86,966,517)
Net cash inflow from operating activities		375,495,973	339,901,399
<u>Cash flows from investing activities</u>			
Payment for property, plant and equipment		(351,796,531)	(248,244,435)
Capitalized interest on property, plant and equipment		(9,971,079)	(6,423,328)
Payment for Intangible assets		(94,292,984)	-
Proceeds from sale of property, plant and equipment		14,443,739	3,064,817
Sales tax on machinery		-	(25,296)
Interest received		24,701,802	19,659,271
Interest received - treasury bills		2,946,854	2,521,191
Payments against notes payable for acquisition of land		(9,985,990)	(9,425,154)
Payment for purchase of treasury bills		(151,475,000)	(106,325,000)
Proceeds from sale of treasury bills		107,898,010	104,638,277
Net cash outflow from investing activities		-467,531,179	-240,559,657
<u>Cash flows from financing activities</u>			
Dividends paid to Shareholders		-	(149,991,722)
Repayments of borrowings		(163,356,268)	(136,597,210)
Proceeds from borrowings		322,151,776	202,259,546
Net cash inflow / (outflow) from financing activities		158,795,508	(84,329,386)
Net increase in cash and cash equivalents		66,760,302	15,012,356
Cash and cash equivalents at beginning of the year		172,883,255	157,866,465
Effects of exchange rate on cash and cash equivalents		2,067	4,434
Cash and cash equivalents at end of the year	10	239,645,624	172,883,255

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

In 31 December 2015 an amount of LE 2,907,145 has been deducted from proceeds from borrowings which represents the interest as it represents a non cash transaction

In 31 December 2014 Non cash transaction amounted to LE 263,709 excluding from Trade and other payable and from Dividends payments as well

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

1. General information

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

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

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

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

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

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

The parent Company:

Edita Food Industries:

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

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 a distributor for local and foreign factories and companies producing these goods and also imports and exports, in accordance with laws and regulations. The company buys from Edita confectionery industries and Edita food industries and distributes to others.

Edita Confectionery Industries:

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

Edita participation limited:

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

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

General information (continued)

	Principle place of business	Interest held by non- controlling interest
Digma for trading	Egypt	0.20%
Edita Confectionery Industries	Egypt	22.3%
Edita participation limited	Cyprus	-

Financial information about the subsidiaries of the group as at 31 December 2015

Name of subsidiary	Total Assets	Total Equity	Total Sales	Net Profit/ (loss)
Digma for trading	322,750,258	217,172,414	2,082,513,160	90,652,009
Edita Confectionery Industries	101,337,408	24,866,010	81,561,456	15,575,341
Edita participation limited	159,141	(121,503)	-	(31,121)

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

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these 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 applicable to companies reporting under IFRS, the financial statements comply with IFRS as issued by International Accounting Standards Board IASB.

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

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

New standards and amendments

Certain standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2015 which includes IFRS 8 which requires disclosure of the judgments made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported, also the Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) as The amendments clarify the accounting for defined benefit plans that require employees or third parties to

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

contribute towards the cost of the benefits.

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Basis of preparation (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for the current year and have not been early adopted by the group related to:

- (iv) IFRS 9 that introduces new rules for hedge accounting that made further changes to the classification and measurement rules and also introduced a new impairment model,
- (v) IFRS 15 relates to revenue from contracts with customers this will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.
- (vi) IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.

The group is examining the impact of these standards in its financial statements.

B. Basis of consolidation

1. Subsidiaries

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

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

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

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

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Unless the transaction

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December2015

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

provides evidence of an impairment of transferred asset. When necessary amounts reported by subsidiaries have been adjusted to confirm to the group’s accounting policies.

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Basis of consolidation (continued)

2. Changes in ownership interests

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

3. Principles of consolidation and equity accounting

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

C. Foreign currency translation

(1) Functional and presentation currency

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

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

(2) Transactions and balances

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

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

(3) Group companies

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

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December2015

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

Foreign currency translation (continued)

- (c) All resulting exchange differences are recognized in other comprehensive income. The foreign currency exchange arising from translation of the net investment in foreign entities and loans or financial instruments in foreign currencies allocated to cover these investments are recognized in the equity in the consolidated financial statement. The foreign currencies exchange charged to the equity are recognized as part of gain or loss upon the disposal of these investments.

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

D. Property, plant and equipment

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

E. Impairment of non-financial assets

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

F. Financial assets

(5) Classification

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

(c) 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

(d) Held to maturity investments

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

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

(6) Recognition and derecognition

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Financial assets (continued)

(7) Measurement

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

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

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

(8) Impairment

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

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

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

G. Intangible assets

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

The trademark is recognized as an intangible asset as the license is perpetual, irrevocable and exclusive including the trademark in the territory in connection with the cake products, the brand has an established presence in the territory in which it is licensed to operate for over 23 years in addition the company has a strong historic financial track record and forecasts continued growth also, the knowhow and perpetual license not exposed to typical obsolescence as it relates to a food stuff. The brand remain popular in the Middle East and the company does not foresee any decline in the foreseeable future)

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December2015

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

Intangible assets (continued)

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, the Company's management put into consideration the following factors in determining the useful lives of the intangible assets that have finite useful lives:

- The expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team;
- Typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way;
- Technical, technological, commercial or other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;
- The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level;
- The period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
- Whether the useful life of the asset is dependent on the useful life of other assets of the entity.

H. Inventories

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

I. Trade receivables

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

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

J. Cash and cash equivalents

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

K. Share capital

Ordinary shares are classified as equity.

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

L. Trade payables

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

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

M. Borrowings

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

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

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

N. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

O. Income tax

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December2015

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

P. Employee benefits

(6) Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contribution when the conditions illustrated in the Company's policy is met. The Company has no legal obligation to pay further contributions to its employees which is related to employee service in the current and prior periods. A defined benefit plan is a pension plan of the staff.

(7) Defined benefit pension plans

The Company has a defined benefit plan which is a plan that defines an amount of benefits to be provided in the form of half month payment for each year they had worked for the Company for employees who reach the age of sixty, according to the following criteria:

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

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government bonds, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to retirement plans are recognized in other comprehensive income

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

(8) 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.

(9) 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.

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Employee benefits (continued)

(10) Termination benefits

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

Q. Provisions

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

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

R. Revenue recognition

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

(5) 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.

(6) 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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

receivables is recognized using the original effective interest rate.

Revenue recognition (continued)

(7) Dividend income

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

(8) Export subsidy

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

S. Leases

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

T. Dividend distribution

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

U. Earnings per share

(1) Basic earnings per share

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

(2) Diluted earnings per share

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

V. 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 chief operating decision-maker who assess the financial performance and position of the group, and makes strategic decisions. Which has been identified as the chief executive officer.

W. Comparative figures

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December2015

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

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

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

3. Financial risk management

(1) Financial risk factors

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

(A) Market risk

(iv) Foreign exchange risk

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

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

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

	<u>2015</u>	<u>2014</u>
Amounts recognised in profit or loss		
Net foreign exchange gain included in other income/other expenses net of tax	1,095,862	4,591,094
	<u>1,095,862</u>	<u>4,591,094</u>
Net gains recognised in other comprehensive income		
Foreign currency translation reserve net of tax	2,067	4,434
	<u>2,067</u>	<u>4,434</u>

At year end, major financial liabilities in foreign currencies were as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net 2015</u>	<u>Net 2014</u>
Euros	26,293,031	(212,950,940)	(186,657,909)	(109,653,136)
United States Dollars	4,477,140	(39,207,322)	(34,730,182)	(16,869,762)

At 31 December 2015, if the Egyptian Pounds had weakened / strengthened by 2% against the Euro with all other variables held constant, post-tax profit for the year would have been LE 3,733,158 (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.

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Financial risk management (continued)

At 31 December 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 year would have been LE 3,473,018 (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.

(v) 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.

(vi) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term time deposits which are renewed with the applicable interest rate at the time of renewal. Borrowings measured at amortized cost with fixed rates do not expose the company to fair value interest rate risk

At 31 December 2015, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 0.1% higher/lower with all other variables held constant, post-tax profit for the year would have been LE 342,889 (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 480,905,613 (2014: LE 319,734,364).

Overdraft at the balance sheet on 31 December 2015 amounted to LE 73,698,428 (2014: LE 60,418,179).

(B) Credit risk

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

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

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

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

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

Financial risk management (continued)

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

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

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

Trade receivables

Counter parties without external credit rating:

	<u>2015</u>	<u>2014</u>
Other parties	6,387,918	10,514,126
Total	<u>6,387,918</u>	<u>10,514,126</u>

Outstanding trade receivables are current and not impaired

Cash at bank and short-term bank deposits:

	<u>2015</u>	<u>2014</u>
AA	823,278	2,106,307
A	156,075,388	97,129,463
BBB	137,853,764	122,033,130
B	1,201,037	560,045
Total	<u>295,953,467</u>	<u>221,828,945</u>

We had excluded the cash on hand.

The table below summarizes the maturities of the Company's trade receivables at 31 December 2015:

	<u>2015</u>	<u>2014</u>
Less than 30 days	4,591,020	8,028,599
From 31 to 60 days	1,645,476	2,112,642
From 61 to 90 days	65,896	165,446
From 81 to 120 days	85,526	89,210
More than 120 days	-	118,229
	<u>6,387,918</u>	<u>10,514,126</u>

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

Financial risk management (continued)

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

	2015	2014
At 1 January	138,785	20,556
Provision for impairment recognized during the year	-	118,229
Receivables written off during the year as uncollectible	(118,229)	-
	<u>20,556</u>	<u>138,785</u>

(C) Liquidity risk

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

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December 2015 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

At 31 December 2015	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
Borrowings	63,735,176	70,953,151	97,684,524	248,532,762
Future interest payments	2,578,269	3,240,990	6,307,605	15,705,858
Trade and other payables	198,171,853	-	-	-
Bank overdraft	73,698,428	-	-	-
Notes payable	45,087,494	10,546,825	-	-
Total	383,271,220	84,740,966	103,992,129	264,238,620
At 31 December 2014				
Borrowings	52,849,934	62,341,040	103,200,332	101,343,058
Future interest payments	3,553,343	5,716,060	5,541,685	14,375,708
Trade and other payables	147,127,311	-	-	-
Bank overdraft	60,418,179	-	-	-
Notes payable	40,717,771	9,985,990	8,884,103	-
Total	304,666,538	78,043,090	117,626,120	115,718,766

The unused amount of borrowings is amounted to EGP 122,089,774 as of 31 December 2015, also the Group will have future interest payments related to borrowings amounting to LE 27,832,722 (2014: LE 429,186,796).

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

Financial risk management (continued)

(2) Capital management

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

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

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.

	2015	2014
Total borrowings and long term notes payable	491,452,438	338,604,457
Bank overdraft	73,698,428	60,418,179
Total borrowings and loans	565,150,866	399,022,636
Less: Cash and cash equivalents	(313,344,052)	(233,301,434)
Net debt	251,806,814	165,721,202
Total equity	1,174,822,535	825,744,906
Total capital	1,426,629,349	991,466,108
 Gearing ratio	 18%	 17%

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

Loan covenants

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

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

(3) Fair value estimation

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December2015

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

4. Critical accounting estimates and judgments

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

Intangible assets useful life (Knowhow)

The Group estimates the useful life of the knowhow to be 25 years based on the Company’s useful life which is upon the management’s expectation and intention

4. Critical judgments in applying the group’s accounting policies

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 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
At 31 December 2013								
Cost	62,226,931	338,886,497	453,977,153	115,151,844	32,512,878	35,874,070	15,097,813	1,053,727,186
Accumulated depreciation	-	(29,611,451)	(109,594,043)	(53,350,864)	(17,916,506)	(16,807,790)	-	(227,280,654)
Net book amount	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
Year ended 31 December 2014								
Opening net book amount	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)	-
Closing net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
At 31 December 2014								
Cost	62,226,931	358,756,888	467,724,860	130,514,617	39,346,149	46,442,136	197,420,789	1,302,432,370
Accumulated depreciation	-	(42,535,772)	(132,481,461)	(63,583,055)	(22,910,791)	(25,051,641)	-	(286,562,720)
Net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Year ended 31 December 2015								
Opening net book amount	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
Additions	44,487,197	94,541	17,057,231	36,072,030	7,893,495	15,670,686	240,492,430	361,767,610
Depreciation charge	-	(13,706,638)	(28,914,338)	(17,301,950)	(7,678,036)	(9,165,525)	-	(76,766,487)
Disposal depreciation	-	-	200,543	26,531,920	519,333	2,869,226	-	30,121,022
Disposals	-	(75,478)	(322,961)	(27,647,439)	(528,669)	(2,887,516)	-	(31,462,063)
Transfers from Projects under construction	-	119,313,063	151,186,774	-	11,206,129	198,924	(281,904,890)	-
Closing net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732
At 31 December 2015								
Cost	106,714,128	478,089,014	635,645,904	138,939,208	57,917,104	59,424,230	156,008,329	1,632,737,917
Accumulated depreciation	-	56,242,410	161,195,256	54,353,085	30,069,494	31,347,940	-	333,208,185
Net book amount	106,714,128	421,846,604	474,450,648	84,586,123	27,847,610	28,076,290	156,008,329	1,299,529,732

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

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

Property, plant and equipment (continued)

During the year, the Group has capitalized borrowings costs amounting to LE 9,971,079 (2014: LE 6,423,328) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

	2015	2014
Allocation of the borrowing cost on Qualified Assets		
Projects under construction - Buildings	7,363,397	2,895,203
Projects under construction - Machinery	2,607,682	3,528,125
Total	9,971,079	6,423,328

6. Intangible assets

	Net Book Value	
	2015	2014
A- Intangible assets which have indefinite useful lives	131,480,647	68,618,658
B- intangible assets which have finite useful lives	30,488,065	-
Balance as of	161,968,712	68,618,658

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

	Trade Mark (HOHOS, Twinkies & Tiger Tail)	
Cost	2015	2014
Opening Balance	68,618,658	68,618,658
Additions during the year	62,861,989	-
Balance as of	131,480,647	68,618,658

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

	Know How	
Cost	2015	2014
Additions during the year	31,430,995	-
Balance as of	31,430,995	-
Accumulated Amortization	2015	2014
Amortization expense during the year	(942,930)	-
Balance as of	(942,930)	-
Net book value for know how	30,488,065	-
Net book value for intangible assets (a+b)	161,968,712	68,618,658

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Intangible assets (continued)

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

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

HOHOS, Twinkies and Tiger tail are related to one cash generating unit within the same operating segment

The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable value. The recoverable have been determined using value in use

Assumptions used by the Group when testing the impairment of intangible assets (indefinite useful life) as of 31 December 2015 as follows:

Average gross profit	34 %
Discount rate	19 %
Growth rate	3 %

The Group test the impairment of intangible assets depending on financial, operational, marketing position in the prior periods, and its expectation for the market in the future by preparing 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.

Sensitivity of recoverable amounts

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

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

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

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

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

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

7. Inventories

	2015	2014
Raw materials	96,827,316	78,624,516
Spare parts	26,436,664	21,637,869
Finished goods	10,177,972	8,197,309
Consumables	5,887,149	3,357,898
Work in process	1,935,464	1,443,165
Total	141,264,565	113,260,757
Less: provision for slow moving and obsolete inventory	(967,094)	(779,000)
Net	140,297,471	112,481,757

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

During the year 2015, there has been a slow moving and obsolete inventory addition amounted to LE 738,482 (Note 24) and utilized amounted to LE 550,388.

The cost of inventory recognized as an expense and included in cost of sales amounted to LE 1,048,191,788 as of 31 December 2015 (2014: LE 941,125,610).

8. Trade and other receivables

	2015	2014
Trade receivables	6,387,918	10,514,126
Notes receivable	704,561	1,011,121
Total	7,092,479	11,525,247
Less: Provision for impairment of trade receivables	(20,556)	(138,785)
	7,071,923	11,386,462
Advances to suppliers	43,539,492	36,938,398
Prepaid expenses	4,708,186	4,316,961
Other debit balances	9,861,458	12,320,587
Deposits with others	2,106,229	920,373
Letters of credit	431,169	226,297
Employee loans	77,787	181,994
Accrued revenues	46,935	51,051
Total	67,843,179	66,342,123

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

9. Treasury bills

	2015	2014
Treasury bills par value	151,475,000	106,325,000
Unearned interest	(4,830,740)	(2,832,067)
Amount of treasury bills paid	146,644,260	103,492,933
Interest income recognized to profit or loss	2,946,854	2,521,191
Treasury bills balance	149,591,114	106,014,124

The Group purchased Egyptian treasury bills on 8st of September 2015 with par value of LE 32,225,000 with an annual interest of 11.25%. These treasury bills are due on 12th of January 2016. The total recognized interest income amounted to LE 1,089,850.

The Group purchased Egyptian treasury bills on 22nd of September 2015 with par value of LE 36,250,000 with an annual interest of 11.35%. These treasury bills are due on 2nd of February 2016. The total recognized interest income amounted to LE 1,082,594.

The Group purchased Egyptian treasury bills on 24th of November 2015 with par value amounted LE 35,000,000 with an annual interest of 11.13%. These treasury bills are due in 23rd of February 2016. The total recognized interest income amounted to LE 384,231.

The Group purchased Egyptian treasury bills on 24th of November 2015 with par value of LE 20,000,000 with an annual interest of 8.5%. These treasury bills are due on 23rd of February 2016. The total recognized interest income amounted to LE 219,560.

The Group purchased Egyptian treasury bills on 29st of November 2015 with par value amounted LE 8,000,000 with an annual interest of 11.10%. These treasury bills are due in 23rd of February 2016. The total recognized interest income amounted to LE 75,877.

The Group purchased Egyptian treasury bills on 15st of December 2015 with par value amounted LE 20,000,000 with an annual interest of 11.08%. These treasury bills are due in 8th of March 2016. The total recognized interest income amounted to LE 94,742.

10. Cash and cash equivalents (excluding bank overdrafts)

	2015	2014
Bank deposits	260,360,840	210,960,840
Cash at banks and on hand	52,983,212	22,340,594
Cash and cash equivalents (excluding bank overdrafts)	313,344,052	233,301,434

The average interest rate on local currency time deposits during 2015 is 7.50% (2014: 8.5%).

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

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

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

	2015	2014
Cash and cash equivalents	313,344,052	233,301,434
Bank overdraft (Note 18)	(73,698,428)	(60,418,179)
Total	239,645,624	172,883,255

11. Loans

	2015			2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	134,688,327	346,217,286	480,905,613	115,190,974	204,543,390	319,734,364
	134,688,327	346,217,286	480,905,613	115,190,974	204,543,390	319,734,364

(1) Edita Food Industries Company

	2015			2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	13,057,767	-	13,057,767	26,690,885	12,500,000	39,190,885
Second loan	12,645,613	-	12,645,613	25,495,312	11,666,667	37,161,979
Third loan	11,830,743	-	11,830,743	23,834,870	11,667,000	35,501,870
Fourth loan	20,558,670	43,749,965	64,308,635	19,170,795	28,719,881	47,890,676
Fifth loan	34,408,847	115,311,417	149,720,264	3,472,419	115,689,842	119,162,261
Sixth Loan	20,438,125	72,000,000	92,438,125	-	-	-
Seventh Loan	162,383	89,431,939	89,594,322	-	-	-
	113,102,148	320,493,321	433,595,469	98,664,281	180,243,390	278,907,671

- First loan**

This first loan is provided by one of the Egyptian banks in August 2011 based on a cross guarantee issued from Digma for Trading “Intercompany” with an amount of LE 100,000,000 and the total withdrawal amount is LE 100,000,000 in addition to accrued interest. The loan outstanding balance at 31 December 2015 after payment of due instalments amounted to 12,500,000 in addition accrued interests.

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Loans (continued)

- **Second loan:**

This second loan is provided by one of the Egyptian banks in August 2012 based on a cross guarantee issued from Digma for Trading “Intercompany” with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 December 2015 after payment of accrued instalments is LE 11,666,667 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay the last installment LE 11,666,667 on 6 June 2016 in addition to the accrued interest.

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 for Trading Company “Intercompany” with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 December 2015 after payment of due instalments is LE 11,667,000 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to pay last instalment amounted to LE 11,667,000 on 18 May 2016 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks in January 2014 based on a cross guarantee issued from Digma for Trading “Intercompany” with an amount of LE 70,000,000 and the total withdrawal amount is LE 61,250,000 on 31 December 2015 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. (borrower) is obligated to Pay LE 61,250,000 on 7 equal semi-annual instalments; each instalment is amounted to LE 8,750,000. The first installment is due on 22 January 2016 and the last on 22 January 2019 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Loans (continued)

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks on September 2014 based on a cross guarantee issued from Digma for Trading “Intercompany” amounted to LE 185,000,000 and the total withdrawal amount is LE 96,507,842 plus 5,561,950 Euro on 31 December 2015 in addition to accrued interest.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 96,507,842 on 10 equal semi-annual instalments; each instalment is amounted to LE 9,650,784. The first instalment is due on 1 January 2016 and the last on 1 July 2020 in addition to accrued interest. 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 Euribor rate.

Fair value:

Fair value is approximately equal to book value.

- **Sixth loan:**

This sixth loan is provided by one of the Egyptian banks on April 2015 based on a cross guarantee issued from Digma for Trading “Intercompany” 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 instalments; each instalment is amounted to LE 9,000,000. The first instalment is due on 9 April 2016 and the last on 9 October 2020 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Seventh loan:**

This seventh loan is provided by one of the Egyptian banks on September 2015 based on a cross guarantee issued from Digma for Trading “Intercompany” amounted to LE 170,000,000 and the total withdrawal amount is LE 13,312,653 plus 7,811,566 Euro plus 453,204 USD plus 488,659 GBP on 31 December 2015 in addition to accrued interest. The bank committed to translate the foreign

Currency to Egyptian pound as the company is not obligated to pay the loan back in foreign currency.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 170,000,000 on 11 equal semi-annual instalments; each instalment is amounted to LE 15,455,000, except for the last instalment amounted to LE 15,450,000 the first instalment is due on 19 Apr 2017 and the last on 18 April 2022 in addition to accrued interest. 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.

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(2) Digma for Trading

	2015			2014		
	Short term portion	Long term portion	Total	Short term portion	Long term portion	Total
First loan	-	-	-	3,656,620	-	3,656,620
Second loan	3,733,704	3,333,334	7,067,038	3,948,750	6,666,667	10,615,417
Third loan	3,637,597	5,000,000	8,637,597	2,070,108	8,333,333	10,403,441
Fourth loan	7,620,274	14,290,631	21,910,905	-	-	-
Net	14,991,575	22,623,965	37,615,540	9,675,478	15,000,000	24,675,478

- **The First loan**

The first loan is provided by one of the Egyptian banks in September 2012 and the total withdrawal amount is LE 14,000,000 in addition to accrued interest, the loan balance as of December 2014 after settlement of instalments amounted to LE 3,500,000 in addition to accrued interest. Digma for Trading had paid an amount of 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 "Intercompany" amounted to LE 10,000,000 and the total withdrawal amount is LE 10,000,000 in addition to accrued interest.

Terms of payments:

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

Loans (continued)

- **The Third loan**

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

Terms of payments:

Digma for Trading S.A.E. is obligated to pay LE 8,333,333 on 5 equal semi-annual instalments, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalment is due on 20 February 2016 and the last on 20 February 2018 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **The Fourth loan**

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

Terms of payments:

Digma for Trading S.A.E. is obligated to pay LE 21,719,205 on 5 equal semi-annual instalments, each instalment is amounted to LE 3,714,286 and the last instalment amounted to LE 3,147,774 and the instalments come due after 6 months from the date the loan was issued to the company. The first instalment is due on April 2016 and the last on October 2018 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(3) Edita Confectionery Industries

	2015			2014		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Long-term loan	6,594,604	3,100,000	9,694,604	6,851,215	9,300,000	16,151,215
	6,594,604	3,100,000	9,694,604	6,851,215	9,300,000	16,151,215

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

Terms of payments:

Edita Confectionery Industries 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 April 2016 and the last on 17 April 2017 in addition to accrued interest.

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

Loans (continued)

Interest:

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

Fair value:

Fair value is approximately equal to book value.

Compliance with debt covenants

As of 31 December 2015, the group has complied with the financial covenants of its borrowing facilities during 2015 and 2014 reporting year.

12. Long-term notes payable

The long-term loan represents the total installment for the land purchased from Urban communities Authority – Shiekh Zayed City as the last installment on September 2016.

	2015		2014	
	Notes payable	Present value	Notes payable	Present value
Short-term notes payables				
Current portion of long-term notes payables (Note 17)	10,546,825	10,546,825	9,985,990	9,985,990
Total short-term liabilities	10,546,825	10,546,825	9,985,990	9,985,990
	2015		2014	
	Notes payable	Present value	Notes payable	Present value
Long-term notes payables:				
Notes payable due for more than one year and less than 5 years	-	-	10,546,825	8,884,103
Total long-term liabilities	-	-	10,546,825	8,884,103

The total accrued interest on the loan for the year ended at 31 December 2015 amounting to LE 1,131,318 (2014: LE 1,731,798) has been charged on the statement of income as a finance cost (Note 25).

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

13. Deferred income tax liability

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

	Property, plant & equipment and intangible assets	Acquiring Digma for Trading	Total
Balance at 1 January 2014	66,120,010	4,297,064	70,417,074
Charge to the statement of profit or loss	9,247,523	(240,423)	9,007,100
Balance at 31 December 2014 and 1 January 2015	75,367,533	4,056,641	79,424,174
Charged to the statement of profit or loss	15,352,551	(240,423)	15,112,128
Balance at 31 December 2015	90,720,084	3,816,218	94,536,302

According to the tax system in Egypt, the tax losses amounted to LE 53,278,941 may be changed during the tax inspection by the tax authority, accordingly the management did not recognize deferred tax assets except the tax profit recognized in the financial year ended as of December 31, 2015.

14. Employee Benefit obligations

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

	2015
Discount rate	10%
Average salary increase rate	7%
Turnover rate	25%
Life table	49-52

The amounts recognized at the balance sheet date are determined as follows:

	2015	2014
Present value of obligations	2,533,203	-
Liability at the balance sheet	2,533,203	-

Movement in the liability recognized in the balance sheet:

	2015	2014
Balance at beginning of the year	-	-
Additions during year	2,533,203	-
Balance at end of the year	2,533,203	-

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Employee Benefit obligations (continued)

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

	<u>2015</u>	<u>2014</u>
Present cost of the service		
Cost of interest	-	-
Accrued service cost	2,533,203	-
Total	<u><u>2,533,203</u></u>	<u><u>-</u></u>

15. Trade and other payables

	<u>2015</u>	<u>2014</u>
Trade payables	152,325,852	108,621,906
Notes payable	45,087,494	40,717,771
Accrued expenses	37,131,266	27,830,269
Other credit balances	8,639,617	10,600,214
Taxes payable	7,952,953	12,139,453
Advances from customers	2,582,453	4,715,426
Social insurance	1,454,228	1,231,230
Dividends payable	75,118	74,922
Total	<u><u>255,248,981</u></u>	<u><u>205,931,191</u></u>

Trade payables are unsecured and are usually paid within an average of 45 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

16. Current income tax liabilities

	<u>2015</u>	<u>2014</u>
Balance at 1 January	81,588,139	52,015,132
Income tax paid during the year	(81,088,673)	(52,133,700)
Withholding tax	(3,789,924)	(2,836,383)
Income tax for the year (Note 26)	80,743,540	117,623,404
Corporate tax advance payment	(50,850,000)	(32,115,000)
Accrued interest – advance payment (Note 25)	(1,821,563)	(1,083,880)
Tax adjustments	(500,000)	118,566
Balance at end of year	<u><u>24,281,519</u></u>	<u><u>81,588,139</u></u>

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

17. Current portion of long-term liabilities

	<u>2015</u>	<u>2014</u>
Short-term loans (Note 11)	134,688,327	115,190,974
Current portion at long-term notes payable (Note 12)	<u>10,546,825</u>	<u>9,985,990</u>
Total	<u>145,235,152</u>	<u>125,176,964</u>

18. Bank overdraft

	<u>2015</u>	<u>2014</u>
Bank overdraft (Note 10)	<u>73,698,428</u>	<u>60,418,179</u>
Total	<u>73,698,428</u>	<u>60,418,179</u>

Bank overdraft is an integral part of the Company's cash management. Bank overdraft is secured against guarantees by cross guarantees from the group of shareholders. The effective interest rate for bank overdraft was 11.25 % as of 31 December 2015 (2014: 11.25%).

19. Provisions

	<u>Other provisions</u>	
	<u>2015</u>	<u>2014</u>
Balance at 1 January	10,916,700	9,034,968
Charged during the year	5,489,092	5,014,145
Utilized during the year	<u>(404,938)</u>	<u>(3,132,413)</u>
Balance at end of year	<u>16,000,854</u>	<u>10,916,700</u>

Other provisions relate to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the International Financial Reporting Standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that party. These provisions are reviewed by management every year and the amount provided is adjusted based on latest development, discussions and agreements with the third party.

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

20. 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) as it is the structure before going for the public offering distributed as follow:

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

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

Shareholders	Capital structure after trading		
	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%
	362,681,450	72,536,290	100%

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.

21. Legal reserve

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

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

22. Non-controlling interest

Edita Participation Limited has non-controlling interest in Edita Food Industries

					Total	
	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	2015	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 profit / (loss) of subsidiaries	-	-	-	3,653,048	3,653,048	(203,579)
Assets revaluation reserve	-	-	(2,404)	-	(2,404)	(2,405)
Balance at end of year	12,271,000	5,000	38,162	(6,696,725)	5,617,437	1,966,793

23. Other income

	2015	2014
Gain from sale of production waste	4,940,762	5,238,248
Other income	5,634,304	3,117,894
Export subsidies	4,829,951	8,071,926
Investments in Osoul funds	-	2,466
Net	15,405,017	16,430,534

24. Other gains / (losses) net

	2015	2014
Other expenses	-	(10,000,000)
Provision for slow moving inventory	(738,482)	(532,325)
Other Provisions	(5,489,092)	(5,014,145)
Provision for employee benefit obligation	(2,533,203)	
Total	(8,760,777)	(15,546,470)
Gain from sales of fixed assets	13,102,697	1,671,219
Foreign exchange gains	1,414,016	5,923,992
Net	5,755,936	(7,951,259)

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

25. Finance cost - net

	<u>2015</u>	<u>2014</u>
Finance income		
Interest income	24,701,802	19,659,271
Interest income – treasury bills	2,946,854	2,521,191
Interest income – corporate tax payment	1,821,563	1,083,880
	<u>29,470,219</u>	<u>23,264,342</u>
Finance cost		
Interest expense	(32,366,845)	(23,435,140)
Interest on land's instalments	(1,131,318)	(1,731,798)
	<u>(33,498,163)</u>	<u>(25,166,938)</u>
Finance cost – net	<u>(4,027,944)</u>	<u>(1,902,596)</u>

26. Income tax expense

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

	<u>2015</u>	<u>2014</u>
Income tax for the year	80,743,540	117,623,404
Deferred tax expense for the year	15,109,724	9,004,696
Total	<u>95,853,264</u>	<u>126,628,100</u>
Profit before tax	<u>444,931,230</u>	<u>392,507,936</u>
Tax calculated based on applicable tax rates 22.5%	100,109,527	-
Tax calculated based on applicable tax rates 255%	-	250,000
Tax calculated based on applicable tax rates 30%	-	117,452,351
	<u>100,109,527</u>	<u>117,702,351</u>
Tax effect of non- deductible expenses	1,971,175	2,595,557
Tax effect of non-taxable revenues		(478,951)
Tax losses for which no deferred income tax asset was recognized and impact of changes in tax rate	(6,227,438)	(6,809,143)
Income tax expense	<u>95,853,264</u>	<u>126,628,100</u>

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

27. Earnings per share

Basic

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

	2015	2014
Profit attributed to owners of the parent	349,077,965	265,879,836
Weighted average number of ordinary shares in issue		
Ordinary shares	362,681,450	362,681,450
	362,681,450	362,681,450
Basic earnings per share	0.96	0.73

Diluted

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

28. Consolidated expenses by nature

	2015	2014
Cost of sales	1,357,884,821	(1,197,772,308)
Distribution cost	282,347,968	(211,275,916)
Administrative expenses	157,323,657	(123,581,905)
	1,797,556,446	1,532,630,129
Raw materials used	1,068,870,526	960,679,026
Salaries and wages	305,471,201	272,319,836
Advertising and marketing	108,714,342	73,212,365
Depreciation	76,766,487	63,851,047
Gas, oil, water and electricity	39,953,959	25,930,531
Miscellaneous and other expense	35,465,827	18,757,920
Employee benefits	48,241,442	38,904,255
Rent	34,320,999	16,481,141
Profit share employee	21,830,671	17,474,796
Transportation expenses	20,537,246	18,254,047
Maintenance	21,347,708	11,579,154
Vehicle expense	19,005,194	19,833,637
Consumable materials	10,495,081	9,210,745
Purchases – goods for resale	4,593,602	3,802,004
Royalty	1,677,969	1,893,041
Amortization of intangible assets	942,930	-
Change In Inventory	(20,678,738)	(19,553,416)

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

1,797,556,446

1,532,630,129

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

Notes to the consolidated financial statements "IFRS" - For the year ended 31 December 2015

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

29. Cash generated from operations

	2015	2014
Profit for the year before income tax	444,931,230	392,507,936
Adjustments for:		
Provisions	6,227,574	5,546,470
Provision for employee benefit obligations	2,533,203	-
Interest on lands' installments	1,131,318	1,731,798
Interest expense	32,366,845	23,435,140
Interest income	(27,648,656)	(22,180,462)
Interest income – corporate tax payment	(1,821,563)	(1,083,880)
Depreciation of property, plant and equipment	76,766,487	63,851,047
Amortization of Intangible assets	942,930	-
Gain on disposal of property, plant and equipment	(13,102,698)	(1,671,219)
	522,326,670	462,136,830
Change in working capital		
Inventories	(28,003,808)	(28,873,433)
Trade and other receivables	(1,382,827)	(193,917)
Trade and other payables	49,317,790	20,365,989
Provisions used	(1,073,555)	(3,132,413)
Cash generated from operations	541,184,270	450,303,056

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

	2015	2014
Net book amount	1,341,041	1,393,598
Profit of disposal of property, plant and equipment	13,102,698	1,671,219
Proceeds from disposal of property, plant and equipment	14,443,739	3,064,817

30. Related party transactions

The following transactions were carried out with related parties:

3. 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 knowhow of Chipita International Company.

The royalty paid during 2015 amounted to LE 723,299 (2014: LE 723,049) Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 12.97% of Edita Food Industries S.A.E. shares.

4. Key management compensation

During the year ended 31 December 2015 the company paid an amount of LE 61,969,936 as salaries and benefits to the key management members (31 December 2014: LE 47,654,466).

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

31. Tax position

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the group as at 31 December 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 were finalized with internal committee and all due tax amounts were paid.
- For the years 2011-2014 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period.

a) Payroll tax

- The payroll tax inspection was performed till 31 December 2013 and company paid tax due.
- As for the years 2014 and 2015 the tax inspection has not been performed yet till the balance sheet date.
- The Company is submitting the quarterly tax return on due time to the Tax Authority.

b) Sales tax

- The sales tax inspection was performed till 31 December 2012 and tax due was paid.
- For the years 2013 to 2015 the tax inspection has not been performed yet till the balance sheet date, monthly tax return were submitted on due time.

c) Stamp duty tax

- The stamp duty tax inspection was performed till 2006 and company paid tax due.
- Years 2007 till 2009 the company was inspected and the differences were finalized with internal committee but not paid yet.
- Years from 2010 till 2015 tax inspection have not been performed yet till the balance sheet date.

d) Withholding tax

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

Tax position (continued)

Digma for Trading

e) 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.

f) Payroll tax

- The tax inspection was performed until 31 December 2008 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The tax inspection was performed for the years 2009 to 2012 and the differences were sent to the internal committee to study
- For the years from 2013 to 2015 the Company submitted its quarter tax returns to Tax Authority on due dates.

g) 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.
- The tax inspection was performed for the years from 2009 to 2012 and the difference were sent to internal committee to study.
- For the years from 2013 to 2015 the Company paid the tax due.

h) 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 2013-2015 the Company submits its monthly sales tax return on due date.

Edita Confectionary Industries

e) Corporate tax

- The Company is subject to the corporate income tax according to tax law No. 91 of 2005 and adjustments.
- The company's books have not been inspected yet until the financial statements date for corporate tax.

f) Payroll Tax

- The payroll tax inspection was performed from 2009 till 2012 and the company is waiting for the tax claims.
- The company hasn't been inspected for the years of 2013 to 2015.

g) Sales Tax

- The company is being inspected for the sales tax & the company for the years from the Company's inception till 2013

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

- The company hasn't been inspected for the years of 2014 to 2015.

Tax position (continued)

h) Stamp Tax

- The stamp tax inspection was performed from 2009 till 2011 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year of 2012 and 2015.

Contingent Liabilities

(4) 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 22,649,329 as at 31 December 2015 (2014: LE 24,422,901).

(5) Digma for Trading

The Company guarantees Edita Food Industries “Intercompany” against third parties in borrowing from the banks.

At 31 December 2015 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 913,869 (2014: LE 453,934).

(6) Edita Confectionary Industries

At 31 December 2015 the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business which resulted in no actual liabilities. The uncovered portion of the letter of guarantee and letters of credit granted to the Company arising from ordinary course of business at 31 December 2015 amounted to LE 1,220,616 (2014: LE 1,185,971).

32. Capital commitments

The Company has capital commitments as of 31 December 2015 amounted to LE 116,000,000 in respect of the construction of a new factory for Edita Food Industries

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

33. Financial instrument by category

		2015	
		Loans & receivables	Total
Assets as per balance sheet			
Trade and other receivables (excluding prepayments)*		63,134,993	63,134,993
Cash and cash equivalents		313,344,052	313,344,052
Treasury bills		149,591,114	149,591,114
Total		526,070,159	526,070,159
		2015	
		Other financial liabilities at amortised costs	Total
Liabilities as per balance sheet			
Borrowings*		491,452,438	491,452,438
Trade and other payables (excluding non-financial liabilities)		243,259,347	243,259,347
Bank overdraft		73,698,428	73,698,428
Total		808,410,213	808,410,213
		2014	
		Loans & receivables	Total
Assets as per balance sheet			
Trade and other receivables (excluding prepayments)*		62,025,162	62,025,162
Cash and cash equivalents		233,301,434	233,301,434
Treasury bills		106,014,124	106,014,124
Total		401,340,720	401,340,720
		2014	
		Other financial liabilities at amortised costs	Total
Liabilities as per balance sheet			
Borrowings*		329,720,354	329,720,354
Trade and other payables (excluding non-financial liabilities)		187,845,082	187,845,082
Bank overdraft		60,418,179	60,418,179
Total		577,983,615	577,983,615

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

Trade and other receivables presented above excludes prepaid expenses

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

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

Notes to the consolidated financial statements “IFRS” - For the year ended 31 December 2015

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

34. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Friska		Mimix		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	1,205,203	1,142,056	748,680	563,995	94,155	88,556	85,181	63,833	84,281	52,521	7,855	7,600	2,225,355	1,918,561
Gross profit	475,946	439,900	303,756	226,041	26,727	22,127	35,894	23,160	21,581	6,267	3,566	3,294	867,469	720,789
Profit from operations.	262,723	257,627	158,291	136,051	4,151	5,641	13,423	(4,401)	7,987	(2,668)	2,385	2,161	448,960	394,411
Credit interest	(18,142)	(13,872)	(11,270)	(6,851)	(1,417)	(1,076)	(1,282)	(776)	(1,269)	(2,500)	(119)	(92)	(33,499)	(25,167)
Debit interest	15,960	14,239	9,915	7,032	1,247	1,105	1,128	794	1,116	-	104	95	29,470	23,265
Income tax	(56,027)	(81,232)	(33,796)	(42,848)	(1,015)	(2,062)	(2,903)	80	(1,609)	102	(503)	(668)	(95,853)	(126,628)
Net profit	204,514	176,762	123,140	93,384	2,966	3,608	10,366	(4,303)	6,225	(5,066)	1,867	1,496	349,078	265,881

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

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

**INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

Consolidated financial statements - For the year ended 31 December 2014

Contents	Page
Independent auditor's report	F-118 - F-119
Consolidated balance sheet	F-120 - F-121
Consolidated statement of income	F-122
Consolidated statement of comprehensive income	F-123
Consolidated statement of changes in owners' equity	F-124 - F-125
Consolidated cash flows statement	F-126
Notes to the consolidated financial statements	F-127 – F-168

Auditor's report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Edita Food Industries Company (S.A.E) and its Subsidiaries, which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

To: The Shareholders of Edita Food Industries Company (S.A.E) and its Subsidiaries
Page 119

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Edita Food Industries Company (S.A.E) and its Subsidiaries as of 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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

19 February 2015
Cairo

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

Consolidated balance sheet - At 31 December 2014

(all amounts in Egyptian Pounds)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
<u>Non-current assets</u>			
Property, plant and equipment	5	1,015,869,650	826,446,532
Intangible assets	6	68,618,658	68,618,658
Total non-current assets		<u>1,084,488,308</u>	<u>895,065,190</u>
<u>Current assets</u>			
Inventories	7	112,481,757	84,140,649
Trade and other Receivables	8	66,342,123	66,148,206
Treasury bills	9	106,014,124	104,327,401
Cash and cash equivalents (excluding bank overdrafts)	10	233,301,434	196,574,696
Financial assets at fair value through profit or loss		-	43,815
Total current assets		<u>518,139,438</u>	<u>451,234,767</u>
Total assets		<u>1,602,627,746</u>	<u>1,346,299,957</u>
Equity and Liabilities			
Equity			
Ordinary Shares	11	72,536,290	72,536,290
Legal reserve	12	31,103,903	16,407,621
Retained earnings		720,137,920	618,746,353
Equity attributable to owners of the parent		<u>823,778,113</u>	<u>707,690,264</u>
Non-controlling interests	13	1,966,793	2,261,950
Total equity		<u>825,744,906</u>	<u>709,952,214</u>
Liabilities			
<u>Non-current liabilities</u>			
Long term loans	14	204,543,390	134,150,199
Long-term notes payable	15	8,884,103	17,138,295
Deferred tax liabilities	16	79,424,174	70,417,074
Total non-current liabilities		<u>292,851,667</u>	<u>221,705,568</u>

Current liabilities

Provisions	17	10,916,700	9,034,968
Bank overdraft	18	60,418,179	38,752,046
Trade and other payables	19	205,931,191	185,467,750
Current income tax liabilities	20	81,588,139	52,015,132
Current portion of long-term liabilities	21	<u>125,176,964</u>	<u>129,372,279</u>
Total current liabilities		<u>484,031,173</u>	<u>414,642,175</u>
Total Liabilities		<u>776,882,840</u>	<u>636,347,743</u>
Total equity and liabilities		<u>1,602,627,746</u>	<u>1,346,299,957</u>

The accompanying notes on pages F-130 – F-171 form an integral part of these financial statements.
The financial statements on pages F-125 - F-171 were authorised for issuance by the board of directors
on
10 February 2015 and were signed on its behalf.

Mr. Sherif Fathy
Vice President - Finance

10 February 2015
Auditor's report attached

Eng. Hani Berzi
Chairman

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

Consolidated statement of income - For the year ended 31 December 2014

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Revenue		1,918,561,386	1,647,488,499
Cost of goods sold		(1,197,772,308)	(1,028,286,034)
Gross profit		720,789,078	619,202,465
Distribution cost		(211,275,916)	(188,193,601)
Administrative expenses		(123,581,905)	(88,857,985)
Other income	22	16,430,534	21,249,797
Other (losses)/ gains-net	23	(7,951,259)	1,402,135
Profit from operations		394,410,532	364,802,811
Finance income	24	23,264,342	6,840,616
Finance cost	24	(25,166,938)	(26,042,750)
Finance (cost) income, net	24	(1,902,596)	(19,202,134)
Profit before income tax		392,507,936	345,600,677
Income tax expense	25	(126,628,100)	(94,191,730)
Net profit		265,879,836	251,408,947
Earnings per share (expressed in EGP per share):			
Basic earnings per share	26	0.73	0.69
Diluted earnings per share	26	0.73	0.69
Distributed as following:			
Shareholders' equity		266,083,415	254,999,704
Non-controlling interest		(203,579)	(3,590,757)
Net profit for the year		265,879,836	251,408,947

The accompanying notes on pages F-130 – F-171 form an integral part of these financial statements.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Consolidated statement of comprehensive income - For the year ended 31 December 2014**

(All amounts in Egyptian Pounds)

	<u>2014</u>	<u>2013</u>
Items that will not be reclassified to profit and loss		
Profit for the year	265,879,836	251,408,947
Forex Translation	<u>4,434</u>	<u>(5,581,090)</u>
Total comprehensive income for the year	<u>265,884,270</u>	<u>245,827,857</u>

The accompanying notes on pages F-130 – F-171 form an integral part of these financial statements.

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

Consolidated statement of changes in shareholders' equity - For the year ended 31 December 2014

(All amounts in Egyptian Pounds)

	Total Owners' Equity					
	Paid up capital	Legal reserve	Retained earnings	Total shareholders	Non-controlling interest	Total owners' equity
Balance at 1 January 2013	72,536,290	16,407,621	519,521,351	608,465,262	5,931,838	614,397,100
Net profit for the year	-	-	254,999,704	254,999,704	(3,590,757)	251,408,947
Other comprehensive income for the year	-	-	(5,581,090)	(5,581,090)	-	(5,581,090)
Total other comprehensive income for the year	-	-	249,418,614	249,418,614	(3,590,757)	245,827,857
Dividends distribution for 2012	-	-	(150,193,612)	(150,193,612)	(76,727)	(150,270,339)
Total contribution by and distribution to owner's of the parent recognized directly in Equity	-	-	(150,193,612)	(150,193,612)	(76,727)	(150,270,339)
Assets revaluation reserve	-	-	-	-	(2,404)	(2,404)
Balance at 31 December 2013	72,536,290	16,407,621	618,746,353	707,690,264	2,261,950	709,952,214

Balance at 1 January 2014	72,536,290	16,407,621	618,746,353	707,690,264	2,261,950	709,952,214
Net profit for the year	-	-	266,083,415	266,083,415	(203,579)	265,879,836
Other comprehensive income for the year	-	-	4,434	4,434	-	4,434
Total other comprehensive income for the year	-	-	266,087,849	266,087,849	(203,579)	265,884,270
Dividends distribution for 2013	-	-	(150,000,000)	(150,000,000)	(89,173)	(150,089,173)
Total contribution by and distribution to owner's of the parent recognized directly in Equity	-	-	(150,000,000)	(150,000,000)	(89,173)	(150,089,173)
Assets revaluation reserve	-	-	-	-	(2,405)	(2,405)
Transfer to legal reserve	-	14,696,282	(14,696,282)	-	-	-
Balance at 31 December 2014	72,536,290	31,103,903	720,137,920	823,778,113	1,966,793	825,744,906

The accompanying notes on pages F-130 – F-171 form an integral part of these financial statements.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES
Consolidated statement of cash flows - For the year ended 31 December 2014

(All amounts in Egyptian Pounds)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Cash flows generated from operating activities	28	450,469,871	422,162,628
Interest paid		(23,435,140)	(23,710,662)
Income tax paid		(87,085,083)	(64,712,257)
Net cash flows generated from operating activities		339,949,648	333,739,709
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	5	(254,667,763)	(154,710,274)
Purchase of intangible asset		-	(68,618,658)
Proceeds from sale investments		-	50,355,074
Proceeds from sale of property, plant and equipment		3,064,817	3,133,651
Interest received		22,180,462	5,867,620
Treasury bills		(1,686,723)	(104,327,401)
Net cash flows used in investing activities		(231,109,207)	(268,299,988)
<u>Cash flows from financing activities</u>			
Sales tax on machinery		(25,296)	(80,519)
Notes payable		(9,425,154)	(8,864,318)
Dividends paid for shareholders'		(149,991,722)	(150,032,397)
Proceeds from borrowings		202,259,546	153,002,824
Repayment of borrowings		(136,597,210)	(111,792,951)
Net cash flows used in financing activities		(93,779,836)	(117,767,361)
Increase in cash and cash equivalents		15,060,605	(52,327,640)
Cash and cash equivalents at beginning of the year		157,822,650	210,150,290
Cash and cash equivalents at end of the year	10	172,883,255	157,822,650

The accompanying notes on pages F-130 – F-171 form an integral part of these financial statements.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

1. General information

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

Consolidated financial statements of the Company comprise financial statements of the Company and its subsidiaries (together referred to as the "Group").

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

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

The main shareholders are BERCO Limited which owns 41.82% of the Company's share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 27.97% of the Company's share capital, and Africa Samba Cooperative which owns 30% and other shareholder owing 0.21% 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 consolidated financial statements - For the year ended 31 December 2014

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

General information (continued)

	Principle place of business	Interest held by non- controlling 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/ (loss)
Digma for trading	198,691,680	132,986,474	1,806,571,777	54,755,351
Edita for confectionery	-	9,290,669	49,818,573	(1,404,621)
Edita participation limited	188,872	(54,334)	-	(68,792)

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.

B. Changes in accounting policy and disclosure

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on the company.

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

C. 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

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 consolidated financial statements - For the year ended 31 December 2014

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

D. Foreign currency translation

(1) Functional and presentation currency

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

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

(2) Transactions and balances

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

(3) Group companies

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

E. 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.

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.

F. 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

G. Financial assets

(9) 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.

(e) 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.

(f) 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

(g) 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.

(10) 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Financial assets (continued)

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.

H. Intangible assets

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

I. 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

O. Borrowings

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

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

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

P. Borrowing costs

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

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

Q. Current and deferred income tax

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

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

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

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Current and deferred income tax (continued)

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

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

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

R. Employee benefits

(11) 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.

For defined contribution plans, the group pays contributions to The Egyptian Authority for Social Insurance on a mandatory basis as per Egyptian Law of Social Insurance. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(12) 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.

(13) 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.

(14) 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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

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.

S. Provisions

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

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.

T. Revenue recognition

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

(9) Sales of goods – whole sale

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

(10) Interest income

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

(11) Dividend income

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

(12) Revenues from investment in Osoul Fund

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

(13) Government subsidy on export sales

Revenue for export incentive provided by government is recognized as a percentage from value of export sales, when the government can confirm that the export sales mentioned

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

actually accrual. The Group is eligible for incentive and is recognized in the income statement as other income, after meeting all required criteria.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

U. 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.

V. Dividend distribution

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

W. 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 company may stop such transfers when the legal reserve reaches 20% of the issued capital. The reserve is not eligible for distribution to shareholders.

X. Earnings per share

a. 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 Company and held as treasury shares.

b. Diluted

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

Y. Segment Reporting

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

3. Financial risk management

(1) Financial risk factors

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

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

(A) Market risk

(vii) Foreign exchange risk

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

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

	Assets	Liabilities	Net 2014	Net 2013
United States Dollars	5,991,878	(22,861,640)	(16,869,762)	25,582,204
Euros	6,346,638	(115,999,774)	(109,653,136)	763,061

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the year would have been LE 1,686,976 (2013: LE 2,558,220) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit for the year would have been LE 10,965,313 (2013: LE 76,306) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

(viii) Price risk

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Financial risk management (continued)

(ix) Cash flow and fair value interest rate risk

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

At 31 December 2014, if interest rates on Egyptian pound -denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been LE 465,712 (2013: LE 304,783) 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 319,734,364 (2013: LE 254,072,028).

Overdraft at the balance sheet date in 2014 amounted to LE 60,418,179 (2013: LE 38,752,046).

Financial assets exposed to variable interest rate amounted to LE 210,960,840 (2013: LE 185,438,113).

	<u>2014</u>	<u>2013</u>
Time deposit – LE	210,960,840	165,960,840
Time deposit – USD	-	19,477,273
	<u>210,960,840</u>	<u>185,438,113</u>

(B) Credit risk

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

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

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

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

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

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties except for the impairment of accounts receivables presented in (Note 9).

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

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.

Financial risk management (continued)

(C) Liquidity risk

The Group treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 14) at all times so that the group does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the group debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

At 31 December 2014	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	Between 2 & 5 years
Borrowings	52,849,934	69,516,600	103,200,332	82,843,058
Trade and other payables	165,213,420	-	-	-
Bank overdraft	60,418,179	-	-	-
Notes payable	40,717,771	9,985,990	8,884,103	-
Accrued interest	11,324,441	-	-	-
Total	330,523,745	79,502,590	112,084,435	82,843,058
At 31 December 2013				
Borrowings	55,752,159	55,752,159	84,699,866	49,450,333
Trade and other payables	139,212,721	-	-	-
Bank overdraft	38,752,046	-	-	-
Notes payable	46,255,029	9,425,154	17,138,295	-
Accrued interest	8,417,509	-	-	-
Total	288,389,464	65,177,313	101,838,161	49,450,333

(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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Financial risk management (continued)

	2014	2013
Current and long-term liabilities and loans	338,604,457	280,660,772
Bank Over Draft	60,418,179	38,752,046
Total liabilities and loans	399,022,636	319,412,818
Less: Cash and bank balances	(233,301,434)	(196,574,696)
Treasury bills	(106,014,124)	(104,327,401)
Net debt	59,707,078	18,510,721
Total equity	825,744,906	709,952,214
Total working capital	885,451,984	728,462,935
 Gearing ratio	 7%	 3%

(3) Fair value estimation

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

4. Critical accounting estimates and judgments

5. 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:

a. Fixed assets useful lives

Fixed assets are depreciated based on useful lives and estimated residual values of each asset which is determined in accordance with the Group's policy and in the light of the technical study prepared for each asset separately. Residual value and useful lives of assets are reviewed and modified periodically.

During 2013, The group changed the useful life for the furniture to be 5 years instead of 10 years , the financial impact of changing the life time is increase the depreciation cost for the year.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Critical accounting estimates and judgments (continued)

b. 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.

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

(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
At 1 January 2013								
Cost	62,226,931	186,640,395	402,085,927	89,804,078	27,449,691	27,191,414	116,387,739	911,786,175
Accumulated depreciation	-	(22,588,040)	(94,062,346)	(41,290,266)	(15,357,054)	(16,670,032)	-	(189,967,738)
Net book value	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
Year ended 31 December 2013								
Opening net book value	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
Additions	-	154,000	1,817,768	27,633,932	1,991,211	4,279,448	118,833,915	154,710,274
Depreciation charge	-	(7,023,411)	(15,690,368)	(13,565,882)	(4,355,686)	(5,031,538)	-	(45,666,885)
Disposal Depreciation	-	-	158,671	1,505,284	1,796,234	4,893,780	-	8,353,969
Disposals	-	-	(2,065,626)	(2,286,166)	(1,831,022)	(6,586,449)	-	(12,769,263)
Transfers from Projects under construction	-	152,092,102	52,139,084	-	4,902,998	10,989,657	(220,123,841)	-
Balance at 31 December	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
At 31 December 2014								
Cost	62,226,931	338,886,497	453,977,153	115,151,844	32,512,878	35,874,070	15,097,813	1,053,727,186
Accumulated depreciation	-	(29,611,451)	(109,594,043)	(53,350,864)	(17,916,506)	(16,807,790)	-	(227,280,654)
Net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
At 1 January 2014								
Cost	62,226,931	338,886,497	453,977,153	115,151,844	32,512,878	35,874,070	15,097,813	1,053,727,186
Accumulated depreciation	-	(29,611,451)	(109,594,043)	(53,350,864)	(17,916,506)	(16,807,790)	-	(227,280,654)
Net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
Year ended 31 December 2014								
Opening net book value	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
Additions	-	2,833,108	11,979,837	20,434,335	6,948,313	10,575,822	201,896,348	254,667,763
Depreciation charge	-	(12,961,342)	(22,971,288)	(14,391,308)	(5,104,782)	(8,422,327)	-	(63,851,047)
Disposal Depreciation	-	37,021	83,870	4,159,117	110,497	178,476	-	4,568,981
Disposals	-	(458,265)	(94,828)	(5,071,562)	(115,042)	(222,882)	-	(5,962,579)
Transfers from Projects under construction	-	17,495,548	1,862,698	-	-	215,126	(19,573,372)	-
Balance at 31 December	62,226,931	316,221,116	335,243,399	66,931,562	16,435,358	21,390,495	197,420,789	1,015,869,650
At 31 December 2014								
Cost	62,226,931	358,756,888	467,724,860	130,514,617	39,346,149	46,442,136	197,420,789	1,302,432,370
Accumulated depreciation	-	(42,535,772)	(132,481,461)	(63,583,055)	(22,910,791)	(25,051,641)	-	(286,562,720)

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Property, plant and equipment (continued)

During the year, the Company has capitalized borrowings costs amounting to LE 6,423,328 (2013: LE 5,848,410) on qualifying assets. Borrowings costs were capitalized at the weight average rate of its general borrowings of 10%.

	<u>2014</u>	<u>2013</u>
Classification of the Qualified Assets		
Buildings	2,895,203	4,666,650
Machinery	3,528,125	1,181,760
Total	<u>6,423,328</u>	<u>5,848,410</u>

6. Intangible assets

	<u>2014</u>	<u>2013</u>
Trade Mark (HOHOS, Twinkies & Tiger Tail)	68,618,658	68,618,658
Total	<u>68,618,658</u>	<u>68,618,658</u>

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

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

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

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

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

Sensitivity of recoverable amounts

At 31 December 2014, if the discount rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

7. Inventories

	2014	2013
Raw materials	78,624,516	57,151,452
Spare parts	21,637,869	14,298,676
Finished goods	8,197,309	10,387,212
Consumables	3,357,898	1,735,851
Work in process	1,443,165	1,172,910
Total	113,260,757	84,746,101
Less: provision for slow moving and obsolete inventory	(779,000)	(605,452)
Net	112,481,757	84,140,649

The Group has changed during the period the process of evaluating its inventory from first in first out to moving average to give information that is reliable and more relevant. No significant effect from this change on each of inventory, earnings per share and statement of income for corresponding figures in which the change in the accounting policy amounted to LE 171 thousand related to the raw materials.

During the year, there has been a slow moving and obsolete inventory amounted to LE 779,000. Net realizable value provision have been built by an amount of LE 532,325 and provision used an amount of LE 358,777 (Note 23).

8. Trade and other receivables

	2014	2013
Trade receivables	10,514,126	12,633,335
Notes receivable	1,011,121	350,001
Total	11,525,247	12,983,336
Provision for doubtful debts	(138,785)	(20,556)
	11,386,462	12,962,780
Due from related parties		-
Advances to suppliers	36,938,398	45,319,802
Other debit balances	12,320,587	5,435,519
Prepaid expenses	4,316,961	1,190,285
Deposits with others	920,373	772,273
Employee loans	181,994	122,252
Letters of credit	226,297	257,073
Accrued revenues	51,051	88,222
Total	66,342,123	66,148,206

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

9. Treasury bills

	<u>2014</u>	<u>2013</u>
Treasury bills par value	106,325,000	105,125,000
Net accrued interest income	<u>(310,876)</u>	<u>(797,599)</u>
Treasury bills balance	<u>106,014,124</u>	<u>104,327,401</u>

The Group purchased treasury bills on 14 October 2014 with par value of LE 20,000,000 with an annual interest of 11.40 %. These treasury bills are due on 13th of January 2015. The total recognized interest income amounted to LE 473,829.

The Group purchased treasury bills on 31 October 2014 with par value of LE 51,325,000 with an annual interest of 11.40 %. These treasury bills are due on 6th of January 2015. The total recognized interest income amounted to LE 1,218,162.

The Group purchased treasury bills on 31 October 2014 with par value of LE 35,000,000 with an annual interest of 11.40 %. These treasury bills are due on 13th of January 2015. The total recognized interest income amounted to LE 829,200.

10. Cash and cash equivalents (excluding bank overdrafts)

	<u>2014</u>	<u>2013</u>
Bank deposits	210,960,840	185,438,113
Cash at banks and on hand	<u>22,340,594</u>	<u>11,136,583</u>
Cash and cash equivalents (excluding bank overdrafts)	<u>233,301,434</u>	<u>196,574,696</u>

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

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	233,301,434	196,574,696
Bank overdraft (Note 18)	<u>(60,418,179)</u>	<u>(38,752,046)</u>
Total	<u>172,883,255</u>	<u>157,822,650</u>

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

11. Ordinary shares

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

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

	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	151,654,150	30,330,830	41.815%
EXODER Ltd.	101,458,950	20,291,790	27.975%
Africa Samba Corporative	108,804,450	21,760,890	30.000%
Others	763,900	152,780	0.211%
	362,681,450	72,536,290	100%

Extraordinary General Assembly Meeting on 9 September 2014, which approved the increase of the authorized capital to become LE 360,000,000 instead of LE 150,000,000, also approved amendment par value of LE 10 to 20 piasters per share, thus the total issued and paid up capital amounted to 362,681,450 shares instead of 7,253,629 with shareholders retain the same contribution rates.

12. Legal reserve

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

13. Non-controlling interest

	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulated losses	31 December 2014	Total 31 December 2013
Balance at 1 January	12,271,000	5,000	42,971	(10,057,021)	2,261,950	5,931,838
Dividend distribution (minority share)	-	-	-	(89,173)	(89,173)	(76,727)
Minority share in loss of subsidiaries	-	-	-	(203,579)	(203,579)	(3,590,757)
Forex reserve	-	-	(2,405)	-	(2,405)	(2,404)
Balance at 31 December	12,271,000	5,000	40,566	(10,349,773)	1,966,793	2,261,950

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

14. Loans

	2014			2013		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	115,190,974	204,543,390	319,734,364	119,921,829	134,150,199	254,072,028
	115,190,974	204,543,390	319,734,364	119,921,829	134,150,199	254,072,028

The loans due according to the following schedule:

	2014	2013
Balance due within 1 year	103,866,533	111,504,320
Accrued interest	11,324,441	8,417,509
Short-term portion	115,190,974	119,921,829

c. Edita Food Industries Company

	2014			2013		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	27,084,155	-	27,084,155
Second loan	26,690,885	12,500,000	39,190,885	27,825,521	37,500,000	65,325,521
Third loan	25,495,312	11,666,667	37,161,979	26,371,395	35,000,000	61,371,395
Fourth loan	23,834,870	11,667,000	35,501,870	24,135,284	35,000,199	59,135,483
Fifth loan	19,170,795	28,719,881	47,890,676	-	-	-
Sixth loan	3,472,419	115,689,842	119,162,261	-	-	-
	98,664,281	180,243,390	278,907,671	105,416,355	107,500,199	212,916,554

The loans due according to the following schedule:

	2014	2013
Balance due within 1 year	89,166,533	98,304,320
Accrued interest	9,497,748	7,112,035
Total	98,664,281	105,416,355

- **First loan**

The first loan is provided by one of the Egyptian banks in July 2009 based on a cross guarantee from Digma Trading Company with an amount of LE 90,000,000 and the total withdrawal amount is LE 76,826,053 in addition to accrued interest. The loan balance is Zero at 31 December 2014 after payment of due instalments amounted to LE 27,084,155 in addition to the accrued interest.

- **Second loan**

This second loan is provided by one of the Egyptian banks in August 2011 based on a cross guarantee issued from Digma Trading Company with an amount of LE 100,000,000 and the total withdrawal amount is LE 100,000,000 in addition to accrued interest. The loan outstanding balance at 31 December 2014 after payment of due instalments amounted to 37,500,000 in addition accrued interests.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Loans (continued)

Terms of payments:

Edita Food Industries S.A.E. is obligated to pay LE 37,500,000 on 3 equal semi- instalments annual amounting to LE 12,500,000 each.

The first instalment is due on 1 February 2015 and the last on 1 February 2016 in addition to accrued interest.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Third loan:**

This Third loan is provided by one of the Egyptian banks in August 2012 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 December 2014 after payment of accrued instalments is LE 35,000,000 in addition to the accrued interest.

Terms of payments:

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

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

Interest:

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

Fair value:

Fair value is approximately equal to book value.

- **Fourth loan:**

This fourth loan is provided by one of the Egyptian banks in May 2013 based on a cross guarantee issued from Digma Trading Company with an amount of LE 70,000,000 and the total withdrawal amount is LE 70,000,000 in addition to the accrued interest. The loan outstanding balance at 31 December 2014 after payment of due instalments is LE 35,000,200 in addition to the accrued interest.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 35,000,200 on 3 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 May 2015 and the last on 18 May 2016.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Loans (continued)

- **Fifth loan:**

This fifth loan is provided by one of the Egyptian banks 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 46,219,881 on 31 December 2014 in addition to accrued interest.

Terms of payments:

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

- **Sixth loan:**

This sixth 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 60,984,331 and 6,260,514 Euro on 31 December 2014 in addition to accrued interest. The total loan amount including the foreign currency will be paid in Egyptian pound as the bank will convert the foreign currency to Egyptian pound by using the official rate.

Terms of payments:

Edita Food Industries S.A.E. is obligated to Pay LE 185,000,000 on 10 equal semi-annual instalments; each instalment is amounted to LE 18,500,000. The first instalment is due on 26 December 2015 and the last on 26 June 2020, total loan amount with interest will be paid in local currency without any obligation settle balance in 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.

d. Digma for Trading Company

	2014			2013		
	Short term portion	Long term portion	Total	Short term portion	Long term portion	Total
First loan	3,656,620	-	3,656,620	7,379,696	3,500,000	10,879,696
Second loan	3,948,750	6,666,667	10,615,417	40,641	7,650,000	7,690,641
Third loan	2,070,108	8,333,333	10,403,441	-	-	-
Net	9,675,478	15,000,000	24,675,478	7,420,337	11,150,000	18,570,337

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Loans (continued)

The loans due according to the following schedule:

	<u>2014</u>	<u>2013</u>
Balance due within 1 year	8,500,000	7,000,000
Accrued interest	<u>1,175,478</u>	<u>420,337</u>
	<u>9,675,478</u>	<u>7,420,337</u>

- **The First loan**

The first loan is provided by one of the Egyptian banks in September 2012 based on a cross guarantee issued from Edita Food Industries Company S,A,E and the total withdrawal amount is LE 14,000,000 in addition to accrued interest. And the remaining balance at 31 December 2014 after payment of accrued instalments is LE 3,500,000 in addition to accrued interest.

Terms of payments:

Digma Trading Company S,A,E, is obligated to pay the remaining balance of LE 3,500,000 on one instalment on 11 March 2015.

Interest:

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

- **The Second**

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

Terms of payments:

Digma Trading Company S.A.E. is obligated to pay LE 10,000,000 on 6 equal semi-annual instalment, each instalment is amounted to LE 1,666,667 and the instalments come due after 12 months from the date the loan was issued to the company. The first instalments is due on 15th of January 2015 and the last on 15th of July 2017,

Interest:

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

- **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 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 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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Loans (continued)

e. Edita Confectionery Industries Company

	2014			2013		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Long-term loan	6,851,215	9,300,000	16,151,215	7,085,136	15,500,000	22,585,136
	6,851,215	9,300,000	16,151,215	7,085,136	15,500,000	22,585,136

The loans due according to the following schedule:

	2014	2013
Balance due within 1 year	6,200,000	6,200,000
Accrued interest	651,215	885,136
	6,851,215	7,085,136

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

Terms of payments:

Edita Confectionary Industries S.A.E. is obligated to pay LE 31,000,000 on 10 equal semi-annual instalments (each instalment is amounted to LE 3,100,000) and the instalments come due after 6 months from the first withdrawal. The first instalment was due on 17 October 2012 and the last on 17 April 2017.

Interest:

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

Fair value:

Fair value is approximately equal to book value.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

15. Long-term notes payable

The long-term loan represents the total instalment for the land purchased from Ministry of housing, Utilities and Urban communities as the first instalment will be due on November 2014 and the last instalment on November 2016.

Current portion of long-term notes payable:

	2014		2013	
	Notes payable	Present Value	Notes payable	Present Value
Less than one year (Note 21)	9,985,990	9,985,990	9,425,154	9,425,154
	9,985,990	9,985,990	9,425,154	9,425,154

	2014		2013	
	Notes payable	Present value	Notes payable	Present value
Notes payable due for more than one year and less than 5 years	10,546,825	8,884,103	20,532,815	17,138,295
Total long-term liabilities	10,546,825	8,884,103	20,532,815	17,138,295

The total accrued interest on the loan for the year ended 2014 amounting to LE 1,731,798 (2013: LE 2,332,088) has been charged on the statement of income as a finance cost (Note 24).

16. Deferred tax liability

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

	Property, plant & equipment depreciation	Acquiring Digma Company for Trading	Total
Balance at 1 January 2013	54,641,226	4,537,487	59,178,713
Charge to the statement of income	11,478,784	(240,423)	11,238,361
Balance at 31 December 2013 and 1 January 2014	66,120,010	4,297,064	70,417,074
Charged to the statement of income	9,247,523	(240,423)	9,007,100
Balance at 31 December 2014	75,367,533	4,056,641	79,424,174

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

17. Provisions

	Other provisions	
	2014	2013
Balance at 1 January	9,034,968	7,782,393
Additions during the year (Note 23)	5,014,145	8,321,000
Utilized during the year	(3,132,413)	(7,068,425)
Balance at 31 December	10,916,700	9,034,968

Other provisions relate to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the International Financial Reporting Standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that party. These provisions are reviewed by management every year and the amount provided is adjusted based on latest development, discussions and agreements with the third party.

18. Bank overdraft

	2014	2013
Bank overdraft (Note 10)	60,418,179	38,752,046
Total	60,418,179	38,752,046

Bank overdraft is represented in credit facilities granted to the Group to open letters of credit and finance its working capital. Overdraft is secured against guarantees by the Group's shareholders.

The effective interest rate for bank overdraft was 11.25% as of 31 December 2014 (2013: 10.75%).

19. Trade and other payables

	2014	2013
Trade payables	108,621,906	72,796,798
Notes payable	40,717,771	46,255,029
Accrued expenses	27,830,269	38,728,338
Taxes payable	12,139,453	11,434,452
Other credit balances	10,759,252	9,818,751
Advances from customers	4,715,426	5,380,839
Dividends payable	1,072,192	974,741
Social insurance	74,922	78,802
Total	205,931,191	185,467,750

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

20. Income tax liabilities

	2014	2013
Balance at 1 January	52,015,132	34,740,256
Income tax paid during the year	(52,133,700)	(34,744,618)
Withholding tax	(2,836,383)	(1,134,639)
Income tax for the year (Note 25)	117,623,404	82,955,771
Corporate tax advance payment	(32,115,000)	(28,833,000)
Accrued interest – advance payment (Note 24)	(1,083,880)	(973,000)
Tax adjustments	118,566	4,362
Balance at end of year	81,588,139	52,015,132

21. Current portion of long-term liabilities

	2014	2013
Short-term loans (Note 14)	115,190,974	119,921,829
Current portion at long-term notes payable (Note 15)	9,985,990	9,425,154
Sales tax on machinery	-	25,296
Total	125,176,964	129,372,279

22. Other income

	2014	2013
Export subsidies	8,071,926	2,810,683
Gain from sale of production waste	5,238,248	4,837,263
Others	3,117,894	1,683,663
Investment in Osoul Fund	2,466	11,918,188
Net	16,430,534	21,249,797

23. Other (losses)/ gains-net

	2014	2013
Other expenses*	(10,000,000)	-
Provisions (Note 17)	(5,014,145)	(8,321,000)
Provision for slow moving inventory (Note 7)	(532,325)	(500,004)
Total	(15,546,470)	(8,821,004)
(Losses)/Gain from sales of fixed assets	1,671,219	(1,281,643)
Gain from sale of investment	-	12,733,164
Foreign exchange (losses)/gains	5,923,992	(1,228,382)
Total	(7,951,259)	1,402,135

* Due to the Company's responsibility in supporting the national economy, the Company made donation to "Tahia Misr Fund" for LE 10 million.

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

24. Finance (cost) income, net

	2014	2013
Finance income		
Interest in corporate tax advance	1,083,880	973,000
Interest income	22,180,462	5,867,616
	23,264,342	6,840,616
Finance expense		
Interest on land's instalments	(1,731,798)	(2,332,088)
Interest expenses	(23,435,140)	(23,710,662)
	(25,166,938)	(26,042,750)
Net	(1,902,596)	(19,202,134)

25. Income tax expense

	2014	2013
Income tax for the year (Note 20)	117,623,404	82,955,771
Deferred tax liabilities	9,004,696	11,235,959
Total	126,628,100	94,191,730

26. Earnings per share

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 Company and held as treasury shares.

	2014	2013
Profit attributed to owners of the parent	265,879,836	251,408,947
Weighted average number of ordinary shares in issue		
Original shares	362,681,450	362,681,450
	362,681,450	362,681,450
Basic earnings per share	0.73	0.69

Diluted

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

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements - For the year ended 31 December 2014**

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

27. Consolidated expenses by nature

	2014	2013
Cost of goods sold	1,197,772,308	1,028,286,034
Selling and marketing	211,275,916	188,193,601
General and administrative expenses	123,581,905	88,857,985
	1,532,630,129	1,305,337,620
Profit share employee	17,474,796	13,764,740
Raw materials used	960,836,819	840,149,588
Salaries and wages	272,319,836	221,041,918
Depreciation	63,851,047	45,666,885
Advertising and marketing	73,212,365	75,007,607
Employee benefits	39,929,032	16,858,627
Other expense	22,171,382	14,214,162
Vehicle expense	32,913,351	28,942,017
Gas, oil, water and electricity	24,604,170	17,389,062
Transportation expenses	17,229,269	13,631,900
Maintenance	10,225,732	11,082,107
Consumable materials	8,515,050	6,651,376
Purchases – goods for resale	3,681,436	4,321,618
Rent	3,326,219	3,947,145
Royalty	1,893,041	2,848,793
Change in inventory	(19,553,416)	(10,179,925)
	1,532,630,129	1,305,337,620

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements - For the year ended 31 December 2014**

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

28. Cash generated from operations

	2014	2013
Net profit for the year before tax	392,507,936	345,600,677
Adjustments for:		
Additions to provision	5,546,470	8,821,004
Interest on lands' installments	1,731,798	2,332,088
Interest expense	23,435,140	23,710,662
Interest income	(22,180,462)	(5,867,619)
Interest income corporate tax prepayments	(1,083,880)	(973,000)
Depreciation of property, plant and equipment	63,851,047	45,666,885
Loss / (gain) on disposal of property, plant and equipment	(1,671,219)	1,281,643
Tax settlements	118,566	4,362
Gain on sale of investments	-	(12,733,164)
	462,255,396	407,843,538
Change in working capital		
Inventories	(28,873,433)	(3,865,074)
Accounts and notes receivables	1,576,318	(5,385,690)
Debtors and other debit balances	(1,770,235)	(17,890,998)
Due to related party	43,815	49,951
Trade payables and other credit balances*	20,370,423	48,483,518
Provisions used	(3,132,413)	(7,068,425)
Financial assets at fair value through profit and loss	-	(4,192)
Cash generated from operations	450,469,871	422,162,628

* Trade and other payables include LE 97,451 (2013: LE 237,945).

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

	2014	2013
Net book amount	1,393,598	4,415,294
Profit/(loss) of disposal of property, plant and equipment	1,671,219	(1,281,643)
Proceeds from disposal of property, plant and equipment	3,064,817	3,133,651

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

29. Related party transactions

The following transactions were carried out with related parties:

5. 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.

Edita Food Industries sold all its investments in Edita Participation to Chipita Participation by an amount of Euro 5,397,516.

The royalty paid for the year ended 31 December 2014 LE 723,049 (2013: LE 796,880). The Balance of due from Chipita Participation as of 31 December 2014 is amounted to Nil. Chipita Participation is considered a related party as it owns Exoder Ltd. Company that in turn owns 27.98% of Edita Food Industries S.A.E. shares.

6. Key management compensation

During the year ended 2014 the Company paid an amount LE 47,654,467 (2013: LE 37,506,112) as salaries to the key management members.

30. Tax position

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the group as at 31 December 2014.

Edita Food Industries Company

b. 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.
- For the years 2010-2013 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period.

c. 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.

d. Sales tax

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Tax position (continued)

e. Stamp duty tax

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

Digma for Trading Company

(1) Corporate tax

The Company is subject to the corporate income tax according to tax law 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 2007 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2008 to 2009, the inspection completed and the differences submitted to internal committee for discussion.
- For the years from 2010 to 2014 the Company submits its tax returns on due dates according to law No, 91 for the year 2005.

(2) Salaries tax

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

(3) Stamp tax

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

(4) Sales tax

- The tax inspection was performed until 31 December 2010 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2011-2013 the Company submits its monthly sales tax return on due date.

Edita Confectionary Industries Company

Corporate tax

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

The company's books have not been inspected yet until the financial statements date for corporate tax, stamp tax, withholding tax, sales tax and payroll tax.

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

31. Contingent Liabilities

(7) 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 24,422,901 as at 31 December 2014 (2013: LE 13,730,297).

(8) Digma for Trading Company

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

At 31 December 2014, the Company had contingent liabilities to third parties in respect of bank and other guarantee and other matters arising in the ordinary course of business of which no significant liabilities are expected to arise from them, The Company issued letter of guarantee amounting to LE 453,934 (2013: 25,000).

(9) Edita Confectionary Industries Company

At 31 December 2014, the company had contingent liabilities to third parties. The uncovered portion of the guarantee to the Company arising from ordinary course of business amounted to LE 1,185,971 as at 31 December 2014.

32. Financial instrument by category

	2014		
	Loans & receivables	Assets at fair value through profit and loss	Total
Assets as per balance sheet			
Trade and other receivables (excluding prepayments)*	62,025,162	-	65,421,750
Cash and cash equivalents	233,301,434	-	233,301,434
Treasury bills	106,014,124	-	106,014,124
Total	401,340,720	-	404,737,308

	2014	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	259,316,185	259,316,185
Trade and other payables (excluding non-financial liabilities)	205,856,269	205,856,269
Bank overdraft	60,418,179	60,418,179
Total	525,590,633	525,590,633

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

Financial instrument by category (continued)

	2013	
	Loans & receivables	Assets at fair value through profit and loss
		Total
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)*	64,957,921	-
Cash and cash equivalents	196,574,696	-
Treasury bills	104,327,401	-
Financial assets at fair value through profit and loss	-	43,815
Total	365,860,018	43,815

	2013	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings*	254,072,028	254,072,028
Trade and other payables (excluding non-financial liabilities)	185,388,948	185,388,948
Total	439,460,976	439,460,976

* 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:

	2014	2013
Others parties	10,514,126	12,633,335
Total	10,514,126	12,633,335

Cash at bank and short-term bank deposits:

	2014	2013
AA	2,106,307	100,265,822
A	97,129,463	485,995
BBB	122,033,130	90,378,204
B	393,679	1,701,143
Total	221,662,579	192,831,164

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

Notes to the consolidated financial statements - For the year ended 31 December 2014

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

34. Segment reporting

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	1,142,057	1,034,613	563,995	450,073	88,556	78,059	63,833	58,252	52,520	19,277	7,600	7,215	1,918,561	1,647,489
Gross profit	439,900	391,670	226,041	180,824	22,127	20,937	23,160	24,589	6,267	(2,022)	3,294	3,205	720,789	619,203
Profit from ops.	257,627	255,556	136,051	106,347	5,641	8,282	(4,401)	4,921	(2,668)	(12,623)	2,161	2,320	394,411	364,803
Debit interest	(13,872)	(14,680)	(6,851)	(6,387)	(1,077)	(1,108)	(775)	(827)	(2,500)	(2,939)	(92)	(102)	(25,167)	(26,043)
Credit interest	14,238	4,431	7,031	1,927	1,104	334	796	250	-	(131)	95	30	23,264	6,841
Income tax	(81,232)	(64,137)	(42,848)	(26,682)	(2,062)	(2,061)	80	(1,220)	102	486	(668)	(578)	(126,628)	(94,192)
Net profit	176,761	181,170	93,383	75,205	3,606	5,447	(4,300)	3,124	(5,066)	(15,207)	1,496	1,670	265,880	251,409

	Cake		Croissant		Bake		Freska		Mimix		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Capital expenditures 2014	81,045	61,193	135,782	80,636	25,131	6,131	6,942	4,973	1,381	1,358	4,387	420	254,668	154,711
Depreciation of the fiscal period additions	2,209	800	1,121	888	180	57	189	44	105	15	113	5	3,917	1809
Net book value	78,836	60,393	134,661	79,748	24,951	6,074	6,753	4,929	1,276	1,343	4,274	415	250,751	152,902
The Remaining of segment assets	804,729	749,448	397,408	326,022	62,399	56,544	44,979	42,196	37,008	13,964	5,354	5,224	1,351,877	1,193,398
Total segment assets	883,565	809,841	532,069	405,770	87,350	62,618	51,732	47,125	38,284	15,307	9,628	5,639	1,602,628	1,346,300
Segment liabilities	462,453	399,622	228,379	173,842	35,859	30,151	25,848	22,500	21,267	7,446	3,077	2,787	776,883	636,348
Depreciation	34,178	23,430	19,248	11,504	3,820	3,172	3,189	2,727	3,254	4,167	162	667	63,851	45,667

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

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

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

Consolidated financial statements - For the year ended 31 December 2013

Contents	Page
Independent auditor's report	F-171 - F-172
Consolidated balance sheet	F-173 - F-174
Consolidated statement of income	F-175
Consolidated statement of comprehensive income	F-176
Consolidated statement of changes in owners' equity	F-177 - F-178
Consolidated cash flows statement	F-179
Notes to the consolidated financial statements	F-180 - F-216

Auditor's report

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

Report on the consolidated financial statements

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

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

To: The Shareholders of Edita Food Industries Company (S.A.E) and its Subsidiaries
Page 172

Opinion

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

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

17 December 2014
Cairo

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

Consolidated balance sheet - At 31 December 2013

(all amounts in Egyptian Pounds)

	<u>Note</u>	<u>2013</u>	<u>2012</u>
<u>Non-current assets</u>			
Property, plant and equipment	5	826,446,532	721,818,437
Intangible assets	6	68,618,658	-
Investments available for sale	7	-	43,203,000
Total non-current assets		895,065,190	765,021,437
<u>Current assets</u>			
Inventories	8	84,140,649	80,775,579
Trade and other Receivables	9	66,148,206	42,921,469
Cash and cash equivalents (excluding bank overdrafts)	10	300,902,097	237,377,400
Financial assets at fair value through profit or loss		43,815	39,623
Total current assets		451,234,767	361,114,071
Total assets		1,346,299,957	1,126,135,508
Equity and Liabilities			
Equity			
Ordinary Shares	11	72,536,290	72,536,290
Legal reserve	12	16,407,621	16,407,621
Retained earnings		618,746,353	519,521,351
Equity attributable to owners of the parent		707,690,264	608,465,262
Non-controlling interests	13	2,261,950	5,931,838
Total equity		709,952,214	614,397,100
Liabilities			
<u>Non-current liabilities</u>			
Long term loans	14	134,150,199	132,481,532
Long-term notes payable	15	17,138,295	24,231,361
Sales tax on machinery	16	-	25,296
Deferred tax liabilities	17	70,417,074	59,178,713
Total non-current liabilities		221,705,568	215,916,902

Current liabilities

Provisions	18	9,034,968	7,782,393
Bank overdraft	19	38,752,046	27,227,110
Trade and other payables	20	185,467,750	136,746,287
Current income tax liabilities	21	52,015,132	34,740,256
Current portion of long-term liabilities	22	129,372,279	89,325,460
Total current liabilities		414,642,175	295,821,506
Total Liabilities		636,347,743	511,738,408
Total equity and liabilities		1,346,299,957	1,126,135,508

The accompanying notes on pages F-183 - F-219 form an integral part of these financial statements.
The financial statements on pages F-178 - F-219 were authorised for issuance by the board of directors on 8 December 2014 and were signed on its behalf.

Mr. Sherif Fathy
Vice President - Finance

Eng. Hani Berzi
Chairman

Independent auditor's report attached
35.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES
Consolidated statement of income - For the year ended 31 December 2013
(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Revenue		1,647,488,499	1,341,878,733
Cost of goods sold		<u>(1,028,286,034)</u>	<u>(862,938,190)</u>
Gross profit		619,202,465	478,940,543
Distribution cost		(188,193,601)	(171,045,396)
Administrative expenses		(88,857,985)	(70,666,954)
Other income	23	21,249,797	10,405,767
Other (losses)/ gains-net	24	<u>1,402,135</u>	<u>6,027,747</u>
Profit from operations		364,802,811	253,661,707
Finance Income	25	6,840,616	977,140
Finance Cost	25	<u>(26,042,750)</u>	<u>(10,353,083)</u>
Finance (cost) income, net	25	<u>(19,202,134)</u>	<u>(9,375,943)</u>
Profit before income tax		345,600,677	244,285,764
Income tax expense	26	<u>(94,191,730)</u>	<u>(77,277,460)</u>
Net profit		<u>251,408,947</u>	<u>167,008,304</u>
Earnings per share (expressed in EGP per share):			
Basic earnings per share	27	0.69	0.46
Diluted earnings per share	27	<u>0.69</u>	<u>0.46</u>
Distributed as following:			
Shareholders' equity		254,999,704	172,235,195
Non-controlling interest		<u>(3,590,757)</u>	<u>(5,226,891)</u>
Net profit for the year		<u>251,408,947</u>	<u>167,008,304</u>

The accompanying notes on pages F-183 - F-219 form an integral part of these financial statements.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Consolidated statement of comprehensive income - For the year ended 31 December 2013**

(All amounts in Egyptian Pounds)

	<u>2013</u>	<u>2012</u>
Profit for the year	251,408,947	167,008,304
Forex Translation	<u>(5,581,090)</u>	<u>3,320,207</u>
Total comprehensive income for the year	<u>245,827,857</u>	<u>170,328,511</u>

The accompanying notes on pages F-183 - F-219 form an integral part of these financial statements.

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

Consolidated statement of changes in shareholders' equity - For the year ended 31 December 2013

(All amounts in Egyptian Pounds)

	Total Owners' Equity					
	Paid up capital	Legal reserve	Retained earnings	Total shareholders	Non-controlling interest	Total owners' equity
Balance at 1 January 2012	72,536,290	16,407,621	393,965,949	482,909,860	11,257,133	494,166,993
Profit for the year	-	-	172,235,195	172,235,195	(5,226,891)	167,008,304
Other comprehensive income for the year	-	-	3,320,207	3,320,207	-	3,320,207
Total other comprehensive income for the year	-	-	175,555,402	175,555,402	(5,226,891)	170,328,511
Dividends	-	-	(50,000,000)	(50,000,000)	(100,000)	(50,100,000)
Total contribution by and distribution to owner's of the parent recognized directly in Equity	-	-	(50,000,000)	(50,000,000)	(100,000)	(50,100,000)
Increase in capital	-	-	-	-	4,000	4,000
Assets revaluation reserve	-	-	-	-	(2,404)	(2,404)
Balance at 31 December 2012 and 1 January 2013	72,536,290	16,407,621	519,521,351	608,465,262	5,931,838	614,397,100

Net profit for the year	-	-	254,999,704	254,999,704	(3,590,757)	251,408,947
Other comprehensive income for the year	-	-	(5,581,090)	(5,581,090)	-	(5,581,090)
Total other comprehensive income for the year	-	-	249,418,614	249,418,614	(3,590,757)	245,827,857
Dividends distribution for 2012	-	-	(150,193,612)	(150,193,612)	(76,727)	(150,270,339)
Total contribution by and distribution to owner's of the parent recognized directly in Equity	-	-	(150,193,612)	(150,193,612)	(76,727)	(150,270,339)
Assets revaluation reserve	-	-	-	-	(2,404)	(2,404)
Balance at 31 December 2013	72,536,290	16,407,621	618,746,353	707,690,264	2,261,950	709,952,214

The accompanying notes on pages F-183 - F-219 form an integral part of these financial statements.

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

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

(All amounts in Egyptian Pounds)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Cash flows generated from operating activities	29	422,158,266	300,865,005
Interest paid		(23,710,662)	(7,172,168)
Income tax paid		(64,707,895)	(45,804,755)
Net cash flows generated from operating activities		<u>333,739,709</u>	<u>247,888,082</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	5	(154,710,274)	(133,509,719)
Purchase of intangible asset		(68,618,658)	-
Proceeds from sale investments		50,355,074	-
Proceeds from sale of property, plant and equipment		3,133,651	7,738,294
Interest received		<u>5,867,620</u>	<u>330,715</u>
Net cash flows used in investing activities		<u>(163,972,587)</u>	<u>(125,440,710)</u>
<u>Cash flows from financing activities</u>			
Sales tax on machinery		(80,519)	(80,519)
Notes payable		(8,864,318)	(8,511,670)
Dividends paid for shareholders' *		(150,032,397)	(50,086,535)
Non-controlling interest increase in capital	13	-	4,000
Proceeds from borrowings		153,002,824	80,446,005
Repayment of borrowings		<u>(111,792,951)</u>	<u>(54,702,481)</u>
Net cash flows used in financing activities		<u>(117,767,361)</u>	<u>(32,931,200)</u>
Increase in cash and cash equivalents		51,999,761	89,516,172
Cash and cash equivalents at beginning of the year		<u>210,150,290</u>	<u>120,634,118</u>
Cash and cash equivalents at end of the year	10	<u>262,150,051</u>	<u>210,150,290</u>

The accompanying notes on pages F-183 - F-219 form an integral part of these financial statements.

* Trade and other payables include LE 237,945 (2012: 13,465) as non cash transactions.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

1. General information

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

Consolidated financial statements of the Company comprise financial statements of the Company and its subsidiaries (together referred to as the "Group").

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

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

The main shareholders are BERCO Limited which owns 41.82% of the Company's share capital and Exoder participation, "Exoder Limited", domiciled in Cyprus which owns 27.97% of the Company's share capital, and Africa Samba Cooperative which owns 30% and other shareholder owing 0.21% 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 group is composed of the following companies:

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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

General information (continued)

Edita participation limited:

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

	Principle place of business	Interest held by non- controlling 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/ (loss)
Digma for trading	183,204,830	127,682,033	1,537,555,915	73,465,631
Edita for confectionery	80,862,910	10,695,290	16,502,091	(16,768,453)
Edita participation limited	188,872	(54,334)	-	(68,792)

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.

B. Changes in accounting policy and disclosure

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the company.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

C. 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. Acquisition-related costs are expensed as incurred

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

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

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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

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 consolidated financial statements - For the year ended 31 December 2013

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

D. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

(3) Group companies

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

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

E. 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. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 consolidated financial statements - For the year ended 31 December 2013

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

Property and equipment (continued)

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

Buildings	25 - 50 years
Machinery	15 - 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.

F. 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.

G. Financial assets

(11) 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.

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Financial assets (continued)

(i) 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' in the balance sheet

(j) 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.

(12) 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.

H. Intangible assets

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

I. 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.

J. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) 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.

K. Trade receivables

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

L. 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.

M. 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.

N. 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.

O. Borrowings

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

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

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

P. Borrowing costs

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Q. 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. 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.

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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

R. Employee benefits

(15) 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.

For defined contribution plans, the group pays contributions to The Egyptian Authority for Social Insurance on a mandatory basis as per Egyptian Law of Social Insurance. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(16) Profit sharing

The group recognizes a liability and an expense for profit-sharing, as per Company's Article of association the Board of Directors decide on the percentage of profit as an employees profit share which not exceed 10% of annual total salaries and wages.

S. Provisions

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

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.

T. Revenue recognition

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

(14) Sales of goods – whole sale

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Revenue recognition (continued)

(15) Interest income

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

(16) Dividend income

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

(17) Revenues from investment in Osoul Fund

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

(18) Government subsidy on export sales

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

U. 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.

V. Dividend distribution

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

W. 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 company may stop such transfers when the legal reserve reaches 20% of the issued capital. The reserve is not eligible for distribution to shareholders.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

3. Financial risk management

(1) Financial risk factors

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

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

(A) Market risk

(x) Foreign exchange risk

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

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

	2013			2012
	Assets	Liabilities	Net	
United States Dollars	39,175,922	(13,593,778)	25,582,144	96,496,842
Euros	23,973,175	(23,210,114)	763,061	(35,258,706)

At 31 December 2012, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the year would have been LE 2,558,220 (2012: LE 9,649,684) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

At 31 December 2013, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit for the year would have been LE 76,306 (2012: LE 3,525,870) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

(xi) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale. The Fair value of the investment did not change and 100% of the investment was sold subsequently in 2013.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Financial risk management (continued)

(xii) Cash flow and fair value interest rate risk

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

At 31 December 2013, if interest rates on Egyptian pound -denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been LE 304,783 (2012: LE 251,801) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Borrowing at balance sheet date with variable interest rate is amounting to LE 254,072,028 (2012: LE 212,862,155). The fair value for borrowings with fixed interest rate is approximately near its earnings amount.

Overdraft at the balance sheet date in 2013 amounted to LE 38,752,046 (2012: LE 27,227,110).

Financial assets exposed to variable interest rate is amounting to LE 267,884,702 (2012: LE 218,830,040).

	<u>2013</u>	<u>2012</u>
Time deposit – LE	248,407,429	120,860,840
Time deposit – USD	19,477,273	97,969,200
	<u>267,884,702</u>	<u>218,830,040</u>

(B) Credit risk

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

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

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

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Financial risk management (continued)

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 9).

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

(C) Liquidity risk

The Group treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 14) at all times so that the group does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the group debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

At 31 December 2013	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	Between 2 & 5 years
Borrowings	55,752,159	55,752,159	84,699,866	49,450,333
Trade and other payables	185,467,750	-	-	-
Sales tax on machinery	-	-	-	-
Bank overdraft	38,752,046	-	-	-
Notes payable	46,255,029	-	17,138,295	-
Total	326,226,984	55,752,159	101,838,161	49,450,333
At 31 December 2012				
Borrowings	36,291,730	44,088,893	61,191,532	71,290,000
Trade and other payables	136,746,287	-	-	-
Sales tax on machinery	25,296	-	-	-
Bank overdraft	27,227,110	-	-	-
Notes payable	33,645,417	-	24,231,361	-
Total	233,935,840	44,088,893	85,422,893	71,290,000

(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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Financial risk management (continued)

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.

	2013	2012
Current and long-term liabilities and loans	280,660,772	246,063,649
Bank Over Draft	38,752,046	27,227,110
Total liabilities and loans	319,412,818	273,290,759
Less: Cash and bank balances	(300,902,097)	(237,377,400)
Net debt	18,510,721	35,913,359
Total equity	709,952,214	614,397,100
Total working capital	728,462,935	650,310,459
 Gearing ratio	 2.53%	 5.5%

(3) Fair value estimation

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

4. Critical accounting estimates and judgments

7. 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:

c. Fixed assets useful lives

Fixed assets are depreciated based on useful lives and estimated residual values of each asset which is determined in accordance with the Group's policy and in the light of the technical study prepared for each asset separately. Residual value and useful lives of assets are reviewed and modified periodically.

During 2013, The group changed the useful life timed for the furniture to be 5 years instead of 10 years , the financial impact of changing the life time is increase the depreciation cost for the year.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Critical accounting estimates and judgments (continued)

d. 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 so 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 for 5 years using the growth rate and the discount rate prevailing.

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 1 January 2012								
Cost	62,226,931	83,671,769	279,065,441	87,677,233	18,966,642	22,305,559	235,609,371	789,522,946
Accumulated depreciation	-	(18,135,633)	(76,909,180)	(36,197,599)	(12,210,445)	(11,734,357)	-	(155,187,214)
Net book value	62,226,931	65,536,136	202,156,261	51,479,634	6,756,197	10,571,202	235,609,371	634,335,732
Year ended 31 December 2012								
Opening net book value	62,226,931	65,536,136	202,156,261	51,479,634	6,756,197	10,571,202	235,609,371	634,335,732
Additions	-	32,280	4,992,234	11,501,990	1,369,741	3,219,030	112,394,444	133,509,719
Depreciation charge	-	(5,007,169)	(17,153,166)	(12,120,685)	(3,752,456)	(5,211,558)	-	(43,245,034)
Disposal Depreciation	-	554,762	-	7,028,018	605,847	275,883	-	8,464,510
Disposals	-	(918,888)	-	(9,375,145)	(627,152)	(325,305)	-	(11,246,490)
Transfers from Projects under construction	-	103,855,234	118,028,252	-	7,740,460	1,992,130	(231,616,076)	-
Balance at 31 December	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
At 31 December 2013								
Cost	62,226,931	186,640,395	402,085,927	89,804,078	27,449,691	27,191,414	116,387,739	911,786,175
Accumulated depreciation	-	(22,588,040)	(94,062,346)	(41,290,266)	(15,357,054)	(16,670,032)	-	(189,967,738)
Net book value	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
At 1 January 2013								
Cost	62,226,931	186,640,395	402,085,927	89,804,078	27,449,691	27,191,414	116,387,739	911,786,175
Accumulated depreciation	-	(22,588,040)	(94,062,346)	(41,290,266)	(15,357,054)	(16,670,032)	-	911,786,175
Net book value	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
Year ended 31 December 2013								
Opening net book value	62,226,931	164,052,355	308,023,581	48,513,812	12,092,637	10,521,382	116,387,739	721,818,437
Additions	-	154,000	1,817,768	27,633,932	1,991,211	4,279,448	118,833,915	154,710,274
Depreciation charge	-	(7,023,411)	(15,690,368)	(13,565,882)	(4,355,686)	(5,031,538)	-	(45,666,885)
Disposal Depreciation	-	-	158,671	1,505,284	1,796,234	4,893,780	-	8,353,969
Disposals	-	-	(2,065,626)	(2,286,166)	(1,831,022)	(6,586,449)	-	(12,769,263)
Transfers from Projects under construction	-	152,092,102	52,139,084	-	4,902,998	10,989,657	(220,123,841)	-
Balance at 31 December	62,226,931	309,275,046	344,383,110	61,800,980	14,596,372	19,066,280	15,097,813	826,446,532
At 31 December 2013								
Cost	62,226,931	338,886,497	453,977,153	115,151,844	32,512,878	35,874,070	15,097,813	1,053,727,186
Accumulated depreciation	-	(29,611,451)	(109,594,043)	(53,350,864)	(17,916,506)	(16,807,790)	-	(227,280,654)

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Property, plant and equipment (continued)

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

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

6. Intangible assets

	2013	2012
Balance at 1 January	-	-
Trading Mark (HOHOS, Twinkies & Tiger Tail)	68,618,658	-
Balance at 31 December	68,618,658	-

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

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

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

Average Gross profit	47%
Discount rate	19%
Growth rate	3%

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

7. Investments available for sale

	% Interest held		2013	2012
	2013	2012		
UFIB Company	0%	1.17%	-	43,203,000
Balance at year end			-	43,203,000

8. Inventories

	2013	2012
Raw materials	57,151,452	63,894,308
Spare parts	14,298,676	9,317,501
Finished goods	10,387,212	4,005,564
Work in process	1,172,910	2,165,173
Consumables	1,735,851	1,593,033
Total	84,746,101	80,975,579
Less: provision for net realizable value	(605,452)	(200,000)
Net	84,140,649	80,775,579

The cost of inventory recognized as an expense and included in cost of sales amounts to LE 829,969,663 (2012: LE 697,864,239).

There has been a write off for slow moving and obsolete inventory against; the declared accumulated balance of net realizable value by LE 92,091 and there has been an addition for net realizable value by LE 500,004 (Note 24).

9. Trade and Other receivables

	2013	2012
Trade receivables	12,633,335	7,422,805
Notes receivable	350,001	174,841
Total	12,983,336	7,597,646
Provision for doubtful debts	(20,556)	(20,556)
	12,962,780	7,577,090
Due from related parties	-	49,951
Advances to suppliers	45,319,802	24,537,342
Other debit balances	5,435,519	7,017,268
Prepaid expenses	1,190,285	2,401,683
Deposits with others	772,273	748,303
Employee loans	122,252	457,343
Letters of credit	257,073	67,003
Accrued revenues	88,222	65,486
Total	66,148,206	42,921,469

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

10. Cash and cash equivalents (excluding bank overdrafts)

	2013	2012
Bank deposits	185,438,113	218,830,040
Treasury bills	104,327,401	-
Cash at banks and on hand	11,136,583	18,547,360
Cash and cash equivalents (excluding bank overdrafts)	300,902,097	237,377,400

The Group purchased treasury bills on 30 December 2013 with par value amounted LE 104,327,401 with an annual interest of 9.95%. These treasury bills are due in 28 January 2014. The total accrued interest income amounted to LE 22,531 on 31 December 2013.

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

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

	2013	2012
Cash at banks	300,902,097	237,377,400
Bank overdraft (Note 19)	(38,752,046)	(27,227,110)
Total	262,150,051	210,150,290

11. Ordinary shares

	2013	2012
Authorized capital (15,000,000 ordinary shares with a par value of LE 10 each)	150,000,000	150,000,000
Issued and paid up capital (7,253,629 ordinary shares with a par value of LE 10 each)	72,536,290	72,536,290

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 20% of the issued capital. The reserve is not eligible for distribution to shareholders.

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

13. Non-controlling interest

					Total	
	Paid up capital	Legal reserves	Revaluation assets reserve	Accumulate losses	31 December 2013	31 December 2012
Balance at 1 January	12,271,000	5,000	45,375	(6,389,537)	5,931,838	11,257,133
Increase in capital	-	-	-	-	-	4,000
Dividend distribution	-	-	-	(76,727)	(76,727)	(100,000)
Non-controlling interest share of (losses) / profits of the subsidiaries	-	-	-	(3,590,757)	(3,590,757)	(5,226,891)
Asset revaluation difference	-	-	(2,404)	-	(2,404)	(2,404)
Balance at 31 December	12,271,000	5,000	42,971	(10,057,021)	2,261,950	5,931,838

14. Long-term loan

	2013			2012		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	119,921,829	134,150,199	254,072,028	80,380,623	132,481,532	212,862,155
	119,921,829	134,150,199	254,072,028	80,380,623	132,481,532	212,862,155

The loans due according to the following schedule:

	2013	2012
Balance due within 1 year	111,504,320	73,007,786
Accrued interest	8,417,509	7,372,837
Short-term portion	119,921,829	80,380,623

(1) Edita Food Industries Company (S.A.E.)

• First loan

The first loan is provided by Credit Agricole Bank Egypt in July 2009 based on a cross guarantee from Digma Trading Company amounted to LE 90,000,000 and the total withdrawal amount is LE 76,826,053 in addition to accrued interest. And the remaining balance at 31 December 2013 after payment of accrued instalments is LE 26,637,786 in addition to the accrued interest. The carrying amount of the loan demonstrates in Egyptian Pounds.

Terms of payments:

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

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

Interest:

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Long-term loan (continued)

Fair value:

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

- **Second loan**

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

Terms of payments:

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

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

Interest:

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

Fair value:

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

- **Third loan:**

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

Terms of payments:

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

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

Interest:

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

Fair value:

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Long-term loan (continued)

- **Fourth loan:**

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

Terms of payments:

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

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

Interest:

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

Fair value:

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

(2) Digma for Trading Company (S.A.E.)

- **First loan**

The First loan is provided by Credit Agricole Bank Egypt in September 2012 based on a cross guarantee issued from Edita Food Industries Company (S.A.E.) and the total withdrawal amount is LE 14,000,000 in addition to accrued interest, the loan amounted to be LE 10,500,000 (in addition to accrued interest) in December 2013 after paying accrued instalments. The carrying amount of the loan demonstrates in Egyptian Pounds.

Terms of payments:

Digma Trading Company S.A.E. (borrower) is obligated to pay LE 10,500,000 on 3 equal semi-annual installment, each installment is amounted to LE 3,500,000.

The first instalments is due on 11 September 2013 and the last on 11 March 2015.

Interest:

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

Fair value:

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

Long-term loan (continued)

- **Second loan**

The Second loan is provided by Al Watani Bank Of Egypt in December 2013 amounted to LE 10,000,000 based on a cross guarantee issued from Edita Food Industries Company S.A.E. and the total withdrawal amount is LE 7,650,000 in addition to accrued interest. The carrying amount of the loan demonstrates in Egyptian Pounds.

Terms of payments:

Digma Trading Company S.A.E. (borrower) 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 came due after 12 months from the date the loan was issued to the company.

The first instalments are due on 15th of January 2015 and the last on 15th of July 2017.

Interest:

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

Fair value:

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

(3) Edita Confectionery Industries Company (S.A.E.)

This loan is provided by Banque Misr based on a cross guarantee issued from Edita Food Industries Company amounted to LE 31,000,000 withdrawn completely. The carrying amount of the loan demonstrates in Egyptian Pounds.

Terms of payments:

Edita Confectionary Industries S.A.E. (borrower) 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 came due after 6 months from the first withdrawal. The first instalment is due on 17 October 2012 and the last on 17 April 2017.

Interest:

The rate will be 0.5% above the Central Bank of Egypt mid corridor.

Fair value:

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2013

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

15. Long-term notes payable

The long-term loan represents the total instalment for the land purchased from Ministry of housing, Utilities and Urban communities as the first instalment will be due on November 2013 and the last instalment on November 2016.

Current portion of long-term notes payable:

	2013		2012	
	Notes payable	Present Value	Notes payable	Present Value
Less than one year (Note 22)	9,425,154	9,425,154	8,864,318	8,864,318
Total long-term liabilities	9,425,154	9,425,154	8,864,318	8,864,318

	2013		2012	
	Notes payable	Present value	Notes payable	Present value
Notes payable due for more than one year and less than 5 years	20,532,815	17,138,295	29,957,968	24,231,361
Total long-term liabilities	20,532,815	17,138,295	29,957,968	24,231,361

The total accrued interest on the loan for the year ended 2013 amounting to LE 2,332,088 (2012: LE 3,180,915) as the interest has been charged on the statement of income as a finance cost (Note 25).

16. Sales tax on machinery

The balance represents the sales tax due on machinery and equipment to be paid on installments up to 2014.

	2013	2012
Less than one year	25,296	80,519
More than 1 year up to 5 years	-	25,296
Total	25,296	105,815
Current portion	(25,296)	(80,519)
Total balance of long term liabilities	-	25,296
Present value of instalments	-	25,296

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements - For the year ended 31 December 2013

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

17. 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 and Equipment depreciation	Acquiring Digma Company for Trading	Total
Balance at 31 December 2011 and 1 January 2012	31,587,965	4,777,910	36,365,875
Charge to the statement of income (Note 26)	23,053,261	(240,423)	22,812,838
Balance at 31 December 2012	54,641,226	4,537,487	59,178,713
Balance at 31 December 2012 and 1 January 2013	54,641,226	4,537,487	59,178,713
Charge to the statement of income (Note 26)	11,478,784	(240,423)	11,238,361
Balance at 31 December 2013	66,120,010	4,297,064	70,417,074

18. Provisions

	Other provisions	
	2013	2012
Balance at 1 January	7,782,393	4,648,302
Additions during the year (Note 24)	8,321,000	6,749,999
Utilized during the year	(7,068,425)	(3,615,908)
Balance at 31 December	9,034,968	7,782,393

Other provisions relate to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the International Financial Reporting Standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that party. These provisions are reviewed by management every year and the amount provided is adjusted based on latest development, discussions and agreements with the third party.

19. Bank overdraft

	2013	2012
Bank overdraft (Note 10)	38,752,046	27,227,110
Total	38,752,046	27,227,110

Bank overdraft is represented in credit facilities granted to the Group to open letters of credit and finance its working capital. Overdraft is secured against guarantees by the Group's shareholders.

The effective interest rate for bank overdraft was 10.75% as of 31 December 2013 (2012: 10.75%).

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements - For the year ended 31 December 2013**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

20. Trade and other payables

	2013	2012
Trade payables	72,796,798	62,753,895
Notes payable	46,255,029	33,645,417
Accrued expenses	38,728,338	23,640,306
Taxes payable	11,434,452	6,578,698
Other credit balances	9,818,751	8,209,812
Advances from customers	5,380,839	1,087,504
Dividends payable	974,741	736,796
Social insurance	78,802	93,859
Total	185,467,750	136,746,287

21. Income tax liabilities

	2013	2012
Balance at 1 January	34,740,256	27,771,718
Income tax paid during the year	(34,744,618)	(27,771,950)
Income tax for the year	82,955,771	53,522,889
Withholding tax	(1,134,639)	(794,806)
Accrued interest – advance payment	(973,000)	(646,425)
Corporate tax advance payment	(28,833,000)	(17,238,000)
Tax adjustments in respect to prior years (Note 26)	4,362	(103,170)
Balance at 31 December	52,015,132	34,740,256

22. Current portion of long-term liabilities

	2013	2012
Short-term loans (Note 14)	119,921,829	80,380,623
Current portion at long-term notes payable (Note 15)	9,425,154	8,864,318
Sales tax on machinery (Note 16)	25,296	80,519
Total	129,372,279	89,325,460

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements - For the year ended 31 December 2013**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

23. Other income

	2013	2012
Investment in Osoul Fund	11,918,188	-
Export subsidies	2,810,683	3,676,989
Others	1,683,663	3,393,298
Gain from sale of production waste	4,837,263	3,335,480
Net	21,249,797	10,405,767

24. Other (losses)/ gains-net

	2013	2012
Provisions (Note 18)	(8,321,000)	(6,749,999)
Provision for slow moving inventory (Note 8)	(500,004)	(149,038)
Total	(8,821,004)	(6,899,037)
(Losses)/Gain from sales of fixed assets	(1,281,643)	4,956,314
Gain from sale of investment	12,733,164	4,865,997
Foreign exchange (losses)/gains	(1,228,382)	3,104,473
Total	1,402,135	6,027,747

25. Finance (cost) income, net

	2013	2012
Finance income		
Interest in corporate tax advance	973,000	646,425
Interest income	5,867,616	330,715
	6,840,616	977,140
Finance expense		
Interest on land's instalments	(2,332,088)	(3,180,915)
Interest expenses	(23,710,662)	(7,172,168)
	(26,042,750)	(10,353,083)
Net	(19,202,134)	(9,375,943)

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements - For the year ended 31 December 2013

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

26. Income tax expense

	<u>2013</u>	<u>2012</u>
Income tax for the year (Note 21)	82,955,771	53,522,889
Deferred tax liabilities	11,235,959	23,857,741
Effect from change tax rate		(103,170)
Total	<u>94,191,730</u>	<u>77,277,460</u>

	<u>2013</u>	<u>2012</u>
Net profit before tax	<u>345,600,677</u>	<u>244,285,764</u>
		2,000,000
	<u>86,400,169</u>	<u>58,982,976</u>
Tax calculated at a tax rate of (20% - 25%)	<u>86,400,169</u>	<u>60,982,976</u>
Tax effect of non- deductible expenses	6,440,306	5,007,589
Tax effect of non-taxable revenues	(3,222,375)	(2,072,331)
Deferred tax adjustments	4,573,630	9,492,252
	<u>3,866,974</u>	<u>3,866,974</u>
Income tax expense	<u>94,191,730</u>	<u>77,277,460</u>

27. Earnings per share

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 Company and held as treasury shares.

	<u>2013</u>	<u>2012</u>
Profit attributed to owners of the parent	<u>251,408,947</u>	<u>167,008,304</u>
Weighted average number of ordinary shares in issue		
Original shares	<u>362,681,450</u>	<u>362,681,450</u>
	<u>362,681,450</u>	<u>362,681,450</u>
Basic earnings per share	<u>0.69</u>	<u>0.46</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements - For the year ended 31 December 2013**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

28. Consolidated expenses by nature

	<u>2013</u>	<u>2012</u>
Cost of goods sold	1,028,286,034	862,938,190
Selling and marketing expenses	188,193,601	171,045,396
General and administrative expenses	88,857,985	70,666,954
	<u>1,305,337,620</u>	<u>1,104,650,540</u>

	<u>2013</u>	<u>2012</u>
Profit share employee	13,764,740	11,452,066
Raw material used	840,149,588	691,772,082
Salaries and wages and its equivalence	221,041,918	177,863,389
Advertising and marketing	75,007,608	67,909,552
Depreciation	45,666,838	43,245,034
Gas, oil water of electricity	17,389,062	12,520,958
Employee benefits	16,858,627	12,187,418
Vehicle expense	28,942,017	21,809,538
Rent	3,947,145	4,582,352
Other expense	14,214,208	15,133,384
Transportation expenses	13,631,900	10,602,862
Maintenance expense	11,082,107	5,356,266
Consumable materials	6,651,376	6,076,389
Purchases – goods for resale	4,321,618	4,679,303
Royalty	2,848,793	13,367,790
Change in inventory	(10,179,925)	6,092,157
Total cost of sales, distribution costs, and administrative expenses	<u>1,305,337,620</u>	<u>1,104,650,540</u>

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements - For the year ended 31 December 2013

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

29. Cash generated from operations

	2013	2012
Net profit for the year before tax	345,600,677	244,285,764
Adjustments for:		
Additions to provision	8,821,004	6,899,037
Interest on lands' installments	2,332,088	3,180,915
Interest expense	23,710,662	7,172,168
Interest income	(5,867,619)	(330,715)
Interest income corporate tax prepayments	(973,000)	(646,425)
Depreciation of property, plant and equipment	45,666,885	43,245,034
Loss / (gain) on disposal of property, plant and equipment	1,281,643	(4,956,314)
Gain on sale of investments	(12,733,164)	-
	407,839,176	298,849,464
Change in working capital		
Inventories	(3,865,074)	(3,306,270)
Accounts and notes receivables	(5,385,690)	(3,656,621)
Debtors and other debit balances	(17,890,998)	19,228,602
Financial assets at fair value through profit or loss	(4,192)	(4,084)
Due to related party	49,951	(803,651)
Trade payables and other credit balances	48,483,518	(5,826,527)
Provisions used	(7,068,425)	(3,615,908)
Cash generated from operations	422,158,266	300,865,005

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2013	2012
Net book amount	4,415,294	2,781,980
Profit/(loss) of disposal of property, plant and equipment	(1,281,643)	4,956,314
Proceeds from disposal of property, plant and equipment	3,133,651	7,738,294

30. Related party transactions

The following transactions were carried out with related parties:

1. Chipita Participation Company

Chipita Participation is the Group's ultimate parent. Chipita Participation collects 0.5% of the net Bake Rolls and Molto Crossiont monthly sales as royalty with a maximum limit of Euro 150,000 annually for the know how of Chipita International company.

On January 2013, Edita Food Industries sold all its investments in Edita Participation to Chipita Participation by an amount of Euro 5,397,516.

The royalty paid in 2013 amounted to LE 796,880 (2012: LE 963,481) and the balance due from Chipita International company at 31 December 2013 amounted to LE Zero (Note 9). The balance due to Chipita International Company at 31 December 2012 amounted to LE 49,951.

2. Key management compensation

During the year ended 2013 the Company paid an amount LE 37,506,112 (2012: LE 29,166,791) as salaries to the key management members.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements - For the year ended 31 December 2013

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

31. Tax position

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the group as at 31 December 2013.

Edita Food Industries Company

f. Corporate tax

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2009 and it was submitted to internal committee which finalized the report.
- For the years 2010-2013 the Company is submitting the tax return according to law No. 91 of 2005 in its legal period.

g. Payroll tax

- The payroll tax inspection was performed till 31 December 2007 and company paid tax due.
- As for 2008 and 2009 the Company is under tax inspection and no tax claim has been received yet by Tax Authority up till the balance sheet date.
- As for the years from 2010 till 2013 the tax inspection has not been performed yet till the balance sheet date.
- The Company is submitting the tax quarterly return on due time to the Tax Authority.

h. Sales tax

- The sales tax inspection was performed till 31 December 2012 and tax due was paid to the Tax Authority.
- For the year 2013 the tax inspection has not been performed yet till the balance sheet date, monthly tax return were submitted on due time.

i. Stamp duty tax

- The stamp duty tax inspection was performed till year 2006 and Company paid tax due.
- Years from 2007 till 2013 tax inspection have not been performed yet till the balance sheet date.

Digma for Trading Company

(5) 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 2007 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2008 to 2012 the Company submits its tax returns on due dates according to law No, 91 for the year 2005.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements - For the year ended 31 December 2013

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Tax position (continued)

(6) 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 2013 the Company submitted its quarter tax returns to Tax Authority on due dates.

(7) 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 2013 the Company paid the tax due.

(8) Sales tax

- The tax inspection was performed until 31 December 2010 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2011-2013 the Company submits its monthly sales tax return on due date.

Edita Confectionary Industries Company

Corporate tax

The Company is subject to the corporate income tax according to tax law Law No. 91 of 2005 and adjustments

The company's books have not been inspected yet by the tax authority until the financial statements date for corporate tax, stamp tax, withholding tax, sales tax and payroll tax.

The Company submits its tax returns on due dates.

1. Contingent Liabilities

(10) 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 13,730,297 as at 31 December 2013 (2012: LE 2,322,749).

(11) Digma for Trading Company

The Company guarantees Edita Food Industries against third parties in borrowing from Credit Agricole Egypt.

At December 2013, the Company had contingent liabilities to third parties in respect of bank and other guarantee and other matters arising in the ordinary course of business of which no significant liabilities are expected to arise from them, The Company issued letter of guarantee amounting to LE 25,000, (2012: 25,000).

(12) Edita Confectionary Industries Company

At 31 December 2013, the company had no contingent liabilities and no other matters arising in the ordinary course of business of which no significant liabilities are expected to arise from them.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements - For the year ended 31 December 2013

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

32. Financial instrument by category

	2013		
	Loans & receivables	Assets at fair value through profit and loss	Total
Assets as per balance sheet			
Trade and other receivables (excluding prepayments) *	64,957,921	-	64,957,921
Cash and cash equivalents	300,902,097	-	300,902,097
Financial assets at fair value through profit and loss	-	43,815	43,815
Total	365,860,018	43,815	365,903,833

	2013	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings *	254,072,028	254,072,028
Trade and other payables (excluding non-financial liabilities)	185,388,948	185,388,948
Total	439,460,976	439,460,976

	2012		
	Loans & receivables	Assets at fair value through profit and loss	Total
Assets as per balance sheet			
Trade and other receivables (excluding prepayments) *	40,519,786	-	40,519,786
Cash and cash equivalents	237,377,400	-	237,377,400
Financial assets at fair value through profit and loss	-	39,623	39,623
Total	277,897,186	39,623	277,936,809

	2012	
	Other financial liabilities and amortised costs	Total
Liabilities as per balance sheet		
Borrowings *	212,862,155	212,862,155
Trade and other payables (excluding non-financial liabilities)	136,652,428	136,652,428
Total	349,514,583	349,514,583

* At the Balance sheet date, the carrying value of all short-term financial assets and liabilities approximates the fair value and management made the assessment by using level II approaches by relying significantly on observable data. Long-term borrowings also approximates the fair value as the management uses a variable interest rate above the mid corridor rate.

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Notes to the consolidated financial statements - For the year ended 31 December 2013

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

33. Credit quality of financial assets

Trade receivables

Counter parties without external credit rating:

	2013	2012
Others parties	12,633,335	7,422,805
Total	12,633,335	7,422,805

Cash at bank and short-term bank deposits:

	2013	2012
AA	100,265,822	185,888,555
A	485,995	12,524
BBB	90,378,204	-
B	1,701,143	34,866,697
Total	192,831,164	220,767,776

34. Events after reporting period

On 9 September 2014 an extra ordinary general assembly was held and approved the following:

- A) Increase in authorized capital to become LE 360,000,000 instead of LE 150,000,000, Also approved changing the par value of shares from LE 10 (ten Egyptian Pound) per share to be LE 0.20 (Twenty piaster) per share.

Bringing the total number of issued and paid shares to be 362,681,450 instead of 7,253,629 to be distributed as follows:

	No. of shares	Shares value	Percentage of ownership
BERCO Ltd.	151,654,150	30,330,830	41.815%
EXODER Ltd.	101,458,950	20,291,790	27.975%
Africa Samba Corporative	108,804,450	21,760,890	30.000%
Others	763,900	152,780	0.211%
	362,681,450	72,536,290	100%

- B) Increase the legal reserve ceiling to become 50% from the issued capital instead of 20%.

- C) Recognize the right to distribute some or all of the profits disclosed by interim financial statements prepared by the company and accompanied by auditor's report.

These amendments were updated in the commercial register on 23 October 2014.

REGISTERED OFFICE OF THE COMPANY

Edita Food Industries S.A.E.
Edita Group Building
Plot No. 13 Central Pivot, El Sheikh Zayed
6th of October City, Giza
Egypt 12588

LEGAL ADVISORS TO THE COMPANY

As to Egyptian law
Baker & McKenzie (Helmy, Hamza & Partners)
Nile City Building, North Tower
21st Floor, 2005C, Cornich El Nil
Ramlet Beaulac
Cairo, Egypt

As to US law and English law
Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA
United Kingdom

INDEPENDENT AUDITORS TO THE COMPANY

Mansour & Co. PricewaterhouseCoopers
Plot no. 211, Second Sector
City Center
New Cairo 11835
Egypt

DEPOSITARY

The Bank of New York Mellon
101 Barclay Street
New York
NY 10286
United States of America

CUSTODIAN

Commercial International Bank (Egypt)
Nile Tower Building
21/23 Charles de Gaulle
Giza P.O. Box 2430 Cairo
Egypt