

**CAIRO POULTRY COMPANY (CPC) S.A.E.**  
**LIMITED REVIEW REPORT**  
**AND INTERIM CONSOLIDATED CONDENSED**  
**FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED**  
**31 MARCH 2021**

CAIRO POULTRY COMPANY (CPC) (S.A.E)

Interim consolidated condensed financial statements  
For the three months period ended 31 March 2021

---

Index	Page
Limited review report	1
Consolidated condensed statement of financial position	2
Consolidated condensed statement of profit or loss	3
Consolidated condensed statement of comprehensive income	4
Consolidated condensed statement of changes in equity	5
Consolidated condensed statement of cash flows	6
Notes to the consolidated condensed financial statements	7 – 19



## Limited review report on the interim consolidated condensed financial statements

To the Board of directors of Cairo Poultry Company (S.A.E.)

### Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Cairo Poultry Company (S.A.E.) as of 31 March 2021 and the related consolidated condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated condensed financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated condensed financial statements based on our review.

### Scope of limited review

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

### Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial statements do not give a true and fair view of the financial position of the entity as of 31 March 2021 and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Ashraf Mamdouh  
R.A.A. 26231  
F.R.A. 383



14 June 2021  
Cairo


CAIRO POULTRY COMPANY (CPC) S.A.E. AND ITS SUBSIDIARIES

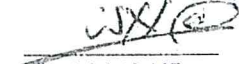
Consolidated condensed statement of financial position - As at 31 March 2021

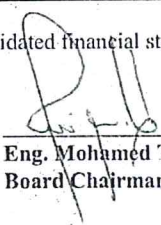
(All amounts are shown in Egyptian Pounds)	Note	31 March 2021	31 December 2020
<b>Non-current assets</b>			
Fixed assets	5	1,045,224,280	1,050,098,259
Projects under construction		33,182,703	44,795,978
Biological assets - Poultry wealth		182,256,638	186,156,788
Biological assets - Plant wealth		8,336,353	2,837,877
Financial assets at fair value through profit or loss		750,000	750,000
Right-of-use assets		13,954,262	14,728,903
<b>Total non-current assets</b>		<b>1,283,704,236</b>	<b>1,299,367,805</b>
<b>Current assets</b>			
Inventories		588,365,066	569,973,324
Biological assets - Broiler chicks and eggs		165,544,286	101,764,348
Trade receivables and other debit balances		481,973,941	471,817,730
Due from related parties	6/B	49,110,343	44,544,514
Other financial assets at amortized cost	7	182,951,814	125,469,121
Cash and cash equivalents		113,609,414	107,478,210
<b>Total current assets</b>		<b>1,581,554,864</b>	<b>1,421,047,247</b>
<b>Total assets</b>		<b>2,865,259,100</b>	<b>2,720,415,052</b>
<b>Equity</b>			
Paid up capital		479,001,600	479,001,600
Reserves		321,781,440	321,781,440
Retained earnings		433,559,434	460,051,318
<b>Total equity attributable to the shareholders of Cairo Poultry Company</b>		<b>1,234,342,474</b>	<b>1,260,834,358</b>
Non-controlling interests		14,074,203	13,210,066
<b>Total equity</b>		<b>1,248,416,677</b>	<b>1,274,044,424</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		77,483,643	81,029,919
Lease liabilities	6/C	8,386,113	8,567,897
Other liabilities		80,000	80,000
<b>Total non-current liabilities</b>		<b>85,949,756</b>	<b>89,677,816</b>
<b>Current liabilities</b>			
Provisions	8	121,490,671	137,295,085
Bank overdrafts		659,598,078	546,996,391
Trade payables and other credit balances		671,157,015	613,287,388
Due to related parties		3,680,807	4,668,551
Lease liabilities		6,545,900	7,212,141
Current income tax liabilities		68,420,196	47,233,256
<b>Total current liabilities</b>		<b>1,530,892,667</b>	<b>1,356,692,812</b>
<b>Total equity and liabilities</b>		<b>2,865,259,100</b>	<b>2,720,415,052</b>

The accompanying notes on pages 7 to 19 form an integral part of these consolidated financial statements.  
Limited review report - attached

  
M

  
Acct. Ahmed Abdel Raouf Ahmed  
Group CFO and CAO

  
Mr. Adel Al Alfi  
Managing Director

  
Eng. Mohamed Tarek Zakaria  
Board Chairman

Giza, 13th June 2021

CAIRO POULTRY COMPANY (CPC) S.A.E.

Consolidated condensed statement of profit or loss  
For the three months period ended 31 March 2021

(All amounts are shown in Egyptian Pounds)

	Note	31 March 2021	31 March 2020
Revenue from contracts with customers		1,161,357,292	1,047,740,250
Cost of revenues		(1,007,986,933)	(920,561,195)
<b>Gross profit</b>		<b>153,370,359</b>	<b>127,179,055</b>
Selling and marketing expenses		(42,058,880)	(38,553,133)
General and administrative expenses		(42,260,107)	(40,845,306)
Formed Provisions		(6,439,685)	(1,896,161)
Other operating expenses	10	(1,723,823)	(40,228,557)
Other operating income	11	21,942,747	38,308,366
Provision no longer required		56,672	2,286,503
<b>Operating profit</b>		<b>82,887,283</b>	<b>46,250,767</b>
Gains from investment in associate - Net		-	174,168
Financing expenses - net		(8,827,386)	(20,465,556)
<b>Profit before tax</b>		<b>74,059,897</b>	<b>25,959,379</b>
Income taxes		(21,341,183)	(12,720,355)
<b>Net profit for the period</b>		<b>52,718,714</b>	<b>13,239,024</b>
<b>Profit attributable to:</b>			
Shareholders of the parent company		51,854,577	12,902,302
Non-controlling interests - shareholders		864,137	336,722
		<u>52,718,714</u>	<u>13,239,024</u>
Losses per share for shareholders of the Company - primary and diluted	12	(0,0384)	(0,0519)

The accompanying notes on pages 7 to 19 form an integral part of these consolidated condensed financial statements.

CAIRO POULTRY COMPANY (CPC) S.A.E.

Consolidated condensed statement of comprehensive income  
For the three months period ended 31 March 2021

(All amounts are shown in Egyptian Pounds)

	<u>31 March 2021</u>	<u>31 March 2020</u>
Net profit for the period:	52,718,714	13,239,024
Other comprehensive income for the year	-	-
<b>Total other comprehensive income for the year</b>	<u><u>52,718,714</u></u>	<u><u>13,239,024</u></u>
<b>Attributable to:</b>		
Shareholders of the parent company	51,854,577	12,902,302
Shares of non-controlling interests - shareholders	<u>864,137</u>	<u>336,722</u>
	<u><u>52,718,714</u></u>	<u><u>13,239,024</u></u>

The accompanying notes on pages 7 to T9 form an integral part of these consolidated condensed financial statements.

CAIRO POULTRY COMPANY (CPC) S.A.E.

Consolidated condensed statement of changes in equity  
For the three months period ended 31 March 2021

(All amounts are shown in Egyptian Pounds)

	Paid up capital	Reserves	Retained earnings	Total equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
Balance at 1 January 2020	479,001,600	360,358,841	338,736,103	1,178,096,544	12,983,568	1,191,080,112
Total comprehensive income for the period ended 31 March 2020	-	-	12,902,302	12,902,302	336,722	13,239,024
Balance at 31 March 2020	479,001,600	360,358,841	351,638,405	1,190,998,846	13,320,290	1,204,319,136
Balance at 1 January 2021	479,001,600	321,781,440	460,051,318	1,260,834,358	13,210,066	1,274,044,424
Total comprehensive income for the period ended 31 March 2021	-	-	51,854,577	51,854,577	864,137	52,718,714
Dividends for shareholders on 2020 profits	-	-	(76,640,256)	(76,640,256)	-	(76,640,256)
Dividends for employees for 2020 profits	-	-	(1,706,205)	(1,706,205)	-	(1,706,205)
Balance at 31 March 2021	479,001,600	321,781,440	433,559,434	1,234,342,474	14,074,203	1,248,416,677

The accompanying notes on pages 7 to 19 form an integral part of these consolidated financial statements

CAIRO POULTRY COMPANY (CPC) S.A.E.

Consolidated condensed statement of cash flows  
For the three months period ended 31 March 2021

(All amounts are shown in Egyptian Pounds)

	Notes	31 March 2021	31 March 2020
<b>Cash flows from operating activities</b>			
Net profit before taxes, adjusted by:		74,059,897	25,959,379
Depreciation of fixed assets	5	25,507,385	23,682,610
Depreciation of right-of-use assets		1,909,564	2,376,247
Gains on sale of fixed assets - Net		(837,474)	(1,845,946)
Settlements on projects under construction		-	3,232,486
Poultry wealth amortisation		79,244,787	80,850,311
Gain on sale of poultry wealth (Parents)		(8,785,964)	(14,581,959)
Depreciation of plant wealth		58,978	40,452
Gains from investment in associate - Net		-	(174,166)
Provisions formed		14,659,765	13,251,565
Provisions no longer required		(1,734,590)	(6,833,529)
Interest income		(4,681,147)	(105,007)
Interest expense		14,024,090	20,006,293
<b>Operating gain before changes in working capital</b>		<b>193,425,291</b>	<b>145,858,736</b>
<b>Changes in working capital:</b>			
Inventories		(18,807,806)	22,914,354
Biological assets		(63,779,938)	(3,230,953)
Debtors and other debit balances		(11,531,438)	(37,475,029)
Due from related parties		(4,565,829)	(17,200,675)
Creditors and other credit balances		(19,927,919)	21,299,701
Due to related parties		(987,744)	340,577
Utilised provisions	8	(20,750,062)	(2,340,061)
<b>Cash flows from operating activities</b>		<b>53,074,555</b>	<b>130,166,650</b>
Interest paid		(13,975,171)	(23,425,250)
Income tax paid and settled		(3,700,519)	-
<b>Net cash flows generated from operating activities</b>		<b>35,398,865</b>	<b>106,741,400</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of fixed assets and projects under		(9,116,812)	(27,952,140)
Payments to purchase poultry wealth		(76,902,455)	(74,373,157)
Payments to purchase plant wealth		(5,557,454)	(565,157)
Proceeds from sale of poultry wealth		8,836,693	14,581,959
Interest collected		-	105,007
Proceeds from sale of fixed assets		934,155	1,924,044
Payments for purchase of investments		(57,482,693)	(1,586,672)
Proceeds from sale of investments		-	2,306,637
<b>Net cash flows used in investing activities</b>		<b>(139,288,566)</b>	<b>(85,559,479)</b>
<b>Cash flows from financing activities</b>			
Net receipts - Bank overdrafts		112,601,687	15,620,278
Lease payments		(2,580,782)	(2,040,475)
Payments to settle borrowings		-	(4,166,667)
<b>Net cash flows generated from financing activities</b>		<b>110,020,905</b>	<b>9,413,136</b>
<b>Change in cash and cash equivalents</b>		<b>6,131,204</b>	<b>30,595,057</b>
Cash and cash equivalents, beginning of the period		107,478,210	38,676,579
<b>Cash and cash equivalents, end of the period</b>		<b>113,609,414</b>	<b>69,271,636</b>

The accompanying notes on pages 7 to 19 form an integral part of these consolidated financial statements.



## CAIRO POULTRY COMPANY (CPC) (S.A.E)

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2021

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

---

#### 1. Introduction

Cairo Poultry Company (CPC) S.A.E. ("the Company") was incorporated in 1977 as an Egyptian joint stock company in accordance with the provisions of Law No. 230 of 1989, which was replaced by the Investment Guarantees and Incentives Law No. 8 of 1997, which was replaced by Investment Law No. 72 of 2017. The Company was registered in the commercial register under number 42444 on 26 July 1977. The Company's term is 25 years starting from 19 July 2002. The Group's head office is located in 32A - Mourad Street - Giza - Egypt.

The Company and its subsidiaries (together "the Group") are engaged in the following:

- Production, breeding and fattening of chicks, production of animal feed, mixing of raw materials and production of fertilized eggs from parent chickens.
- Production of cold rooms to achieve the purposes of the Group.
- Production of table eggs from breeding hens.
- Establishment and operation of feed plants to produce all feed stocks, animal, poultry and fish concentrates and non-traditional feeds.
- Establishment of a poultry slaughterhouse.
- Manufacturing slaughterhouse waste.
- Carrying out export operations of the Group's products.
- Carrying out import operations related to the Group's purposes.
- Openbranches and grant agencies to sell the Group's products throughout Egypt.
- Trading in all products and production supplies of the Group.
- Participate in similar projects locally and abroad.

The main shareholder is Americana for Foodstuffs & Touristic Projects as of 31 March 2021, a subsidiary of Adeptio AD Holdings (the ultimate parent) which owns 53.45% of the Company's capital through its subsidiaries.

The consolidated condensed financial statements were authorised to be issued by the Company's board of directors on 13<sup>th</sup> June 2021 taking into consideration that the general assembly of the Company's shareholders has the right to modify the consolidated condensed financial statements after their issuance.

#### 2. Accounting policies

The principal accounting policies applied in the preparation of these interim consolidated condensed financial statements are summarised below, which are applied consistently over the presented financial periods unless otherwise stated:

##### A. Basis of preparation of the consolidated condensed financial statements

These consolidated condensed financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and the relevant laws, these condensed interim consolidated financial statements do not include all the information required when preparing the full annual financial statements and must be read together with the Group's annual consolidated financial statements for 31 December 2020.

## CAIRO POULTRY COMPANY (CPC) (S.A.E)

### Notes to the interim consolidated-condensed financial statements For the three months period ended 31 March 2021

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

---

#### Basis of preparation of the consolidated condensed financial statements (continued)

These financial statements are prepared on the basis of the historical cost, except for:

- Biological assets (chicks in fattening farms at fair value).
- Biological assets (eggs in hatcheries at fair value).
- Financial assets at fair value through profit and loss.

The preparation of the consolidated condensed financial statements in conformity with EASs requires the use of certain critical accounting estimates and assumptions. It also requires the Group's management to exercise its judgement in the process of applying the Group's accounting policies. Note (4) describes the significant accounting estimations and assumptions of these consolidated condensed financial statements, as well as significant judgements used by the Group's management when applying the Group's accounting policies.

The EASs require reference to the International Financial Reporting Standards (IFRS) when there is no EAS, or legal requirement that explains the treatment of specific balances and transactions.

#### B. Biological assets

The biological asset is measured at fair value less estimated selling costs. In case that the fair value can't be determined, the biological asset is measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of these assets can be reliably measured, they are measured at fair value less estimated selling costs. Biological assets are chicks at fattening farms, eggs at hatcheries, grand parent herds and broiler parent herds (these herds are collectively termed Poultry Wealth). Poultry wealth prepared by the Group's management is stated at fair value on the basis of replacement cost, which is an indication and an alternative to fair value less estimated selling cost.

#### C. Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories cost is determined as follows:

- Raw materials and packaging materials and spare parts using the weighted average method.
- Finished goods (feed) at manufacturing cost, using raw materials, direct and indirect manufacturing costs and wages.
- Finished goods (chicken products) on the basis of fair value less costs to sell at the time of slaughter.

The cost of finished goods and work in progress comprises costs of purchase, costs of conversion and other costs (based on normal operating capacity), incurred by the Group in bringing the inventories to their present location and condition, and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and any other costs necessary to complete the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the year/period the write-down or loss occurs.

CAIRO POULTRY COMPANY (CPC) (S.A.E)

Notes to the interim consolidated condensed financial statements  
For the three months period ended 31 March 2021

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

---

**D. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, taking into consideration payment terms determined in the contract and after deduction of taxes or discounts. Revenues are recognized to the extent that financial benefits will be achieved by the Group, and when revenues are costs can be confidently determined.

The Group recognizes revenues from contracts with customers based on a five-step model, as presented in EAS No. (48):

Step 1 – Identifying the contract (contracts) with customers: A contract is an agreement between two or more parties establishing rights and commitments, and establishing criteria that must be adhered to.

Step 2 – Identifying performance obligations: A performance obligation is a commitment in the contract to transfer authorized goods or services to the customer.

Step 3 – Determining the transaction price: The transaction price is the monetary amount expected to be earned by the Group in exchange for the transfer of goods or services to the customer, excluding amounts collected on behalf of other parties.

Step 4 – Allocating the transaction price to the performance obligations in the contract: For contracts that include more than one performance obligation, the Group allocates the transaction price to each obligation separately, at the monetary amount expected to be earned for each performance obligation.

Step 5 – Recognizing revenue when (or as) the Group satisfies a performance obligation.

Additionally, the Group recognizes revenue over time when one of the following conditions are met:

A – The Group's fulfillment of a performance obligation does not depend on Group assets that have alternative uses, and the Group has a non-conditional right to collect amounts for the progress done to date.

B – The Group's performance enhances or improves an asset under the control of the customer at the time.

C – The customer receives and uses the benefits resulting from the Group's performance at the same time.

For any performance obligations that do not meet the above conditions, revenue is recognized once the performance obligations are fulfilled.

When the Group fulfills a performance obligation through a transfer of authorized goods or services, a contract asset is recognized represented in the financial benefit resulting from this performance. When customer payments exceed the recognized revenues, a contract liability is recognized.

## CAIRO-POULTRY COMPANY (CPC) (S.A.E)

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2021

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

---

#### Revenue recognition (continued)

(1) **Sales of goods**

Revenue is recognised from the sale of goods to traders or contractors who have the right to sell them and determine their prices when the goods are delivered to them, and the Group does not retain significant risks of ownership of the goods, there is no obligation that prevent those traders or contractors to accept the goods sold. Delivery is recognised, both in the Group's stores or in specific locations, according to the agreements. When the Group transfers the significant risk and rewards of the ownership of the goods to the traders, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Sales to traders do not comprise the element of financing, as the credit period granted to them is short.

(2) **Rendering of services**

Revenue resulting from services rendered is recognised in the related period when the execution of the transaction can be measured at the end of the financial period.

(3) **Interest income**

Interest income is recognised on a time-proportionate basis using the effective interest method. When a receivable balance resulting from the recognition of interest is impaired, the carrying amount is reduced to the present value of the future cash flows discounted at the original effective interest rate.

(4) **Dividend income**

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

(5) **Government's export subsidy**

The government subsidy on the export sales is recognised as a percentage of the value of exported goods, when there is a proper evidence that the Group will deserve this subsidy and meet all required conditions to obtain such subsidy, which is recognised under other income in the statement of profit or loss.

### 3. Financial risk management

#### Financial risks factors

The Group's activities expose it to a variety of financial risks. These risks include market risks (including foreign currency exchange risks, prices risks, cash flow interest rate risks and fair value risks), credit risks, and liquidity risks.

The Group's management aims to minimise the potential adverse effects on the Group's financial performance, through the monitoring process performed by the Group's Finance Department, the Holding Company's General Manager, Executive Committee at the level of the Parent Company.

The Group does not use any derivative financial instruments to hedge specific risks.

#### Price risk

The Group's management monitors the composition of significant investments in the Group's investment portfolio based on market indices, and the selling and buying decisions are approved by the board of directors.

## CAIRO POULTRY COMPANY (CPC) (S.A.E)

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2021

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

---

#### Financial risk management (continued)

Group management analyzes price risks as follows:

- The group is exposed to price risks on its investments in Egyptian Treasury Bills which are the only debt instruments registered and quoted in money markets,
- The group is not exposed to price risks on its financial assets at fair value through profit and loss due to the low value and immateriality of the Group's investments in unquoted equity instruments.

#### 4. Critical accounting estimates and judgments

Estimates and judgments are continuously evaluated based on prior experience and other factors, including expected future events which match these circumstances:

##### (1) Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the 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 addressed below.

##### i) Useful lives of fixed assets

The Group's management depreciates its fixed assets using the straight-line method so that the value of the asset is reduced to its estimated residual value over the estimated useful life. Estimation of the useful life relies on the estimation and judgment based on the entity's experience with similar fixed assets, taking into consideration the expected usage, number of shifts in which these machineries are used and their technical aging. The depreciation methods applied to these assets are reviewed when there is a significant change in the method of obtaining economic benefits from those assets.

##### ii) Impairment of trade receivables

Impairment of trade receivables is estimated by monitoring the ageing of receivables. The Company's management examines the credit position and ability of customers to make payments for their past due debts, management applies the simplified model allowed for by EAS No. (47) which requires that lifetime expected credit losses be recognized upon initial recognition of these assets.

##### iii) Biological assets

The nature of the Group's activity leads to the need to estimate the useful life of the biological assets. The technical office (in the integrated agricultural production segment and the integrated poultry production segment), one of the Group's departments, uses technical elements to prepare this estimate for the useful life of the biological assets. These assets are accounted for as follows:

- The current biological assets, represented in the chicks at broiler fattening stations and eggs at hatcheries, are accounted for on the basis of fair value less costs to sell.
- the non-current biological assets, represented in grandparent and parent herds, taking into account their short productive life, ranging from 60 to 66 weeks, the Group's management considers the replacement cost to be an indication and an alternative to the fair value at the date of the consolidated condensed financial statements.

**CAIRO POULTRY COMPANY (CPC) (S.A.E)**

**Notes to the interim consolidated condensed financial statements  
For the three months period ended 31 March 2021**

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

**Critical accounting estimates and judgments (continued)**

**iv) Income taxes**

The Group is subject to income taxes on the profits of legal entities. The Company makes estimates for the income tax provision using the consultancy advice of an expert. If the final result of the taxes differs from the initial amounts recorded, such differences will affect the income taxes and the deferred tax provision in the period in which these differences occurred.

**v) Obsolescence of inventory**

The obsolescence of inventory is estimated through management's monitoring of the consumption of all inventory items and their estimation of obsolescence rates for slow-moving assets, in addition to assets that are, in the view of management no longer usable due to obsolescence, slow movement, expiry or damage.

**vi) Impact of coronavirus**

The whole world has been exposed to the spread of the Coronavirus, which has a tangible impact on the economy in general, and this is likely to lead to a measured decrease in economic activities in the coming periods. Therefore, it is possible that the spread of the virus will have a material impact on the elements of assets and liabilities, their recoverable value, as well as business results during the coming periods. It is not possible at the present time to determine the size of this effect on the assets and liabilities listed in the current financial statements of the group, as the size of that effect depends on the expected extent of spread and the period, as well as the timeframe for reaching herd immunity through vaccination. Based on our current knowledge and available information, we expect that the spread of the virus will have an impact on the group's operations in the future.

**(2) Critical judgment in applying the Company's accounting policies**

In general, the application of the Group's accounting policies does not require the management to use judgment (other than the accounting estimates and assumptions referred to in Note 4-1) that may have a material impact on the values recognised in the consolidated condensed financial statements.

**CAIRO POULTRY COMPANY (CPC) (S.A.E)**

**Notes to the interim consolidated condensed financial statements  
For the three months period ended 31 March 2021**

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

**5. Fixed assets**

	Land*	Buildings, constructions, and facilities	Machineries and equipment	Vehicles	Tools and equipment	Furniture and office equipment	Total
<b>Financial period ended 31 December 2020</b>							
Net book value at the beginning of the year	108,936,995	539,510,308	336,179,990	27,788,781	13,809,671	13,558,632	1,039,797,599
Additions and transferred from projects in progress	-	39,363,799	52,621,909	12,170,248	3,922,350	2,838,281	110,916,587
Disposals	(13,222)	(249,559)	(3,572,883)	(4,739,095)	-	(21,701)	(8,596,460)
Depreciation expense	-	(30,055,012)	(51,907,199)	(9,574,604)	(3,294,483)	(3,766,956)	(98,598,254)
Accumulated depreciation of disposals	-	106,244	1,766,930	4,691,263	-	14,350	6,578,787
Net book value at the end of the year	108,936,995	548,675,780	335,088,747	30,336,593	14,437,538	12,622,606	1,050,098,259
<b>At 31 December 2020</b>							
Cost	108,936,995	850,073,538	949,263,814	140,649,791	52,650,853	42,848,423	2,144,423,414
Accumulated depreciation	-	(301,397,758)	(614,175,067)	(110,313,198)	(38,213,315)	(30,225,817)	(1,094,325,155)
Net carrying value	108,936,995	548,675,780	335,088,747	30,336,593	14,437,538	12,622,606	1,050,098,259
<b>Financial period ended 31 March 2021</b>							
Net book value at the beginning of the period	108,936,995	548,675,780	335,088,747	30,336,593	14,437,538	12,622,606	1,050,098,259
Additions and transferred from projects in progress	-	3,283,901	6,884,372	9,555,888	393,234	612,692	20,730,087
Disposals	-	(24,435)	(117,997)	(1,019,350)	-	(7,682)	(1,169,464)
Depreciation expense	-	(7,781,186)	(13,289,956)	(2,586,166)	(833,710)	(1,016,367)	(25,507,385)
Accumulated depreciation of disposals	-	24,435	23,748	1,019,350	-	5,250	1,072,783
Net book value at the end of the period	108,936,995	544,178,495	328,588,914	37,306,315	13,997,062	12,216,499	1,045,224,280
<b>At 31 March 2021</b>							
Cost	108,936,995	853,333,005	956,030,189	149,186,329	53,044,087	43,453,433	2,163,984,037
Accumulated depreciation	-	(309,154,510)	(627,441,275)	(111,880,014)	(39,047,025)	(31,236,934)	(1,118,759,758)
Net carrying value	108,936,995	544,178,495	328,588,914	37,306,315	13,997,062	12,216,499	1,045,224,280

\* The land category include assets with net book value amounted to EGP 16,176,570 (31 December 2020: EGP 16,176,570) which was purchased by the group companies through initial contracts which were not yet formally registered as at the balance sheet date.

CAIRO POULTRY COMPANY-(CPC) (S.A.E)

Notes to the interim consolidated condensed financial statements  
For the three months period ended 31 March 2021

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

6. Related party transactions

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the Group's Board of Directors, their entities, companies under common control, and/ or joint management and control, and their partners and employees of senior management. The partners of joint arrangements and non-controlling interest are considered by the Group as related parties. The management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses. Below is the statement that shows the nature and values of transaction with related parties during the year/period, and the balances due at the date of the consolidated condensed financial statements:

Below is the statement of the nature and amounts of related parties transaction during the year/period, as well as the balances due at the date of the consolidated condensed financial statements:

(a) Transactions with related parties

Company	Nature of relation	Nature of transactions	Volume of transactions	
			31 March 2021	31 December 2020
Americana Kuwait - Meat segment	Subsidiary to the parent company	Chicken sales	16,793,563	77,138,345
Americana Egypt Cold Storage and warehouses	Subsidiary to the parent company	Security services	94,875	356,500
Kuwait Company for Food Products - Emirates	Subsidiary to the parent company	Chicken sales	-	1,537,276
Egyptian Company for Touristic Projects	Subsidiary to the parent company	Chicken sales	57,648,474	258,330,031
		Purchases and services	7,170	112,329
		Security services	-	541,715
Moroccan Company for Touristic Projects	Subsidiary to the parent company	Chicken sales	-	2,113,202
Americana Kuwait Food Company - Restaurants segment	Subsidiary to the parent company	Chicken sales	1,004,016	1,394,448
Beefy	Subsidiary to the parent company	Chicken sales	265,650	-
Farm Frites	Subsidiary to the parent company	Chicken sales	11,081	55,545
		Security services	274,065	1,046,430
		Purchases	1,218,168	4,705,470
Global Agriculture Industries	Subsidiary to the parent company	Purchases	412,640	133,469
		Security services	-	1,937,486
		Chicken Sales	-	376,200
Beefy	Subsidiary to the parent company	Security services	-	5,568,180



CAIRO POULTRY COMPANY (CPC) (S.A.E)

Notes to the interim consolidated condensed financial statements  
For the three months period ended 31 March 2021

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

Related party transactions (continued)

(b) Due-from related parties

	31 March 2021	31 December 2020
Egyptian Company for Touristic Projects	35,924,428	28,539,066
Americana Kuwait - Meat segment	8,723,322	10,685,684
Americana Group for Food products and projects	2,708,020	2,708,020
Americana Kuwait – Restaurants Segment	1,001,231	-
Cairo for Feed Materials Trading	591,949	591,949
International Company for Production and Manufacturing	481,093	614,473
Beefy	162,150	372,601
Americana Egypt Cold Storage and warehouses	36,052	36,052
New Cairo for trading and import	5,372	5,372
Moroccan Company for Touristic Projects	-	1,065,759
Kuwait Company for Food Products – Emirates	-	448,812
Less: Impairment of due from Cairo for Materials Trading*	(523,274)	(523,274)
<b>Total</b>	<b>49,110,343</b>	<b>44,544,514</b>

\* The impairment amount represents the amounts estimated to be uncollectible by the Group's management based on a study of the financial position of Cairo for Feed Materials Trading (Under Liquidation).

(c) Due to related parties

	31 March 2021	31 December 2020
California Garden	1,428,356	1,652,862
Farm Frites	1,106,240	434,234
Cairo for the production of egg chicks	729,956	729,956
Kuwait Food Company - UAE	217,525	218,076
Kuwait Company - Restaurants segment	198,730	198,185
Global Food Industries	-	1,435,238
<b>Total</b>	<b>3,680,807</b>	<b>4,668,551</b>

7. Other financial assets at amortized cost

	31 March 2021	31 December 2020
Treasury bills – longer than three months	182,951,814	125,469,121

CAIRO POULTRY COMPANY (CPC) (S.A.E)

Notes to the interim consolidated-condensed financial statements  
For the Three months period ended 31 March 2021

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

8. Provisions

	31 March 2021			31 December 2020	
	Restructuring provision	Provision for lawsuits	Other provisions	Total	Total
Balance at the beginning of the period/year	2,554,512	2,110,138	132,630,435	137,295,085	132,363,195
Formed during the period/year	-	598,140	4,365,508	4,963,648	17,157,810
Utilised during the period/year	-	(216,870)	(20,533,192)	(20,750,062)	(11,565,496)
Provisions no longer required	-	(18,000)	-	(18,000)	(660,424)
<b>Balance at the end of the period/year</b>	<b>2,554,512</b>	<b>2,473,408</b>	<b>116,462,751</b>	<b>121,490,671</b>	<b>137,295,085</b>

Other provisions

The provisions are related to expected claims from external parties in relation to the Company's activities. Information usually published on the provisions made according to accounting standards was not disclosed, as the Management believes that doing so may seriously affect the outcome of negotiations with that external parties. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

Restructuring provision

The provision formed consists of the total value of the expenses arising from the restructuring that resulted in a current obligation arising from a past event. Management expects an outflow of resources to settle this obligation over the upcoming period.

Provision for legal claims

The provision consists of the total amount provided to meet specific legal claims against the Company from external parties. Management believes that after obtaining appropriate legal advice, the outcome of such legal claims will not exceed substantially the value of the provision as at 31 March 2021.

9. Bank overdrafts

	31 March 2021	31 December 2020
Bank overdrafts	659,598,078	546,996,391
	<b>659,598,078</b>	<b>546,996,391</b>

The bank overdrafts balance includes the amounts funded from the credit line granted to the group from its banks.

CAIRO POULTRY COMPANY (CPC) (S.A.E)

Notes to the interim consolidated condensed financial statements  
For the three months period ended 31 March 2021

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

10. Other operating expenses

	31 March 2021	31 March 2020
Restructuring expenses*	1,629,573	35,422,982
Loss on sale of fixed assets	94,250	78,098
Other expenses	-	4,727,477
	<u>1,723,823</u>	<u>40,228,557</u>

\* Restructuring expenses represent the amount that the Group paid during the period for the restructuring of its operations, including the termination of some of its employees.

11. Other operating income

	31 March 2021	31 March 2020
Other income	12,225,059	21,802,364
Income from sale of parent/ grand parent chicken	8,785,964	14,581,959
Capital gains	931,724	1,924,043
	<u>21,942,747</u>	<u>38,308,366</u>

12. Basic and diluted stock earnings / (losses) per share

Basic and diluted stock earnings per share are calculated by dividing the net profit/ (loss) attributable to the shareholders by the weighted average number of outstanding shares during the year/period, on the basis of the profit/ (loss) and data relevant to the separate financial statements of Cairo Poultry Company.

	31 March 2021	31 March 2020
Loss for the period (Cairo Poultry Company)	(18,409,651)	(24,886,292)
<b>Net loss attributable to shareholders of the parent company</b>	(18,409,651)	(24,886,292)
Outstanding shares during the period (Cairo Poultry Company)	479,001,600	479,001,600
<b>Earnings per share (Basic and diluted)</b>	<u>(0.0384)</u>	<u>(0.0519)</u>

The basic and diluted stock earnings per share are calculated by adjusting the weighted average of outstanding shares for the effect of all possible common shares that would cause this dilution, the Group has no potential dilutory shares in 31 March 2021 or 31 March 2020; as such, the diluted earnings per share is equal to the basic earnings per share.

## CAIRO POULTRY COMPANY (CPC) (S.A.E)

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2021

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

#### 13. Contingent liabilities

The Group has contingent liabilities in respect of letter of guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The balance of the letters of guarantee granted by the Group during the ordinary course of business amounted to EGP 3,729,997 in 31 March 2021 (31 December 2020: EGP 3,729,997).

#### 14. Operating segments

The Group's CODM is the Board Chairman of the Group. The Group's management has determined the operating segments based on the financial information frequently reviewed for the purposes of making decisions with regard to allocating resources and assessing performance. The operational results are reviewed in terms of the nature of products produced by the segments as well as the services rendered and the realised profits or losses. Cairo Poultry Company (CPC) has two major segments presented in the financial statements: feed segment and poultry segment. The feed segment

The feed segment produces all kinds of animal and poultry feed, fish and non-traditional feed. The poultry segment produces all kinds of poultry and poultry meat products of all kinds.

The accounting policies of the operating segments are the same as those described in the summary of accounting policies. The Management assesses the performance of the operating segments based on the total revenue and the total measurement of the segment's profit or loss. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the Group's head office, which manages the cash flows and liquidity requirements. The feed and poultry segments presented in the financial statements are strategic business units offering different products and services. These segments are managed separately because each activity requires different technology and marketing strategies. The following table shows the profit (loss) for the Group's segments:

	31 March 2021			
	Feed segment	Poultry segment	Other segments	Total
Net sales to external clients	282,948,640	874,329,608	4,079,044	1,161,357,292
Other operating income and no longer required provision	1,296,657	20,702,762	-	21,999,419
Selling and distribution expenses	(5,746,827)	(36,312,053)	-	(42,058,880)
General and administrative expenses	(19,285,943)	(22,058,973)	(915,191)	(42,260,107)
Other operating expenses and provisions formed	(5,704,951)	(2,059,158)	(399,399)	(8,163,508)
Interest and financing expenses	176,527	(9,041,766)	37,853	(8,827,386)
Income tax	(7,943,816)	(13,397,367)	-	(21,341,183)
Profit (loss) of the segment	8,130,667	45,045,608	(457,561)	52,718,714

CAIRO POULTRY COMPANY (CPC) (S.A.E)

Notes to the interim consolidated condensed financial statements  
For the three months period ended 31 March 2021

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

Operating segments (continued)

	31 March 2020			
	Feed segment	Poultry segment	Other segments	Total
Net sales to external clients	268,700,661	773,852,166	5,187,423	1,047,740,250
Other operating income and no longer required provision	1,219,519	39,375,350	-	40,594,869
Selling and distribution expenses	(4,076,076)	(34,477,057)	-	(38,553,133)
General and administrative expenses	(17,430,174)	(22,361,281)	(1,053,851)	(40,845,306)
Other operating expenses and provisions formed -	(5,737,858)	(36,368,474)	(18,386)	(42,124,718)
Interest and financing expenses	(5,713,743)	(14,839,917)	88,104	(20,465,556)
Income tax	(7,867,544)	(4,852,811)	-	(12,720,355)
Profit (loss) of the segment	12,991,062	380,782	(132,820)	13,239,024

15. Ownership interests in subsidiaries

At 31 March 2021 and 31 December 2020, the Group is composed of the following companies, unless otherwise stated. The percentage of the Group's shareholding in subsidiaries is represented in the Group's direct ownership interests in the ordinary shares of the capital only.

Subsidiaries	Incorporation	% Shareholding Group		Ratio of non-controlling interests	
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
New Cairo Poultry Company	Egypt	97,03%	97,03%	2,97%	2,97%
Cairo Poultry Processing Company	Egypt	98,81%	98,81%	1,19%	1,19%
Cairo for Feed Production	Egypt	99,96%	99,96%	0,04%	0,04%
Corporate-Guard Services	Egypt	67,83%	67,83%	32,17%	32,17%
Wadi Al-Natroun for Parent Chicken	Egypt	99,96%	99,96%	0,04%	0,04%
Wadi Al-Natroun for Broiler Fattening	Egypt	99,96%	99,96%	0,04%	0,04%
Cairo Financial Leasing	Egypt	99,96%	99,96%	0,04%	0,04%
Delta Trading and Import Company indirect shareholding	Egypt	98,82%	98,82%	1,18%	1,18%