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

LIMITED REVIEW REPORT
AND INTERIM CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2021

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

Interim consolidated condensed financial statements
For the six months period ended 30 June 2021

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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 30 June 2021 and the related consolidated condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six 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 30 June 2021 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

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

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
pwc

15 August 2021
Cairo

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

Consolidated condensed statement of financial position - As at 30 June 2021

(All amounts are shown in Egyptian Pounds)

	Note	30 June 2021	31 December 2020
Assets			
Non-current assets			
Fixed assets	5	1,032,765,949	1,050,098,259
Projects under construction		34,369,170	44,795,978
Biological assets - Poultry wealth		180,184,229	186,156,788
Biological assets - Plant wealth		8,268,113	2,837,877
Financial assets at fair value through profit or loss		750,000	750,000
Right-of-use assets		12,854,719	14,728,903
Total non-current assets		**1,269,192,180**	**1,299,367,805**
Current assets			
Inventories		536,653,094	569,973,324
Biological assets - Broiler chicks and eggs		121,773,783	101,764,348
Trade receivables and other debit balances		440,140,951	471,817,730
Due from related parties	6/B	43,321,441	44,544,514
Other financial assets at amortized cost	7	186,546,245	125,469,121
Cash and cash equivalents		60,094,324	107,478,210
Total current assets		**1,388,529,838**	**1,421,047,247**
Total assets		**2,657,722,018**	**2,720,415,052**
Equity and liabilities			
Equity			
Paid up capital		479,001,600	479,001,600
Reserves		321,781,440	321,781,440
Retained earnings		461,068,361	460,051,318
Total equity attributable to the shareholders of the parent company		**1,261,851,401**	**1,260,834,358**
Non-controlling interests		14,043,295	13,210,066
Total equity		**1,275,894,696**	**1,274,044,424**
Liabilities			
Non-current liabilities			
Deferred tax liabilities		77,439,203	81,029,919
Lease liabilities - noncurrent		7,837,788	8,567,897
Other liabilities		60,000	80,000
Total non-current liabilities		**85,336,991**	**89,677,816**
Current liabilities			
Provisions	8	131,944,450	137,295,085
Bank overdrafts	9	562,031,478	546,996,391
Trade payables and other credit balances		557,041,905	613,287,388
Due to related parties	6/C	1,466,754	4,668,551
Lease liabilities - current		6,077,564	7,212,141
Current income tax liabilities		37,928,180	47,233,256
Total current liabilities		**1,296,490,331**	**1,356,692,812**
Total equity and liabilities		**2,657,722,018**	**2,720,415,052**

The accompanying notes on pages 7 to 22 form an integral part of these consolidated condensed financial statements.
Limited review report - attached

Acct. Ahmed Abdel Raouf Ahmed	**Mr. Adel Al Alfi**	**Eng. Mohamed Tarek Zakaria**
Group CFO and CAO	**Managing Director**	**Board Chairman**

Giza, 15th August 2021

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

Consolidated statement of profit or loss - For the six months ended 30 June 2021

(All amounts are shown in Egyptian Pounds)

	Note	The six months ended 30 June 2021	The six months ended 30 June 2020	The three months ended 30 June 2021	The three months ended 30 June 2020
Sales		2,425,944,888	2,047,509,823	1,264,587,596	999,769,573
Cost of sales		(2,161,570,494)	(1,743,403,925)	(1,153,583,561)	(822,842,730)
Gross profit		**264,374,394**	**304,105,898**	**111,004,035**	**176,926,843**
Selling and marketing expenses		(79,443,166)	(75,376,242)	(37,384,285)	(36,824,264)
General and administrative expenses		(77,429,871)	(79,558,911)	(35,169,764)	(38,712,448)
Provisions formed		(15,667,245)	(3,912,832)	(9,227,560)	(2,016,671)
Other operating expenses	10	(10,204,117)	(70,371,969)	(8,480,294)	(30,143,412)
Provisions no longer required		285,268	3,938,410	228,596	1,651,907
Other operating income	11	48,888,425	65,419,893	26,945,678	27,111,527
Gains from investment in associate - Net		-	12,474,136	-	12,299,968
Operating profit		**130,803,688**	**156,718,383**	**47,916,406**	**110,293,450**
Financing expenses - Net		(17,720,826)	(35,959,693)	(8,893,440)	(15,494,137)
Profit for the period before taxes		**113,082,862**	**120,758,690**	**39,022,966**	**94,799,313**
Income taxes		(32,886,125)	(42,454,739)	(11,544,942)	(29,734,384)
Net profit for the period		**80,196,737**	**78,303,951**	**27,478,024**	**65,064,929**
Profit attributable to:					
Shareholders of the parent company		79,363,508	77,355,908	27,508,932	64,453,608
Non-controlling interests		833,229	948,043	(30,908)	611,321
		80,196,737	**78,303,951**	**27,478,024**	**65,064,929**
Common and diluted losses per share after tax for shareholders of the parent Company:	12	(0.056)	(0.072)	(0.020)	(0.020)

The accompanying notes on pages 7 to 22 form an integral part of these consolidated condensed financial statements.

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

Consolidated statement of comprehensive income - For the six months ended 30 June 2021

(All amounts are shown in Egyptian Pounds)

	The six months ended 30 June		The three months ended 30 June	
	2021	**2020**	**2021**	**2020**
Net profit for the period	**80,196,737**	**78,303,951**	**27,478,024**	**65,064,929**
Other comprehensive income for the period	-	-	-	-
Total other comprehensive income for the period	**80,196,737**	**78,303,951**	**27,478,024**	**65,064,929**
Attributable to:				
Shareholders of the parent company	79,363,508	77,355,908	27,508,932	64,453,608
Shares of non-controlling interests	833,229	948,043	(30,908)	611,321
	80,196,737	**78,303,951**	**27,478,024**	**65,064,929**

The accompanying notes on pages 7 to 22 form an integral part of these consolidated condensed financial statements.

Consolidated statement of changes in equity - For the six months ended 30 June 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**
Cash dividends to non-controlling interest holders on 2019 profits	-	-	-	-	(303,819)	**(303,819)**
Dividends to the employees on 2019 profits	-	-	(15,268,512)	**(15,268,512)**	(46,452)	**(15,314,964)**
Transferred to the reserves	-	1,107,641	(1,107,641)	-	-	-
Adjustments on investment balance in an associate	-	(39,685,042)	39,685,042	-	-	-
Total comprehensive income for the period ended 30 June 2020	-	-	77,355,908	**77,355,908**	948,043	**78,303,951**
Adjustments on retained earnings	-	-	(12,696)	**(12,696)**	(6,014)	**(18,710)**
Balance at 30 June 2020	**479,001,600**	**321,781,440**	**439,388,204**	**1,240,171,244**	**13,575,326**	**1,253,746,570**
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**
Dividends to the shareholders on 2020 profits	-	-	(76,640,260)	**(76,640,260)**	-	**(76,640,260)**
Dividends to the employees on 2020 profits	-	-	(1,706,205)	**(1,706,205)**	-	**(1,706,205)**
Total comprehensive income for the period ended 30 June 2021	-	-	79,363,508	**79,363,508**	833,229	**80,196,737**
Balance at 30 June 2021	**479,001,600**	**321,781,440**	**461,068,361**	**1,261,851,401**	**14,043,295**	**1,275,894,696**

The accompanying notes on pages 7 to 22 form an integral part of these consolidated condensed financial statements.

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

Consolidated statement of cash flows - For the six months ended 30 June 2021

(All amounts are shown in Egyptian Pounds)

	Note	30 June 2021	30 June 2020
Cash flows from operating activities			
Net profit before taxes, adjusted by:		113,082,862	120,758,690
Fixed assets depreciation	5	51,550,769	48,115,315
Depreciation of Right of use assets		3,706,990	4,494,209
Gain on sale of fixed assets		(1,113,474)	(1,505,373)
Poultry wealth amortisation		152,933,456	152,338,204
Gain on sale of poultry wealth		(21,155,870)	(31,920,830)
Depreciation of plant wealth		127,218	80,904
Gains from investment in associate - Net		-	(12,474,136)
Settlements on projects under construction		-	3,522,132
Provisions formed		35,758,102	20,787,354
Provisions no longer requiered		(2,377,866)	(8,331,267)
Interest income		(10,069,204)	(2,127,837)
Interest expense		30,743,027	38,639,037
Operating gain before changes in working capital		**353,186,010**	**332,376,402**
Changes in working capital:			
Inventories		34,688,908	(9,515,054)
Biological assets		(20,009,435)	(10,850,840)
Debtors and other debit balances		20,771,528	(4,949,840)
Due from related parties		1,223,073	8,895,346
Creditors and other credit balances		(57,951,688)	(25,194,253)
Due to related parties		(3,201,797)	3,574,398
Utilised provisions	8	(20,677,269)	(7,706,181)
Cash flows from operating activities		**308,029,330**	**286,629,978**
Interest paid		(29,609,924)	(38,341,772)
Dividends paid to the employees		-	(20,517,319)
Income tax paid and settled		(45,781,917)	(56,958,373)
Net cash flows generated from operating activities		**232,637,489**	**170,812,514**
Cash flows from investing activities			
Payments to purchase fixed assets and projects under construction		(24,210,904)	(55,838,497)
Payments to purchase poultry wealth		(157,781,763)	(159,147,782)
Payments to purchase plant wealth		(5,557,454)	(565,156)
Interest collected		9,436,421	2,127,837
Proceeds from sale of fixed assets		1,532,727	2,981,992
Proceeds from sale of poultry wealth		23,459,707	31,920,830
Proceeds from sale of investment in associate		-	121,583,941
Net payments for purchase of other financial assets at amortized cost		(60,444,341)	(116,054,507)
Net cash flows used in investing activities		**(213,565,607)**	**(172,991,342)**
Cash flows from financing activities			
Net receipts - Bank overdrafts		15,035,087	55,787,491
Repayments of loans		-	(8,333,334)
Dividends paid to the shareholders		(76,640,260)	-
Lease Payments		(4,850,595)	(4,120,428)
Net cash flows (used in) generated from financing activities		**(66,455,768)**	**43,333,729**
Net (Decrease)/Increase in cash and cash equivalents		**(47,383,886)**	**41,154,901**
Cash and cash equivalents, beginning of the period		107,478,210	38,676,579
Cash and cash equivalents, end of the period		**60,094,324**	**79,831,480**

The accompanying notes on pages 7 to 22 form an integral part of these consolidated condensed financial statements.

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 theoughout 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 30 June 2021, a subsidiary of Adeptio AD Holdings (the ultimate parent) which owns 53.45% of the Company's capital theough its subsidiaries.

The consolidated condensed financial statements were authorised to be issued by the Company's board of directors on 15 August 2021.

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.

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 theough 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 estimates 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. Financial instruments

The Group classifies its financial instruments in the following category:
- At amortized cost
- At fair value through profit or loss

This classification depends on the Group's business model in managing financial assets and the characteristics of the contractual cash flows.

The Group measures its financial assets at amortized cost when they are in the scope of the hold to collect business model, where the contractual terms determine specific cash flows at specific dates that are solely payments of principal and interest (SPPI).

Initial recognition
At initial recognition, the financial assets and financial liabilities are measured at their fair value. Transaction costs for financial assets recorded at fair value through profit or loss are treated as expenses in the profit or loss statement. For any financial assets or financial instruments not measured at fair value through profit or loss, their fair value is affected by the transaction costs that are directly related to the acquisition or issuance of the financial asset / financial liability.

Financial assets (continued)

Classification of financial liabilities
The Group classifies a financial liability as a financial liability through profit or loss in case it leads to the elimination or reduction of a classification mismatch, or in case a group of financial liabilities' performance is evaluated in accordance with fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Offsetting financial assets and financial liabilities
Financial assets and liabilities are offset, and the net amount is shown in the consolidated statement of financial position, when the Group has a current non-revokable legal right to offset these amounts, has the intent to offset these amounts or to sell the asset and settle the liability at the same time.

Reclassification
Financial assets are reclassified only when the Group changes the business model used in managing the financial assets. For example, if Group management changes its preference to keep an asset for a short term period or long term period, no reclassification is done.

Subsequent measurement

a- Debt instruments:
Amortized cost: Assets are classified as hold to collect where contractual cash flows are solely payments of principal and interest. Interest income from these financial assets is recognized in finance income using the effective interest method. Any profits or losses resulting from derecognition are recognized directly in profit or loss and presented in other gains (losses), in addition to the profit and losses from foreign exchange differences. Impairment losses are presented as a separate item in the consolidated statement of profit or loss.

b- Equity instruments:
Fair value through profit or loss: Investments in equity instruments are subsequently measured at fair value, the Group performed a fair value assessment and concluded that there is no material change between the historical cost of these unquoted instruments and their fair value.

c- Derecognition:
The Group derecognized the financial asset only when the contractual right to receive cash flows from the financial asset are extinguished, or when all risks and rewards of ownership of the financial assets are transferred to another party.

Financial liabilities are derecognized when the financial liability stipulated in the contract is settled, cancelled or extinguished. Significant amendments to the terms of the debt instrument are considered an extinguishment of the financial liability, and a new financial liability is to be recognized.

Financial assets (continued)

d- Impairment of financial assets:
The group evaluates the expected credit losses related to its financial assets held at amortized cost based on future expectations. The impairment model applied depends on whether there is a significant increase in credit risk. For trade receivables, the Group applies the simplified approach allowed by Egyptian Accounting Standard No. 47 which requires expected losses to be recognized over the course of the lifetime of these instruments starting from initial recognition. and the proceeds resulting from the financial asset, in addition to the accumulated profit or loss previously recognised within other comprehensive income.

D. 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.

E. 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 and 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.

Revenue recognition (continued)

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 liabiltiy is recognized.

(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.

Revenue recognition (continued)

(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.

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.

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.

Critical accounting estimates and judgments (continued)

v) **Obsolesence of inventory**
The obsolesence 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 obsoletion, 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.

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

5. Fixed assets

	Land*	Buildings, constructions, & facilities	Machineries & equipment	Vehicles	Tools and equipment	Furniture & office equipment	Total
Financial period ended 31 December 2020							
Net book value at the beginning of the year	108,950,217	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**
At 31 December 2020							
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**
Financial period ended 30 June 2021							
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	-	4,321,927	13,872,972	14,419,352	1,286,540	736,922	**34,637,713**
Disposals	-	(394,435)	(695,865)	(1,134,350)	-	(7,693)	**(2,232,343)**
Depreciation expense	-	(15,576,663)	(26,903,222)	(5,383,348)	(1,641,431)	(2,046,105)	**(51,550,769)**
Accumulated depreciation of disposals	-	126,185	547,304	1,134,350	-	5,250	**1,813,089**
Net book value at the end of the period	**108,936,995**	**537,152,794**	**321,909,936**	**39,372,597**	**14,082,647**	**11,310,980**	**1,032,765,949**
At 30 June 2021							
Cost	108,936,995	854,001,030	962,440,921	153,934,793	53,937,393	43,577,652	**2,176,828,784**
Accumulated depreciation	-	(316,848,236)	(640,530,985)	(114,562,196)	(39,854,746)	(32,266,672)	**(1,144,062,835)**
Net carrying value	**108,936,995**	**537,152,794**	**321,909,936**	**39,372,597**	**14,082,647**	**11,310,980**	**1,032,765,949**

* 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 statement of financial position date.

(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

			Volume of transactions	
Company	**Nature of relation**	**Nature of transactions**	**30 June 2021**	**30 June 2020**
Americana Kuwait - Meat segment	Subsidiary to the parent company	Chicken sales	35,858,828	43,142,737
Americana Egypt Cold Storage and warehouses	Subsidiary to the parent company	Security services	189,090	172,500
Kuwait Company for Food Products – Emirates	Subsidiary to the parent company	Chicken sales	-	-
Egyptian Company for Touristic Projects	Subsidiary to the parent company	Chicken sales	110,645,276	112,163,931
		Purchases and services	19,599	40,473
		Security services	-	547,163
Moroccan Company for Touristic Projects	Subsidiary to the parent company	Chicken sales	812,960	1,099,603
Americana Kuwait Food Company - Restaurants segment	Subsidiary to the parent company	Chicken sales	1,508,933	968,115
Beefy	Subsidiary to the parent company	Chicken sales	265,650	2,827,905
Farm Frites	Subsidiary to the parent company	Chicken sales	34,661	25,195
		Security services	510,510	498,300
		Purchases	2,373,851	2,857,815
Global Agriculture Industries	Subsidiary to the parent company	Purchases	7,875	-
		Security services	764,431	-
Green Land	Subsidary to the parent Company	Security services	-	965,977
		Purchases	-	131,000
		Chicken Sales	-	376,200

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

Related party transactions (continued)

(b) Due from related parties

	30 June 2021	31 December 2020
Egyptian Company for Touristic Projects	23,849,294	28,539,066
Americana Kuwait - Meat segment	15,944,463	10,685,684
Americana Group for Food products and projects	2,708,020	2,708,020
Americana Kuwait – Restaurants Segment	505,567	-
Cairo for Feed Materials Trading	-	591,949
International Company for Production and Manufacturing	278,044	614,473
Beefy	-	372,601
Americana Egypt Cold Storage and warehouses	36,053	36,052
New Cairo for trading and import	-	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)
Total	**43,321,441**	**44,544,514**

* 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

	30 June 2021	31 December 2020
California Garden	323,212	1,652,862
Farm Frites	611,569	434,234
Cairo for the production of egg chicks	-	729,956
Kuwait Food Company - UAE	217,306	218,076
Kuwait Company - Restaurants segment	199,568	198,185
Global Food Industries	115,099	1,435,238
Total	**1,466,754**	**4,668,551**

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

7. Other financial assets at amortized cost

	30 June 2021	31 December 2020
Treasury bills par value		
160 – 275 days maturity	180,981,131	120,694,810
	180,981,131	**120,694,810**
Interest recognized on treasury bill balance	5,565,114	4,774,311
Treasury bills balance	**186,546,245**	**125,469,121**

8. Provisions

	30 June 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	-	1,503,140	13,842,866	15,346,006	**17,157,810**
Utilised during the period/year	-	(330,499)	(20,346,770)	(20,677,269)	**(11,565,496)**
Provisions no longer required	-	(19,372)	-	(19,372)	**(660,424)**
Balance at the end of the period/year	**2,554,512**	**3,263,407**	**126,126,531**	**131,944,450**	**137,295,085**

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 30 June 2021.

9. Bank overdrafts

	30 June 2021	31 December 2020
Bank short term borrowings	322,804,872	329,115,018
Bank overdrafts	239,226,606	217,881,373
	562,031,478	**546,996,391**

Bank credit facilities represent the value of the facilities used and granted to the group from the banks it deals with. The total facilities available amount to about 1.261 billion Egyptian pounds, which are tranches for overdrafts and tranches for borrowings with maturity dates ranging from three to six months, represented by short-term loans, and the interest rate for the facilities in the Egyptian pound is the average of the corridor price to the lending corridor price in addition to the facilities for the initiative of the Central Bank of Egypt at an interest rate of 8%. As for the facilities in US dollars, the interest rate on them is the LIBOR rate plus a contractual margin, including a commission on the highest debit balance, in exchange for bank guarantees obtained by the banks that provided the credit facilities to the group represented by solidarity guarantees provided by the group companies in favor of the banks granting these facilities

10. Other operating expenses

	The six months ended 30 June		The three months ended 30 June	
	2021	2020	2021	2020
Other expenses	3,925,985	8,141,964	3,925,985	3,414,488
Restructuring expenses *	6,129,573	61,978,499	4,500,000	27,481,556
Loss on sale of fixed assets	148,559	251,506	54,309	173,408
	10,204,117	**70,371,969**	**8,480,294**	**31,069,452**

* 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

	The six months ended 30 June		The three months ended 30 June	
	2021	2020	2021	2020
Other income	26,619,081	30,265,564	14,394,022	9,330,099
Income from sale of parent / grand parent chicken	21,155,870	31,920,830	12,369,906	17,338,871
Gain on sale of fixed assets	1,113,474	3,233,499	181,750	1,309,456
	48,888,425	**65,419,893**	**26,945,678**	**27,978,426**

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

12. Basic and diluted stock losses per share

Basic and diluted stock losses 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.

	30 June 2021	30 June 2020
Loss for the period (Cairo Poultry Company)	(26,953,850)	(34,363,405)
Less:		
Employees share of dividends (Cairo Poultry Company)	-	-
Transferred to legal reserve (Cairo Poultry Company)	-	-
Net profit attributable to shareholders of the parent company	**(26,953,850)**	**(34,363,405)**
Outstanding shares during the year (Cairo Poultry Company)	479,001,600	479,001,600
Earnings per share (Basic and diluted)	**(0.056)**	**(0.072)**

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 potentional dilutory shares in 30 June 2021 or 30 June 2020; as such the diluted earnings per share is equal to the basic earnings per share.

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 ,and capital committements for projects needed in operations. The balance of the letters of guarantee granted by the Group during the ordinary course of business amounted to EGP 3,730,000 in 30 June 2021 (31 December 2020: EGP 3,729,997) and the balance for capital committement amounted to EGP 23,500,000 in June 2021.

14. Operating segments

The Group's CODM is the Managing Director 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 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.

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

Operating segments (continued)

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:

	30 June 2021			
	Feed segment	Poultry segment	Other segments	Total
Net sales to external clients	622,031,958	1,795,835,688	8,077,242	2,425,944,888
Other operating income and no longer required provision	2,017,484	47,156,209	-	49,173,693
Selling and distribution expenses	(10,019,405)	(69,423,760)	-	(79,443,165)
General and administrative expenses	(36,242,962)	(39,329,686)	(1,857,223)	(77,429,871)
Other operating expenses and provisions formed	(11,285,047)	(13,778,849)	(807,466)	(25,871,362)
Interest and financing expenses	607,583	(18,406,508)	78,099	(17,720,826)
Income tax	(16,872,570)	(16,013,555)	-	(32,886,125)
Profit (loss) of the segment	36,820,578	44,473,072	(1,096,912)	80,196,738

	30 June 2020			
	Feed segment	Poultry segment	Other segments	Total
Net sales to external customers	582,153,987	1,455,339,971	10,015,865	2,047,509,823
Other operating income and no longer required provision	14,496,447	54,861,856	-	69,358,303
Selling and marketing expenses	(9,560,364)	(65,817,033)	-	(75,377,397)
General and administrative expenses	(33,130,214)	(44,320,490)	(2,108,207)	(79,558,911)
Other operating expenses and provisions formed	(32,704,323)	(41,514,348)	(66,130)	(74,284,801)
Interest and financing expenses	(10,442,467)	(25,646,832)	129,606	(35,959,693)
income taxes	(19,283,779)	(23,170,960)	-	(42,454,739)
Profit (loss) of the segment after taxes	43,770,951	34,839,446	(306,446)	78,303,951

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

15. Ownership interests in subsidiaries

At 30 June 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.

		% Shareholding Group		Ratio of non-controlling interests	
Subsidiaries	**Incorporation**	**30 June 2021**	**31 December 2020**	**30 June 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%