

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

LIMITED REVIEW REPORT  
AND INTERIM CONSOLIDATED CONDENSED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2022

CAIRO POULTRY COMPANY (S.A.E.)

Interim consolidated condensed financial statements  
For the nine months period ended 30 September 2022

---

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	7-22



## 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 interim consolidated condensed statement of financial position of Cairo Poultry Company (S.A.E.) as of 30 September 2022 and the related consolidated condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine 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 Standard no. (30) "Interim financial statements". 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 are not prepared, in all material respects in accordance with Egyptian Accounting Standard no. (30) "Interim Financial Statements".



Ashraf Mandouh  
R.A.A. 26231  
F.R.A. 383


9 November 2022  
Cairo


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

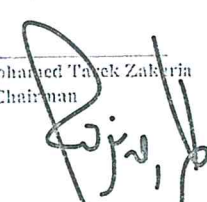
Interim Consolidated condensed statement of financial position - As at 30 September 2022

(All amounts are shown in Egyptian Pounds)	Note	30 September 2022	31 December 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	5	1,011,647,657	1,029,473,219
Projects under construction		57,590,597	35,777,240
Biological assets - Poultry wealth		143,977,953	187,914,045
Biological assets - Plant wealth		7,926,914	8,131,632
Right-of-use assets		21,159,666	18,884,634
<b>Total non-current assets</b>		<b>1,242,302,787</b>	<b>1,280,180,770</b>
<b>Current assets</b>			
Inventories	13	943,345,460	469,995,758
Biological assets - Broiler chicks and eggs		143,684,104	107,453,120
Trade receivables and other debit balances		699,822,916	530,049,135
Due from related parties	6/B	56,315,534	26,789,733
Other financial assets at amortized cost	7	-	152,285,599
Cash and cash equivalents		93,022,226	98,324,990
<b>Total current assets</b>		<b>1,936,200,240</b>	<b>1,384,898,335</b>
<b>Total assets</b>		<b>3,178,503,027</b>	<b>2,665,079,105</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid up capital		479,001,600	479,001,600
Reserves		330,185,212	324,599,407
Retained earnings		736,455,615	545,361,180
		1,545,642,427	1,348,962,187
		15,195,811	15,280,058
<b>Total equity</b>		<b>1,560,838,238</b>	<b>1,364,242,275</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		109,427,223	78,485,690
Lease liabilities - Noncurrent		15,845,556	13,063,554
Other liabilities		-	60,000
<b>Total non-current liabilities</b>		<b>125,272,779</b>	<b>91,609,244</b>
<b>Current liabilities</b>			
Provisions	8	122,887,674	142,230,185
Bank facilities	9	626,042,350	447,796,808
Trade payables and other credit balances	14	619,735,538	541,570,472
Due to related parties	6/C	51,019	486,335
Lease liabilities - Current		7,312,234	7,460,549
Current income tax liabilities		116,343,195	69,883,237
<b>Total current liabilities</b>		<b>1,492,392,010</b>	<b>1,209,227,586</b>
<b>Total Equity and liabilities</b>		<b>3,178,503,027</b>	<b>2,665,079,105</b>

The accompanying notes on pages 7 to 21 form an integral part of these interim consolidated condensed financial statements.  
Limited review report - attached

  
Aecf. Ahmed Abdel Raouf Ahmed  
Group CFO and CAO

  
Mr. Adel Al Ali  
Managing Director

  
Eng. Mohamed Tarek Zakaria  
Board Chairman

Giza, 9 November 2022



CAIRO POULTRY COMPANY (S.A.E)

Consolidated condensed statement of profit or loss - For the nine months ended 30 September 2022

(All amounts are shown in Egyptian Pounds)

	Note	The nine months ended 30 September		The three months ended 30 September	
		2022	2021	2022	2021
Sales		4,718,125,248	3,653,012,135	1,634,160,848	1,227,067,247
Cost of sales		<u>(4,123,245,944)</u>	<u>(3,250,386,320)</u>	<u>(1,504,035,255)</u>	<u>(1,088,815,826)</u>
<b>Gross profit</b>		<b>594,879,304</b>	<b>402,625,815</b>	<b>130,125,593</b>	<b>138,251,421</b>
Selling and marketing expenses		(140,939,795)	(124,375,463)	(48,217,146)	(44,932,297)
General and administrative expenses		(131,487,508)	(120,921,948)	(44,772,898)	(43,492,077)
Other operating expenses	10	(13,545,610)	(31,475,376)	14,683,014	(5,771,244)
Other operating income	11	113,827,684	74,129,860	36,178,880	25,123,397
<b>Operating profit</b>		<b>422,734,075</b>	<b>199,982,888</b>	<b>87,997,443</b>	<b>69,179,200</b>
Financing expenses		(42,147,991)	(43,015,720)	(17,369,162)	(14,538,899)
Financing income		20,772,804	15,946,933	6,951,554	5,190,938
<b>Profit for the period before taxes</b>		<b>401,358,887</b>	<b>172,914,102</b>	<b>77,579,834</b>	<b>59,831,240</b>
Tax on intergroup dividends		(30,878,735)	-	(30,878,735)	-
Income taxes		<u>(149,522,798)</u>	<u>(50,185,978)</u>	<u>(64,788,484)</u>	<u>(17,299,853)</u>
<b>Net profit (loss) for the period</b>		<b><u>220,957,354</u></b>	<b><u>122,728,124</u></b>	<b><u>(18,087,385)</u></b>	<b><u>42,531,387</u></b>
<b>Profit attributable to:</b>					
Shareholders of the parent company		219,489,376	121,617,845	(16,376,298)	42,254,337
Non-controlling interests		<u>1,467,978</u>	<u>1,110,279</u>	<u>(1,711,087)</u>	<u>277,050</u>
		<b><u>220,957,354</u></b>	<b><u>122,728,124</u></b>	<b><u>(18,087,385)</u></b>	<b><u>42,531,387</u></b>
<b>Basic and diluted losses per share after tax for shareholders of the parent Company</b>	12				
(Based on profit / loss for the period on the separate financial statements)		0.591	(0.089)	0.590	(0.033)

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

CAIRO POULTRY COMPANY (S.A.E)

Consolidated condensed statement of comprehensive income  
For the nine months ended 30 September 2022

(All amounts are shown in Egyptian Pounds)

	The nine months ended 30 September		The three months ended 30 September	
	2022	2021	2022	2021
Net profit (loss) for the period	220,957,354	122,728,124	(18,087,385)	42,531,387
Other comprehensive income for the period		-		-
<b>Total other comprehensive income (loss) for the period</b>	<u>220,957,354</u>	<u>122,728,124</u>	<u>(18,087,385)</u>	<u>42,531,387</u>
<b>Attributable to:</b>				
Shareholders of the parent company	219,489,376	121,617,845	(16,376,298)	42,254,337
Shares of non-controlling interests	1,467,978	1,110,279	(1,711,087)	277,050
	<u>220,957,354</u>	<u>122,728,124</u>	<u>(18,087,385)</u>	<u>42,531,387</u>

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

CAIRO POULTRY COMPANY (S.A.E)

Consolidated condensed statement of changes in equity - For the nine months ended 30 September 2022

(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
<b>Balance at 1 January 2021</b>	479,001,600	321,781,440	460,051,318	1,260,834,358	13,210,066	1,274,044,424
Cash dividends to shareholders on 2020 profits	-	-	(76,640,256)	(76,640,256)	-	(76,640,256)
Dividends to the employees and the Board of Directors on 2020 profits	-	-	(17,462,682)	(17,462,682)	(28,972)	(17,491,654)
Transferred to the reserves	-	2,817,967	(2,817,967)	-	-	-
Total comprehensive income for the period	-	-	121,617,845	121,617,845	1,110,279	122,728,124
<b>Balance at 30 September 2021</b>	<b>479,001,600</b>	<b>324,599,407</b>	<b>484,748,258</b>	<b>1,288,349,265</b>	<b>14,291,373</b>	<b>1,302,640,638</b>
<b>Balance at 1 January 2022</b>	<b>479,001,600</b>	<b>324,599,407</b>	<b>545,361,180</b>	<b>1,348,962,187</b>	<b>15,280,088</b>	<b>1,364,242,275</b>
Dividends to shareholders	-	-	-	-	(1,212,631)	(1,212,631)
Dividends to employees	-	-	(22,809,136)	(22,809,136)	(339,624)	(23,148,760)
Transferred to the reserves	-	5,585,805	(5,585,805)	-	-	-
Total comprehensive income for the period	-	-	219,489,376	219,489,376	1,467,978	220,957,354
<b>Balance at 30 September 2022</b>	<b>479,001,600</b>	<b>330,185,212</b>	<b>736,455,615</b>	<b>1,545,642,427</b>	<b>15,195,811</b>	<b>1,560,838,238</b>

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

CAIRO POULTRY COMPANY (S.A.E)

Consolidated condensed statement of cash flows - For the nine months ended 30 September 2022

(All amounts are shown in Egyptian Pounds)

	Note	30 September 2022	30 September 2021
<b>Cash flows from operating activities</b>			
Net profit before taxes, adjusted by:		401,358,887	172,914,102
Fixed assets depreciation	5	85,179,882	77,342,566
Depreciation of right-of-use assets		5,766,589	5,459,202
(Gain) / loss on sale of fixed assets		(7,849,439)	965,599
Gain on disposal of lease liability		(321,597)	-
Poultry wealth amortisation		263,577,260	230,487,018
Gains on sale of poultry wealth		(48,861,062)	(34,926,459)
Depreciation of plant wealth		204,718	195,458
Change in fair value of investments		-	750,000
Provisions formed		108,905,400	46,539,711
Provisions no longer required		(3,309,317)	(2,515,120)
Interest income		(14,404,744)	(14,952,539)
Interest expense		42,147,991	43,015,720
<b>Operating income before changes in working capital</b>		<b>832,394,568</b>	<b>525,275,258</b>
<b>Changes in working capital:</b>			
Inventories		(471,847,977)	(1,430,647)
Biological assets - Broiler chicks and eggs		(36,230,983)	(18,537,979)
Debtors and other debit balances		(182,756,315)	(53,220,363)
Due from related parties		(29,525,801)	(21,954,264)
Creditors and other credit balances		78,025,312	(78,951,942)
Due to related parties		(435,316)	(3,462,674)
Utilised provisions	8	(36,280,324)	(20,765,742)
<b>Cash flows from operating activities</b>		<b>153,343,164</b>	<b>326,951,647</b>
Interest paid		(39,860,562)	(41,909,386)
Dividends paid to the employees		(23,148,760)	(19,700,336)
Tax paid on intergroup dividends		(30,878,735)	-
Income tax paid and settled		(72,121,309)	(45,781,917)
<b>Net cash flows (used in) generated from operating activities</b>		<b>(12,666,202)</b>	<b>219,560,008</b>
<b>Cash flows from investing activities</b>			
Payments to purchase fixed assets		(17,262,407)	(10,712,221)
Payments to purchase projects under construction		(72,411,056)	(36,178,313)
Payments to purchase poultry wealth		(297,992,161)	(255,938,972)
Payments to purchase plant wealth		-	(5,557,453)
Interest collected		14,404,744	12,916,637
Proceeds from sale of fixed assets		8,355,225	4,001,645
Proceeds from sale of poultry wealth		50,034,582	38,627,002
Net proceeds / payments from purchase / sale of other financial assets at amortized cost		152,285,599	(63,612,386)
<b>Net cash flows used in investing activities</b>		<b>(162,585,474)</b>	<b>(316,454,061)</b>
<b>Cash flows from financing activities</b>			
Net receipts - Bank overdrafts		178,245,542	124,912,015
Lease payments (including interest)		(7,013,999)	(6,548,251)
Payments to settle other liabilities		(60,000)	-
Dividends paid to shareholders and non-controlling interests		(1,212,631)	(76,653,670)
<b>Net cash flows generated from financing activities</b>		<b>169,958,912</b>	<b>41,710,094</b>
<b>Change in cash and cash equivalents</b>		<b>(5,292,764)</b>	<b>(55,183,959)</b>
Cash and cash equivalents, beginning of the period		98,324,990	107,478,210
<b>Cash and cash equivalents, end of the period</b>		<b>93,032,226</b>	<b>52,294,251</b>

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



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

### Interim consolidated condensed financial statements For the nine months period ended 30 September 2022

---

#### 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.
- Open branches 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.
- Production of pet feed.

The main shareholder is Americana for Foodstuffs & Touristic Projects as of 30 September 2022, 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 9 November 2022.

#### 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 interim financial statements for the period ended 30 September 2022 have been prepared in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Statements" and in accordance with the relevant laws, thus, the interim financial statements have been prepared as a condensed form compared to the consolidated financial statements as of December 2021.

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.
- Biological asset (grand parent herds and broiler parent herds) at depreciable replacement cost

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

### Interim consolidated condensed financial statements For the nine months period ended 30 September 2022

---

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

The Group presents its assets and liabilities in the consolidated statement of financial position based on current/ non-current classification. The asset is classified as current when it is:

- \* Expected to be realised or intended to be sold or used in normal operating course.
- \* Held primarily for trading.
- \* Expected to be realised within 12 months after the end of the reporting period, or
- \* Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The liability is classified as current when:

- \* It is expected to be settled in normal operating course.
- \* Held primarily for trading.
- \* Required to be realised within 12 months after the end of the reporting period, or
- \* The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 depreciable replacement cost, which is an indication and an alternative to fair value less estimated selling cost.



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

### Interim consolidated condensed financial statements For the nine months period ended 30 September 2022

---

#### 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.

#### 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:

Investments in equity instruments are subsequently measured at fair value, through profit or loss. 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.

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

### Interim consolidated condensed financial statements For the nine months period ended 30 September 2022

---

#### Financial instruments (continued)

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.

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.



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

### Interim consolidated condensed financial statements For the nine months period ended 30 September 2022

---

#### Revenue recognition (continued)

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.

The group recognizes revenue 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.

#### (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 operating income in the statement of profit or loss.

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

### Interim consolidated condensed financial statements For the nine months period ended 30 September 2022

---

#### 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.



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

### Interim consolidated condensed financial statements For the nine months period ended 30 September 2022

---

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

##### 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.

##### 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.

#### (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 (S.A.E.)

Notes to the interim consolidated condensed financial statements  
For the nine months period ended 30 September 2022

(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
<b>1 January 2021</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 book 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 year ended 31 December 2021</b>							
Net book value at the beginning 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
Additions and transferred from projects in progress	-	16,197,017	41,431,545	26,338,014	3,219,504	2,241,929	89,428,009
Disposals	(236,000)	(6,385,489)	(3,099,121)	(4,260,741)	(237,315)	(67,531)	(14,486,197)
Depreciation expense	-	(31,233,339)	(54,682,487)	(11,843,718)	(3,232,031)	(3,973,908)	(104,965,483)
Accumulated depreciation of disposals	-	1,987,528	2,741,229	4,214,741	199,608	55,525	9,198,631
Net book value at the end of the year	108,700,995	529,241,497	321,479,913	44,784,889	14,387,304	10,878,621	1,029,473,219
<b>At 31 December 2021</b>							
Cost	108,700,995	859,885,066	987,596,238	162,727,064	55,633,042	45,022,821	2,219,565,226
Accumulated depreciation	-	(330,643,569)	(666,116,325)	(117,942,175)	(41,245,738)	(34,144,200)	(1,190,092,007)
Net book value	108,700,995	529,241,497	321,479,913	44,784,889	14,387,304	10,878,621	1,029,473,219
<b>Financial period ended 30 September 2022</b>							
Net book value at the beginning of the period	108,700,995	529,241,497	321,479,913	44,784,889	14,387,304	10,878,621	1,029,473,219
Additions and transferred from projects in progress	-	24,208,953	32,111,817	9,554,779	817,384	1,167,174	67,860,106
Disposals	-	(522,104)	(4,109,389)	(5,489,287)	(1,094,139)	(245,871)	(11,460,790)
Depreciation expense	-	(24,160,288)	(45,159,801)	(10,595,118)	(2,438,668)	(2,826,008)	(85,179,882)
Accumulated depreciation of disposals	-	335,873	3,996,750	5,282,372	1,094,138	245,871	10,955,004
Net book value at the end of the period	108,700,995	529,103,931	308,319,290	43,537,635	12,766,019	9,219,787	1,011,647,657
<b>At 30 September 2022</b>							
Cost	108,700,995	883,571,915	1,015,598,666	166,792,556	55,356,287	45,944,124	2,275,964,543
Accumulated depreciation	-	(354,467,984)	(707,279,376)	(123,254,921)	(42,590,268)	(36,724,337)	(1,264,316,886)
Net carrying value at the end of the period	108,700,995	529,103,931	308,319,290	43,537,635	12,766,019	9,219,787	1,011,647,657

\* The land category include assets with net book value amounted to EGP 16,176,570 (2021: EGP 16,176,570) which were purchased through initial contracts that have not been registered in the real estate registrar until the date of the financial position.



CAIRO POULTRY COMPANY (S.A.E.)

Notes to the interim consolidated condensed financial statements  
For the nine months period ended 30 September 2022

(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:

(a) Transactions with related parties

Company	Nature of relation	Nature of transactions	Value of transactions	
			30 September 2022	30 September 2021
Americana Kuwait Meat Segment	Subsidiary to the parent company	Chicken Sales	33,799,474	50,204,971
Americana Kuwait-Restaurant Segment	Subsidiary to the parent company	Chicken Sales	-	2,024,498
Americana Egypt Cold Storage and warehouse	Subsidiary to the parent company	Security Services	316,566	287,128
Egyptian Company for Touristic Projects	Subsidiary to the parent company	Chicken Sales	224,885,071	183,769,174
		Purchases and Services	-	--
		Security Services	-	-
Moroccan Company for Tourism Projects	Subsidiary to the parent company	Chicken Sales	3,774,569	1,627,480
Farm Frites	Subsidiary to the parent company	Security services	709,335	746,955
		Chicken Sales	10,920	42,205
		Purchases	2,072,642	3,812,876
Gulf Food Company Americana	Subsidiary to the parent company	Chicken Sales	3,995,984	-
International Company For Agricultural Production & Processing (ICAPP)	Subsidiary to the parent company	Purchases	10,850	110,250
		Security services	1,055,376	1,116,226
		Chicken Sales	617,485	-
Beefy	Subsidiary to the parent company	Chicken Sales	-	265,560

CAIRO POULTRY COMPANY (S.A.E.)

Notes to the interim consolidated condensed financial statements  
For the nine months ended 30 September 2022

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

Related party transactions (continued)

(b) Due from related parties

	30 September 2022	31 December 2021
Egyptian Company for Touristic Projects	44,541,007	19,024,942
Americana Kuwait - Meat segment	8,069,232	6,224,680
Moroccan Company for Touristic Projects	2,149,956	-
California Gardens	1,130,120	213,497
International Company For Agricultural Production & Processing (ICAPP)	291,745	133,680
Gulf Food Company Americana - GFC	-	1,153,276
Farm Frites	89,849	-
Americana Egypt Cold Storage and warehouses	43,624	39,658
	<u>56,315,534</u>	<u>26,789,733</u>

(c) Due to related parties

	30 September 2022	31 December 2021
Farm Frites	41,741	287,378
Kuwait Food Company - UAE	-	198,957
Gulf Food Company Americana - GFC	9,278	-
	<u>51,019</u>	<u>486,335</u>

7. Other financial assets at amortized cost

	30 September 2022	31 December 2021
Treasury bills par value		
160 – 275 days maturity	-	148,644,432
	-	148,644,432
Interest recognized on treasury bill balance	-	3,641,167
Treasury bills balance	<u>-</u>	<u>152,285,599</u>

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

### Notes to the interim consolidated condensed financial statements For the nine months period ended 30 September 2022

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

#### 8. Provisions

	30 September 2022			31 December 2021	
	Restructuring provision	Provision for lawsuits	Other provisions	Total	Total
Balance at the beginning of the period / year	2,554,512	3,644,952	136,030,721	142,230,185	137,295,085
Formed during the period / year	-	621,592	17,079,897	17,701,489	25,878,614
Utilised during the period / year	-	(133,330)	(36,146,994)	(36,280,324)	(20,922,116)
Provisions no longer required	-	(763,676)	-	(763,676)	(21,398)
Balance at the end of the period / year	2,554,512	3,369,538	116,963,624	122,887,674	142,230,185

#### 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 September 2022.

#### 9. Bank facilities

	30 September 2022	31 December 2021
Bank facilities - Bank short term borrowings	266,552,915	315,313,431
Bank facilities - Bank overdrafts	359,489,435	132,483,377
	<u>626,042,350</u>	<u>447,796,808</u>

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 cross guarantees provided by the group companies in favor of the banks granting these facilities.



CAIRO POULTRY COMPANY (S.A.E.)

Notes to the interim consolidated condensed financial statements  
For the nine months period ended 30 September 2022

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

10. Other operating expenses

	The nine months ended 30 September		The three months ended 30 September	
	2022	2021	2022	2021
Provision formed	13,432,973	15,653,425	(14,767,786)	153,410
Restructuring expenses*	-	8,129,573	-	2,000,000
Other expenses	-	4,325,985	-	400,000
Loss on sale of fixed assets	112,637	3,366,393	84,772	3,217,834
	<u>13,545,610</u>	<u>31,475,376</u>	<u>(14,683,014)</u>	<u>5,771,244</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

	The nine months ended 30 September		The three months ended 30 September	
	2022	2021	2022	2021
Other income	56,554,097	33,620,235	20,118,297	7,001,154
Income from sale of parent/grand parent chicken	48,861,062	34,926,459	13,118,861	13,770,589
Capital gains	7,962,076	2,400,794	3,352,199	1,287,320
Provision no longer required	450,449	131,858	(410,477)	13,820
Gains on Macquarie investments	-	3,050,514	-	3,050,514
	<u>113,827,684</u>	<u>74,129,860</u>	<u>36,178,880</u>	<u>25,123,397</u>

12. Basic and diluted losses per share after tax for shareholders of the parent entity

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.

	The nine months ended 30 September		The three months ended 30 September	
	2022	2021	2022	2021
Profit / (Loss) for the period (Cairo Poultry Company)	283,209,456	(42,556,443)	282,611,680	(15,602,593)
Less:				
Employees share of dividends (Cairo Poultry Company)	-	-	-	-
Transferred to legal reserve (Cairo Poultry Company)	-	-	-	-
Net profit (loss) attributable to shareholders of the parent company	283,209,456	(42,556,443)	282,611,680	(15,602,593)
Outstanding shares during the period (Cairo Poultry Company)	479,001,600	479,001,600	479,001,600	479,001,600
Profit / (Loss) per share for the period (Basic and diluted)	<u>0.591</u>	<u>(0.089)</u>	<u>0.590</u>	<u>(0.033)</u>

CAIRO POULTRY COMPANY (S.A.E.)

Notes to the interim consolidated condensed financial statements  
For the nine months period ended 30 September 2022

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

Basic and diluted losses per share after tax for shareholders of the parent entity (continued)

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 30 September 2022 or 30 September 2021; as such the diluted earnings per share is equal to the basic earnings per share.

13. Inventories

	30 September 2022	31 December 2021
Raw materials	416,628,141	166,060,263
Finished products	213,531,338	146,999,831
Medicine used in production	112,201,258	50,202,488
Spare parts and Consumables	103,150,504	96,186,893
Goods in transit and payment for the purchase of inventory	86,047,856	8,979,412
Packing and wrapping	32,310,812	23,593,046
	<u>963,869,910</u>	<u>492,021,933</u>
(Less) Provision of obsolete and slow-moving inventories	(20,524,450)	(22,026,175)
Net	<u>943,345,460</u>	<u>469,995,758</u>

14. Trade Payables and other credit balances

	30 September 2022	31 December 2021
Suppliers	339,342,891	256,281,916
Notes payable	61,050,635	35,993,318
Advances from customers	42,349,694	38,993,516
Other accrued expenses	54,864,386	109,099,764
Accrued selling and distribution expenses	44,302,177	29,358,942
Accrued wages and salaries	21,603,963	22,083,060
Payables to tax authorities	19,495,861	15,833,078
Other credit balances	16,736,781	13,215,060
Deposits to others	9,992,345	9,455,916
Social security authority	6,101,217	4,317,401
Dividends payable - employees	876,469	3,873,558
Accrued interests	2,720,466	2,360,697
Employees & Services Fund	318,653	504,246
	<u>619,755,538</u>	<u>541,370,472</u>

The credit balance of "Dividends payable – employees" represents the remaining balance of declared dividends that have not yet been distributed.

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

### Notes to the interim consolidated condensed financial statements For the nine months ended 30 September 2022

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

#### 15. 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.

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 September 2022			Total
	Feed segment	Poultry segment	Other segments	
Net sales to external customers	1,341,076,142	3,364,348,891	12,700,215	4,718,125,248
Other operating income and no longer required provision	7,456,949	105,920,294	450,440	113,827,684
Selling and marketing expenses	(18,848,878)	(122,090,917)	-	(140,939,795)
General and administrative expenses	(49,639,764)	(76,715,943)	(5,131,801)	(131,487,508)
Other operating expenses and provisions formed	(5,626,926)	(7,918,684)	-	(13,545,610)
Financing costs - net	(1,429,512)	(20,089,420)	143,745	(21,375,188)
Current income taxes	(83,736,210)	(65,785,203)	(1,385)	(149,522,798)
Profit (loss) of the segment after taxes	196,537,268	25,671,053	(1,250,966)	220,957,354



CAIRO POULTRY COMPANY (S.A.E.)

Notes to the interim consolidated condensed financial statements  
For the nine months period ended 30 September 2022

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

Operating segments (continued)

	30 September 2021			Total
	Feed segment	Poultry segment	Other segments	
Net sales to external customers	988,848,965	2,652,060,894	12,102,276	3,653,012,135
Other operating income and no longer required provision	6,121,809	68,008,051	-	74,129,860
Selling and marketing expenses	(15,170,420)	(109,205,043)	-	(124,375,463)
General and administrative expenses	(50,287,068)	(67,846,864)	(2,788,016)	(120,921,948)
Other operating expenses and provisions formed	(13,302,143)	(16,972,287)	(1,200,946)	(31,475,376)
Financing costs - net	262,317	(27,451,552)	120,449	(27,068,786)
Current income taxes	(24,747,570)	(25,438,408)	-	(50,185,978)
Profit (loss) of the segment after taxes	78,164,579	45,939,662	(1,376,117)	122,728,124

16. Ownership interests in subsidiaries

At 30 September 2022 and 31 December 2021, 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	Ratio of shareholding Group		Ratio of non-controlling interests	
		30 September 2022	31 December 2021	30 September 2022	31 December 2021
New Cairo Poultry Company	Egypt	97,03%	97,03%	2,97%	2,97%
Cairo Poultry Processing - Koki	Egypt	98,81%	98,81%	1,19%	1,19%
Cairo for Feed Production	Egypt	99,96%	99,96%	0,04%	0,04%
Corporate Guarding 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 fattening production	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 - indirect contribution	Egypt	98,82%	98,82%	1,18%	1,18%

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

### Notes to the interim consolidated condensed financial statements For the nine months period ended 30 September 2022

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

---

#### 17. Subsequent events

On 27 October 2022, the Central Bank of Egypt made some key announcements which will affect the Group, mainly represented in the following:

- adjusting the overnight deposit and lending interest rates with an increase of 200 basis points,
- liberalizing the foreign currency exchange rate regime, which caused a 17% drop in the Egyptian pound's value against foreign currencies by the end of that day,
- announced the gradual removal of letter of credit requirements for importing of products,
- and announcing a new loan facility with the International Monetary Fund.

The impact on the Group and its operations is presently not determinable.