

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

LIMITED REVIEW REPORT  
AND INTERIM CONSOLIDATED CONDENSED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED  
31 MARCH 2023

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

## Interim consolidated condensed financial statements For the three months period ended 31 March 2023

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*إبلاغ بمراجعة محدودة لبيان المركز المالي المجموع للمجموعة  
المتوسطة*

*To the Board of Directors of Cairo Poultry Company "S.A.E."*

*السادة أعضاء مجلس الإدارة*

We have conducted a limited review for the accompanying interim condensed consolidated statement of financial position of Cairo Poultry Company "S.A.E." (the "Company") and its subsidiaries (together the "Group") as of 31 March 2023 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with the Egyptian Accounting Standard 30 "Interim financial reporting", and our responsibility is limited to expressing a conclusion on these interim condensed consolidated financial statements based on our limited review.

*السادة أعضاء مجلس الإدارة*

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements No. 2410 "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited 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 condensed consolidated financial statements.

*السادة أعضاء مجلس الإدارة*

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard 30 "Interim financial reporting".

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

31 May 2023  
Cairo

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

Consolidated condensed statement of financial position - As at 31 March 2023

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

(All amounts are shown in Egyptian Pounds)

	Note	31 March 2023	31 December 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	5	1,003,647,033	1,016,290,724
Projects under construction		63,615,779	60,875,504
Biological assets - Poultry wealth	6	221,727,788	108,607,657
Biological assets - Plant wealth		7,793,769	7,858,674
Right-of-use assets		22,177,859	19,768,393
<b>Total non-current assets</b>		<b>1,318,962,228</b>	<b>1,213,400,952</b>
<b>Current assets</b>			
Inventories	13	1,859,066,620	1,325,695,572
Biological assets - Broiler chicks and eggs		274,924,633	188,397,760
Trade receivables and other debit balances		972,918,892	735,213,524
Due from related parties	7/B	100,275,943	52,316,838
Cash and cash equivalents		284,610,556	241,223,082
<b>Total current assets</b>		<b>3,491,796,644</b>	<b>2,542,846,776</b>
<b>Total assets</b>		<b>4,810,758,872</b>	<b>3,756,247,728</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid up capital		479,001,600	479,001,600
Reserves		340,438,030	330,185,212
Retained earnings		1,349,966,539	812,857,063
<b>Total equity attributable to the shareholders of the parent company</b>		<b>2,169,406,169</b>	<b>1,622,043,875</b>
Non-controlling interests		21,915,299	13,927,839
<b>Total equity</b>		<b>2,191,321,468</b>	<b>1,635,971,714</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		99,809,165	86,735,597
Lease liabilities		15,224,470	14,715,987
<b>Total non-current liabilities</b>		<b>115,033,635</b>	<b>101,451,584</b>
<b>Current liabilities</b>			
Provisions	8	151,085,411	147,121,796
Bank facilities	9	901,255,910	688,216,210
Creditors and other credit balances	14	1,136,643,270	1,023,681,998
Due to related parties	7/C	162,653	3,818
Lease liabilities		8,146,984	7,169,538
Current income tax liabilities		307,109,541	152,631,070
<b>Total current liabilities</b>		<b>2,504,403,769</b>	<b>2,018,824,430</b>
<b>Total equity and liabilities</b>		<b>4,810,758,872</b>	<b>3,756,247,728</b>

- The accompanying notes on pages 7 to 29 form an integral part of these consolidated condensed financial statements.
- Limited review report attached.

Acct. Ahmed Abdel Raouf Ahmed  
Group CFO and CAO

Mr. Adel Al Alfi  
Managing Director

Eng. Mohamed Tarek Zakaria  
Board Chairman

30 May 2023



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

**Consolidated condensed statement of profit or loss  
For the three months period ended 31 March 2023**

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

(All amounts in Egyptian Pounds)

	Note	31 March 2023	31 March 2022
Revenue from contracts with customers	15	2,787,003,256	1,460,639,351
Cost of revenues	16	<u>(1,898,424,381)</u>	<u>(1,284,901,948)</u>
<b>Gross profit</b>		<b>888,578,875</b>	<b>175,737,403</b>
Selling and marketing expenses		(62,701,452)	(50,229,485)
General and administrative expenses		(55,632,470)	(43,909,133)
Expected credit losses (net)		(713,282)	(28,461,213)
Other operating income	11	47,241,830	28,540,051
Other operating expenses	10	<u>(28,956)</u>	<u>(1,180)</u>
<b>Operating profits</b>		<b>816,744,545</b>	<b>81,676,443</b>
Finance income	17	4,190,533	9,156,038
Finance costs	17	<u>(95,496,808)</u>	<u>(11,659,250)</u>
<b>Profit before tax</b>		<b>725,438,270</b>	<b>79,173,231</b>
Income taxes		<u>(170,088,516)</u>	<u>(25,864,209)</u>
<b>Net profit for the period / year</b>		<b>555,349,754</b>	<b>53,309,022</b>
<b>Profit attributable to:</b>			
Shareholders of the parent company		547,362,294	52,541,698
Non-controlling interests - shareholders		<u>7,987,460</u>	<u>767,324</u>
		<b>555,349,754</b>	<b>53,309,022</b>
<b>Earnings per share for shareholders of the Company - primary and diluted *</b>	12	<u><b>0.1474</b></u>	<u><b>0.0045</b></u>

- The accompanying notes on pages 7 to 29 form an integral part of these consolidated condensed financial statements.

\* Based on Earnings / (losses) per share on the Cairo Poultry Company (CPC) "S.A.E." Separate financial statements for the financial period ended 31 March 2023.

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

Consolidated condensed statement of comprehensive income  
For the three months period ended 31 March 2023

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

(All amounts are shown in Egyptian Pounds)

	<u>31 March 2023</u>	<u>31 March 2022</u>
Net profit for the period	555,349,754	53,309,022
Other comprehensive income for the period	-	-
<b>Total other comprehensive income for the period</b>	<u><u>555,349,754</u></u>	<u><u>53,309,022</u></u>
<b>Attributable to:</b>		
Shareholders of Cairo Poultry Company	547,362,294	52,541,698
Non-controlling interests	<u>7,987,460</u>	<u>767,324</u>
	<u><u>555,349,754</u></u>	<u><u>53,309,022</u></u>

- The accompanying notes on pages 7 to 29 form an integral part of these consolidated condensed financial statements.

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

**Consolidated condensed statement of changes in equity  
For the three months period ended 31 March 2023**

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

(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 2022	479,001,600	324,599,407	545,361,180	1,348,962,187	15,280,088	1,364,242,275
Total comprehensive income for the period ended	-	-	52,541,698	52,541,698	767,324	53,309,022
Balance at 31 March 2022	479,001,600	324,599,407	597,902,878	1,401,503,885	16,047,412	1,417,551,298
Balance at 1 January 2023	479,001,600	330,185,212	812,857,063	1,622,043,875	13,927,839	1,635,971,714
Transfer to reserves	-	10,252,818	(10,252,818)	-	-	-
Total comprehensive income for the period ended	-	-	547,362,294	547,362,294	7,987,460	555,349,754
Balance at 31 March 2023	479,001,600	340,438,030	1,349,966,539	2,169,406,169	21,915,299	2,191,321,468

- The accompanying notes on pages 7 to 29 form an integral part of these consolidated condensed financial statements.

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

Interim consolidated condensed financial statements  
For the three months period ended 31 March 2023

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

(All amounts are shown in Egyptian Pounds)

	Note	31 March 2023	31 March 2022
<b>Cash flows from operating activities</b>			
Net profit before taxes, adjusted by:		725,438,270	79,173,231
Depreciation of fixed assets	5	28,968,494	28,317,502
Depreciation of right-of-use assets		1,929,009	1,865,007
Gains on sale of fixed assets - Net		(261,190)	(1,233,682)
Poultry wealth amortisation		88,887,197	84,476,691
Gain on sale of poultry wealth (Parents)		(14,214,520)	(12,493,387)
Depreciation of plant wealth		64,905	68,237
Provisions formed		24,938,487	41,806,728
Provisions no longer required		(43,425,623)	(3,761,811)
Interest income		(4,190,533)	(4,451,959)
Interest expense		34,962,830	12,308,209
<b>Operating gain before changes in working capital</b>		<b>843,097,326</b>	<b>226,074,766</b>
<b>Changes in working capital:</b>			
Inventories		(535,074,605)	(324,061,117)
Biological assets - Broiler chicks and eggs		(86,526,873)	(41,860,305)
Debtors and other debit balances		(238,418,650)	(94,984,198)
Due from related parties		(47,959,105)	(22,295,670)
Creditors and other credit balances		109,926,618	166,944,337
Due to related parties		158,835	821,499
Utilised provisions	8	(5,957,914)	(5,541,737)
<b>Cash flows generated from / (used in) operating activities</b>		<b>39,245,632</b>	<b>(94,902,425)</b>
Interest paid		(31,203,779)	(12,330,522)
Income tax paid and settled		(2,536,477)	(2,000,000)
<b>Net cash flows generated from / (used in) operating activities</b>		<b>5,505,376</b>	<b>(109,232,947)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of fixed assets and projects under construction		(20,951,153)	(22,311,341)
Payments to purchase and rear poultry wealth		(171,181,825)	(54,783,664)
Proceeds from sale of poultry wealth		14,214,520	12,493,387
Interest collected		4,190,533	1,112,905
Proceeds from sale of fixed assets		2,147,266	1,234,862
Proceeds from sale of investments		-	65,915,683
<b>Net cash flows (used in) / generated from investing activities</b>		<b>(171,580,659)</b>	<b>3,661,832</b>
<b>Cash flows from financing activities</b>			
Net receipts - Bank overdrafts		213,039,700	205,445,303
Lease payments (Including interest)		(3,576,943)	(2,933,530)
Payments to settle borrowings			(60,000)
<b>Net cash flows generated from financing activities</b>		<b>209,462,757</b>	<b>202,451,773</b>
<b>Change in cash and cash equivalents</b>		<b>43,387,474</b>	<b>96,880,658</b>
Cash and cash equivalents, beginning of the period		241,223,082	98,324,990
<b>Cash and cash equivalents, end of the period</b>		<b>284,610,556</b>	<b>195,205,648</b>

- The accompanying notes on pages 7 to 29 form an integral part of these consolidated condensed financial statements.



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

### Interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

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#### 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 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.
- Openbranches and grant agencies to sell the Group's products throughout Egypt.
- Trading in all products and production supplies of the Group.
- Participate in similar projects locally and abroad.

The main shareholder is Americana Holding for Egypt Food as of 31 March 2023, 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 30 May 2023.

#### 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:

##### 2.1 New issues and amendments made to the Egyptian Accounting Standards

The Prime Minister issued Decision No. 883 of 2023 in March 2023, amending some provisions of Egyptian accounting standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the Accounting Standards in the Official Gazette on March 6, 2023. The most important amendments are summarized as follows, which are implemented for the financial periods beginning on or after January 1, 2023. The company's management is in the process of evaluating the impact of applying these amendments:

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

Interim consolidated condensed financial statements  
For the three months period ended 31 March 2023

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

2. Accounting policies (continued)

2.1 Basis of preparation of the consolidated financial statements (continued)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation"	<p>"Scope of the standard" The scope of the standard has been amended to include "bearer plants".</p> <p>"Measurement" - An option to apply the revaluation model for fixed assets has been added - The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Regulatory Authority. - Paragraph 20 / A has been added, according to which the facility must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the profits or losses.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation form.</p>	Management is currently assessing the potential impact on the financial statements from applying the standard.	<p>The Company applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after January 1, 2023.</p> <p>The effect is retrospective, and the cumulative effect of applying the revaluation model is recognized initially by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company applies this model for the first time.</p>

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

Interim consolidated condensed financial statements  
For the three months period ended 31 March 2023

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

2. Accounting policies (continued)

2.1 Basis of preparation of the consolidated financial statements (continued)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (23) "Intangible Assets"	<p><b>"Scope of the standard"</b> The scope of the intangibles standard has been amended to include rights held by the lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.</p> <p><b>"Measurement"</b> - An option to apply the revaluation model for intangible assets has been added - The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Regulatory Authority.</p> <p><b>"Disclosures"</b> Some new disclosures have been added to the re-evaluation form.</p>	The standard has no impact on the financial statements.	<p>The Company applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after January 1, 2023.</p> <p>The effect is retrospective, and the cumulative effect of applying the revaluation model is recognized initially by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company applies this model for the first time.</p>
Amendments to Egyptian Accounting Standard No. (23) "Intangible Assets" Amendments to the Egyptian Accounting Standard "Fixed Assets" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization.	This amendment clarifies that a depreciation method that is based on revenue generated from an activity that includes depreciation of an asset may not be used. As the generation of revenue related to the asset reflects factors other than the consumption of economic benefits related to the asset. It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.	The standard has no impact on the financial statements.	Applies to financial periods beginning on or after January 1, 2023.

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

Interim consolidated condensed financial statements

For the three months period ended 31 March 2023

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

2. Accounting policies (continued)

2.1 Basis of preparation of the consolidated financial statements (continued)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (34) "Real Estate Investment"	"Measurement" - An option to apply the fair value model for real estate investment has been added - The fair value is determined by an estimate made by experts specialized in evaluation and valuation among those registered in a register designated for that in the Financial Regulatory Authority.	The standard has no impact on the financial statements.	The entity applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after January 1, 2023.  The effect is retrospective, and the cumulative effect of applying the revaluation model is recognized initially by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company applies this model for the first time.
Egyptian Accounting Standard No. (36) "Exploration and Evaluation of Mineral Resources"	"Measurement" - An option to use the re-evaluation form has been added, and it is processed according to the re-evaluation form in Fixed Assets Standard No. 10. - The evaluation is carried out by experts specialized in evaluation and valuation among those registered in a register designated for this purpose at the Ministry of Petroleum.  "Disclosures" - Some new disclosures related to the re-evaluation form have been added	The standard has no impact on the financial statements.	The entity applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after January 1, 2023.  The effect is retrospective, and the cumulative effect of applying the revaluation model is recognized initially by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company applies this model for the first time.

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

Interim consolidated condensed financial statements  
For the three months period ended 31 March 2023

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

2. Accounting policies (continued)

2.1 Basis of preparation of the consolidated financial statements (continued)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (49) "Lease Contracts"	<p><b>"Measurement"</b> A revaluation model option has been added to all usufruct assets, if the usufruct asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".</p> <p><b>"Disclosures"</b> Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".</p>	Management is currently assessing the potential impact on the financial statements from applying the standard.	<p>The entity applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after January 1, 2023.</p> <p>The effect is retrospective, and the cumulative effect of applying the revaluation model is recognized initially by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company applies this model for the first time.</p>

The following Egyptian Accounting Standards have been amended to comply with the addition of the option to apply the revaluation model and the fair value model as mentioned in the above paragraphs:

Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" Egyptian Accounting Standard No. (5) "Accounting Policies" Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Currency Exchange Rates" Egyptian Accounting Standard No. (24) "Income Taxes" Egyptian Accounting Standard No. (31) "impairment of assets" Egyptian Accounting Standard No. (32) "non-current assets held for the purpose of sale and non-continuing operations".

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

Interim consolidated condensed financial statements  
For the three months period ended 31 March 2023

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

2. Accounting policies (continued)

2.1 Basis of preparation of the consolidated financial statements (continued)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (35) "Agriculture"	<p><b>"Scope of the standard"</b> The scope of the standard has been amended as fruit plants related to agricultural activity have been excluded from the agriculture standard to become under the scope of the fixed assets standard Accounting Standard No. 10, but this standard applies to the product that grows on fruit plants. Government grants related to fruiting plants were excluded.</p> <p><b>"Definitions"</b> - Amendment to some definitions where the definition of fruiting plants was added.</p>	Management is currently assessing the potential impact on the financial statements from applying the standard.	The amendments apply to financial periods beginning on or after January 1, 2023.
Egyptian Accounting Standard No. (50) insurance contracts	<p>The new Egyptian Accounting Standard No. (50) "Insurance Contracts" replaces the amended Egyptian Accounting Standard No. (37). This standard defines principles for recognition of insurance contracts within the scope of this standard, and specifies their measurement, presentation and disclosure.</p> <p>The standard's objective is to ensure that the entity provides appropriate information that faithfully reflects those contracts. This information provides users of the financial statements with the necessary basis for evaluating the effects of those insurance contracts on the entity's financial position, financial performance and cash flows.</p>	The standard has no impact on the financial statements.	The application is date is from July 1, 2024, or the beginning of the annual fiscal period after July 1, 2024.

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

### Interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

#### 2. Accounting policies (continued)

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

Standard name	Modification summary	Potential impact on the financial statements	Application date
	An entity shall apply EAS 50 to: insurance contracts, including reinsurance contracts, that it issues; reinsurance contracts it holds; and investment contracts with facultative participation features that the entity issues, provided that the entity also issues contracts. Insurance.		

These consolidated condensed interim financial statements for the period ended 31 March 2023 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 2022.

The financial statements have been 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).

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.

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

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## 2. Accounting policies (continued)

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

The preparation of the consolidated 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 judgment in the process of applying the Group's accounting policies. Note (4) describes the significant accounting estimations and assumptions of these consolidated financial statements, as well as significant judgments 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.

### 2.2 Biological assets

The biological asset is measured at fair value, less estimated selling costs. In case 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, grandparent 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.

### 2.3 Financial instruments

The Classification of the Financial Assets

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.



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

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#### 2. Accounting policies (continued)

##### 2.3 Financial instruments (continued)

###### 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

Subsequent measurement of the financial assets as following:

###### (i) 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.

###### (ii) 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.

###### (iii) Derecognition:

The Group derecognized the financial asset only when the contractual right to receive cash flows from the financial asset is 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.

###### (vi) 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.

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

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## 2. Accounting Policies (continued)

### 2.4 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.

### 2.5 Revenue recognition

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

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

#### *Step 1 – Identifying the contract (contracts) with customers:*

A contract is an agreement between two or more parties establishing rights and commitments, and establishing criteria that must be adhered to.

#### *Step 2 – Identifying performance obligations:*

A performance obligation is a commitment in the contract to transfer authorized goods or services to the customer.

#### *Step 3 – Determining the transaction price:*

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

#### *Step 4 – Allocating the transaction price to the performance obligations in the contract:*

For contracts that include more than one performance obligation, the Group allocates the transaction price to each obligation separately, at the monetary amount expected to be earned for each performance obligation.

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**2. Accounting Policies (continued)**

**2.5 Revenue recognition (continued)**

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

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

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.

(a) 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.

(b) 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.

(c) 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.

(d) Dividend income

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

(e) 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.

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

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### 3 Financial risk management

#### 3.1 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, the only debt instruments registered and quoted in money markets.
- The Group had not been exposed to price risks on its stock investments as their investments are not significant and not available for sale in the financial market.

### 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:

#### 4.1 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.

##### (a) 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.

##### (b) 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 (CPC) (S.A.E)

### Interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

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

##### 4.1 Significant accounting estimates and assumptions (continued)

###### (c) 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.

###### (d) 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.

###### (e) 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.

##### 4.2 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.

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5	Fixed assets	Land*	Buildings, constructions, & facilities	Machineries & equipment	Vehicles	Tools and equipment	Furniture & office equipment	Total
	<b>1 January 2022</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 year ended 31 December 2022</b>							
	Net book value at the beginning 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
	Additions and transferred from projects under construction	-	36,659,596	43,877,957	14,530,136	4,016,989	1,823,105	100,907,783
	Disposals	-	(571,805)	(4,303,679)	(7,433,931)	(1,110,139)	(252,021)	(13,671,575)
	Depreciation expense	-	(32,550,334)	(59,708,092)	(14,304,031)	(3,204,432)	(3,785,724)	(113,552,613)
	Accumulated depreciation of disposals	-	385,574	4,161,911	7,227,016	1,110,138	249,271	13,133,910
	Net book value at the end of the year	108,700,995	533,164,528	305,508,010	44,804,079	15,199,860	8,913,252	1,016,290,724
	<b>At 31 December 2022</b>							
	Cost	108,700,995	895,972,857	1,027,170,516	169,823,269	58,539,892	46,593,905	2,306,801,434
	Accumulated depreciation	-	(362,808,329)	(721,662,506)	(125,019,190)	(43,340,032)	(37,680,653)	(1,290,510,710)
	Net book value	108,700,995	533,164,528	305,508,010	44,804,079	15,199,860	8,913,252	1,016,290,724
	<b>Financial year ended 31 January 2023</b>							
	Net book value at the beginning of the period	108,700,995	533,164,528	305,508,010	44,804,079	15,199,860	8,913,252	1,016,290,724
	Additions and transferred from projects under construction	(880,739)	9,233,393	6,427,952	1,460,954	473,906	614,671	18,210,876
	Disposals	-	(282,692)	(2,349,565)	(324,358)	(89,593)	(19,139)	(3,946,086)
	Depreciation expense	-	(8,675,920)	(14,640,011)	(3,930,217)	(742,506)	(979,840)	(28,968,494)
	Accumulated depreciation of disposals	-	130,059	1,496,868	324,358	89,593	19,135	2,060,013
	Net book value at the end of the period	107,820,256	533,569,368	296,443,254	42,334,816	14,931,260	8,548,079	1,003,647,033
	<b>At 31 March 2023</b>							
	Cost	107,820,256	904,923,558	1,031,248,903	170,959,865	58,924,205	47,189,437	2,321,066,224
	Accumulated depreciation	-	(371,354,190)	(734,805,649)	(128,625,049)	(43,992,945)	(38,641,358)	(1,317,419,191)
	Net carrying value	107,820,256	533,569,368	296,443,254	42,334,816	14,931,260	8,548,079	1,003,647,033

\* The land category include assets with net book value amounted to EGP [16,176,570] (2022: EGP 16,176,570) which was purchased by the group companies through initial contracts which were not yet formally registered as at the balance sheet date.

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6. Biological assets - Poultry wealth

	31 March 2023	31 December 2022
Cost at the beginning of the period / year	141,386,973	123,707,643
Accumulated amortization at the beginning of the period / year	(37,415,354)	(41,346,493)
Animal farming expenses at the beginning of the period / year - net	158,007,773	141,608,383
Impairment in poultry wealth at the beginning of the period / year	(153,371,732)	(36,055,488)
<b>Net book value at the beginning of the period / year</b>	<b>108,607,660</b>	<b>187,914,045</b>
Increase due to purchases	62,228,932	133,471,662
Increase due to capitalized animal farming expenses	108,952,893	271,604,189
Amortization of poultry wealth during the period / year	(88,887,197)	(365,892,475)
Disposals during the period / year	(8,485,774)	(115,792,332)
Accumulated amortization of disposals during the period / year	8,485,774	114,618,812
Impairment of poultry wealth during the period / year	30,825,500	(117,316,244)
<b>Net book value at the end of the period / year</b>	<b>221,727,788</b>	<b>108,607,657</b>

7 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:

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

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

#### 7. Related parties (continued)

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

##### a) Transactions with related parties

Company	Nature of relation	Nature of transactions	Value of transactions		
			31 March 2023	31 March 2022	31 December 2022
Americana Kuwait - Meat segment	Subsidiary to the parent company	Chicken sales	46,221,825	19,581,429	64,346,543
Americana Kuwait Food Company - Restaurants segment	Subsidiary to the parent company	Chicken sales	1,102,262	-	591,749
Americana Egypt Cold Storage and warehouses	Subsidiary to the parent company	Security services	100,732	104,364	417,334
Egyptian Company for International Touristic Projects	Subsidiary to the parent company	Chicken sales	124,656,246	72,569,908	276,814,328
		Purchases and services	-	49,919	176,205
		Security services	-	-	-
Moroccan Company for Touristic Projects	Subsidiary to the parent company	Chicken sales	1,427,751	814,520	3,774,568
Farm Frites	Subsidiary to the parent company	Chicken Sales	19,200	10,920	10,920
		Purchases	1,055,859	1,410,990	2,090,046
		Security services	236,445	236,445	945,780
The International Company For Agricultural Production & Processing (ICAPP)	Subsidiary to the parent company	Security services	351,792	351,792	1,407,168
		Chicken Sales	195,437	311,740	1,014,354
		Purchases	-	-	10,850
Gulf Food Company Americana - GFC	Subsidiary to the parent company	Security services	2,448,840	2,513,395	6,076,279



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7. Related party transactions (continued)

b) Due from related parties

	31 March 2023	31 December 2022
Egyptian Company for International Touristic Projects	69,560,818	38,261,279
Americana Kuwait - Meat segment	24,577,905	10,839,246
Gulf Food Company Americana - GFC	2,442,682	2,086,768
Moroccan Company for Touristic Projects	1,717,495	-
Americana Kuwait - Restaurants segment	1,225,518	686,645
California Gardens	335,162	-
International Company for Agricultural Production and Processing	267,361	313,531
Farm frites	111,414	89,849
Americana Egypt Cold Storage and warehouses	37,588	39,520
	<u>100,275,943</u>	<u>52,316,838</u>

c. Due to related parties

	31 March 2023	31 December 2022
Egyptian International for Food Industries	146,714	-
The International Company For Agricultural Production & Processing (ICAPP )	15,939	-
Farm Frites	-	3,818
	<u>162,653</u>	<u>3,818</u>

8 Utilised Provisions

	31 March 2023			31 December 2022	
	Restructuring provision	Provision for Legal claims	Other provisions	Total	Total
Balance at the beginning of the period / year	2,554,512	3,624,545	140,942,739	147,121,796	142,230,185
Formed during the period/year	-	395,234	10,361,295	10,756,529	56,572,196
Utilised during the period/year	-	(202,000)	(5,755,914)	(5,957,914)	(37,575,615)
Provisions no longer required	-	(835,000)	-	(835,000)	(14,104,970)
Balance at the end of the period / year	<u>2,554,512</u>	<u>2,982,779</u>	<u>145,548,120</u>	<u>151,085,411</u>	<u>147,121,796</u>

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### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

#### 8. Utilized Provisions (continued)

##### Other provisions

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

##### Restructuring provision

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

##### Provision for legal claims

The provision consists of the total amount provided to meet specific legal claims against the Company from external parties. Management believes that after obtaining appropriate legal advice, the outcome of such legal claims will not exceed substantially the value of the provision as at 31 March 2023.

#### 9. Bank facilities

	<u>31 March 2023</u>	<u>31 December 2022</u>
Bank facilities - Bank short term borrowings	872,135,901	652,407,645
Bank facilities - Bank overdrafts	29,120,009	35,808,565
	<u>901,255,910</u>	<u>688,216,210</u>

Bank facilities are the value of facilities used and granted to the Group by the banks with which it deals. The total facilities available are about EGP 1.311 billion. The interest rate for the facilities in the Egyptian pound was the average corridor rate in addition to the CBE initiative facilities at an interest rate of 8%, Ministry of finance and ministry of agriculture. The interest rate for the facilities in US dollars consists of the SOFR rate plus an additional contractual margin, including a commission on the highest debit balance against bank guarantees obtained by the banks that provided the credit facilities to the Company, which consists of collateral guarantees from some of the group companies.

#### 10. Other operating expenses

	<u>31 March 2023</u>	<u>31 March 2022</u>
Loss on sale of fixed assets	28,956	1,180
	<u>28,956</u>	<u>1,180</u>

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

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

#### 11. Other operating income

	31 March 2023	31 March 2022
Other income	32,737,164	14,811,802
Income from the sale of parent/ grandparent chicken	14,214,520	12,493,387
Capital gains	290,146	1,234,862
	<u>47,241,830</u>	<u>28,540,051</u>

#### 12. Basic and diluted stock earnings per share

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

	31 March 2023	31 March 2022
Profit for the period (Cairo Poultry Company)	70,609,093	2,173,330
<b>Net profit attributable to shareholders of the parent company</b>	<b>70,609,093</b>	<b>2,173,330</b>
Outstanding shares during the period (Cairo Poultry Company)	479,001,600	479,001,600
<b>Earnings per share (Basic and diluted)</b>	<b>0.1474</b>	<b>0.0045</b>

The basic and diluted stock earnings per share are calculated by adjusting the weighted average of outstanding shares for the effect of all possible common shares that would cause this dilution, the Group has no potential dilutory shares in 31 March 2023 and 31 March 2022; as such, the diluted earnings per share is equal to the basic earnings per share.

#### 13. Inventories

	31 March 2023	31 March 2022
Raw materials	794,781,116	448,643,507
Finished goods	397,947,330	306,699,713
Goods in transit	358,503,855	336,596,482
Spare parts and consumables	124,029,744	101,907,634
Medicine	161,044,028	116,108,791
Packing and packaging	45,346,251	36,621,592
<b>Total</b>	<b>1,881,652,324</b>	<b>1,346,577,719</b>
Less: Provision of obsolete and slow-moving inventories	(22,585,704)	(20,882,147)
	<u>1,859,066,620</u>	<u>1,325,695,572</u>

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Notes to the interim consolidated condensed financial statements  
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14. Creditors and other credit balances

	31 March 2023	31 March 2022
Trade payables	802,301,926	779,846,267
Notes payable	74,259,107	47,846,305
Other Accrued expenses	71,296,311	63,342,102
Accrued selling and distribution expenses	42,510,608	25,799,866
Advances from customers	39,083,000	31,248,752
Accrued wages and Salaries	32,168,205	19,291,588
Tax authority	31,663,451	20,222,535
Other credit balances	17,773,670	16,024,232
Deposits to others	11,627,832	11,327,143
Social security authority	7,881,937	5,700,930
Accrued financing interest	5,068,483	2,033,829
Dividends payable- employees	673,946	680,377
Employees and Services Fund	334,794	318,072
	<u>1,136,643,270</u>	<u>1,023,681,998</u>

15 Revenue from contracts with customers

	31 March 2023	31 March 2022
Sales of poultry segment	2,138,564,205	1,088,625,348
Sales of feed segment	644,147,043	367,823,487
Sale of security services	4,292,008	4,190,516
	<u>2,787,003,256</u>	<u>1,460,639,351</u>

16 Cost of sales

	31 March 2023	31 March 2022
Raw and consumable materials	1,619,034,691	1,002,002,596
Wages	126,128,082	105,757,906
Other Expenses	126,354,510	150,490,759
Depreciation	26,907,098	26,650,687
	<u>1,898,424,381</u>	<u>1,284,901,948</u>

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

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

#### 17 Finance Costs / Income – net

##### 17.1 Finance Costs

	31 March 2023	31 March 2022
Interest expense	34,962,830	11,659,250
Loss /(Gain) on revaluation of foreign currency balances	60,533,978	-
	<u>95,496,808</u>	<u>11,659,250</u>

##### 17.2 Finance Income

	31 March 2023	31 March 2022
Interest income	4,190,533	4,451,959
Gain on revaluation of foreign currency balances	-	4,704,079
	<u>4,190,533</u>	<u>9,156,038</u>
Net Finance Expenses/Income	<u>91,306,275</u>	<u>2,503,212</u>

#### 18 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:

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

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For the three months period ended 31 March 2023

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

18. Operating segments (continued)

	31 March 2023			
	Feed segment	Poultry segment	Other segments	Total
Net sales to external clients	644,147,043	2,138,564,205	4,292,008	2,787,003,256
Other operating income and no longer required provision	1,249,490	46,660,993	100,102	48,010,585
Selling and distribution expenses	(7,460,100)	(55,241,352)	-	(62,701,452)
General and administrative expenses	(22,860,808)	(31,109,682)	(1,661,980)	(55,632,470)
Other operating expenses and provisions formed	(1,696)	(1,509,297)	-	(1,510,993)
Interest and financing expenses	(71,192,178)	(20,111,658)	(2,439)	(91,306,275)
Income tax	(51,671,122)	(118,412,154)	(5,240)	(170,088,516)
Profit of the segment	118,592,434	437,466,973	(709,653)	555,349,754
	31 March 2022			
	Feed segment	Poultry segment	Other segments	Total
Net sales to external clients	367,823,487	1,088,625,348	4,190,516	1,460,639,351
Other operating income and no longer required provision	1,188,705	27,610,923	1,117	28,800,745
Selling and distribution expenses	(6,823,620)	(43,405,865)	-	(50,229,485)
General and administrative expenses	(16,610,190)	(26,318,278)	(980,665)	(43,909,133)
Other operating expenses and provisions formed	(22,346,005)	(6,377,082)	-	(28,723,087)
Interest and financing expenses	(705,417)	(1,835,927)	38,132	(2,503,212)
Income tax	(11,392,697)	(14,471,512)	-	(25,864,209)
Profit of the segment	16,449,979	36,823,958	35,085	53,309,022

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

### Notes to the interim consolidated condensed financial statements For the three months period ended 31 March 2023

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

#### 19. Ownership interests in subsidiaries

At 31 March 2023 and 31 December 2022, the Group is composed of the following companies, unless otherwise stated. The percentage of the Group's shareholding in subsidiaries is represented in the Group's direct ownership interests in the ordinary shares of the capital only.

Subsidiaries	Incorporation	% Shareholding Group		Ratio of non-controlling interests	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
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%

#### 20. Subsequent events

##### Movements in exchange rates for the Egyptian pound

The Group's functional currency saw significant movements in the months of January and February 2023, as the Egyptian pound depreciated by 24.4% against foreign currencies. This movement was part of the ongoing liberalization of the exchange rate regime by the Central Bank of Egypt.

##### Price shifts in the Egyptian feed and poultry markets

The liberalization of the currency was also associated with increases in the prices of feed products used in production of meat and poultry, and with a significant increase in the prices of poultry products (one day old chicks and broiler meat) in the Egyptian poultry market. Prices of poultry products in particular reached highs of 26 EGP / one day old chick and 80 EGP / KG of broiler meat.